

REMARKS BY SECRETARY WILLIAM N. ROSE,
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I am pleased to be here today. I could stretch a point and tell you that I am surprised any of us are here -- or that this meeting is being held.

It was not too long ago, in 1965, that I attended a Highway Research Board meeting in Washington for the specific purpose of learning about the development of maintenance management systems in the State of Virginia and in the Province of Ontario. At that Research Board Session the Maintenance Committee was discussing whether or not to proceed with research aimed at developing maintenance management concepts that could be applied in all state highway agencies. Following a very professional presentation by the Virginia Department of Highways, I was convinced that the highway maintenance management practices being developed by the Virginia Department in its research project were applicable to the management problems faced by maintenance engineers throughout the country. These practices seemed to hold a potential to effectively improve the utilization of resources applied to highway maintenance.

The second part of that meeting involved lengthy explanations by state highway maintenance engineers representing several of our largest states explaining why maintenance operations could not be managed in the manner proposed by proponents of the Virginia research findings. Unpredictable weather, unanticipated damage caused by accidents, fluctuating seasonal conditions, and other unanticipated demands on state maintenance forces were factors which rendered highway maintenance impossible to manage--planned quantities of work supported by planned allocations of resources -- manpower, equipment, and materials. It was simply assumed by many of the senior members of the maintenance committee that the need for maintenance forces to react to unusual and unanticipated conditions could not be accommodated in a management system.

Fortunately, maintenance management research did continue. State after state developed and implemented maintenance management practices. Now virtually every state in the union has applied some maintenance management concept to highway maintenance operations. In 15 short years, the highway industry has come from a position of skepticism to the situation we find ourselves in today -- our

problem is not, if management systems are needed, but how can we refine and improve current maintenance management systems to make them more effective. If the program for this series of meetings at Hilton Head was distributed at that Highway Research Board meeting 15 years ago, I am sure all of us would have been barred from the meeting. I might add that those states most vocal in their opposition to maintenance management concepts being applied in state highway agencies at the 1965 meeting are all represented here today -- as a matter of fact, some of them are recognized as leaders and innovators in development and implementation of their management processes.

I have been involved in helping state, county and city public works agencies improve management practices for the past twenty (20) years. I have enjoyed being involved with several agencies in helping to develop highway maintenance management systems. New ideas are developing every day.

There is a trend developing that I expect most of you know about. It would be inappropriate not to mention that trend as we begin our meetings this week. Our ability to define the quantities of work necessary to adequately maintain highways and to allocate resources for the accomplishment of those activities has enabled every state to improve the utilization of scarce resources -- manpower, equipment, and materials purchased with hard to come by tax dollars. That capability not only permits us to better utilize state resources, it permits state highway agencies for the first time to effectively develop contracts that will permit performance of routine maintenance services by private contractors. Several public agencies around the country have elected to perform all of their public works maintenance services by private contract and have enjoyed a 15 to 30 percent reduction in the costs of performing those services with public forces. This same productivity improvement opportunity exists for every state highway agency.

In Florida we are embarking on several demonstration projects to establish the criteria for switching from state force to private contract. The first bids for selected maintenance activities were opened this past April. Bids, after being adjusted by adding a 31 percent overhead and

supervision factor, were about 15 percent less than the cost of performing the same work with state forces.

While preliminary indications are that costs can be reduced by 15 percent -- I expect even greater improvement as the demonstration projects develop more data and department engineers develop more effective contracting techniques. Similar projects are underway in Pennsylvania where the Department of Transportation is contracting for the management of highway maintenance forces.

I think we are at the same point today in the development and acceptance of the concept of contracting for maintenance services that we were in 1965 when we were considering applications of maintenance management practices to highway maintenance work. Fifteen (15) years from now, the concept of doing most maintenance work by private contract will be accepted throughout the country.

State highway agencies have developed a very effective contracting system for the construction of new highways. We have excellent plans, special provisions, specification and contract wording coupled with an excellent contract administration and construction inspection system that ensures performance of contract construction according to specification. As we develop a similar capability to define maintenance contracts and to administer and inspect contract maintenance work, we will be organizing to perform highway maintenance just as we now do for highway construction -- developing a force of highly qualified engineers, technicians, and administrators to oversee work by private enterprise.

I'd like to propose that this committee seriously consider the conduct of further research to develop those practices necessary to effectively design and administer maintenance contracts. Let's meet back here again in 15 years and see if we haven't made as much progress in performing maintenance work by private contract as we have in the past 15 years in developing and implementing highway maintenance management systems.