

*Procurement Contracting during Emergencies by the Vermont Agency of Transportation*

The increased incidence of extreme weather events, such as Tropical Storm Irene, highlights the significance of governmental emergency management systems. In the main, the Vermont Agency of Transportation has received kudos for its performance in the aftermath of Irene. It is advisable for independent, outside analyses to complement “in-house” retrospective analyses of agency effectiveness, and to place the agency’s policies and performance in a wider perspective. Our research focuses on a particular aspect of emergency management: the procurement system. The Vermont Agency of Transportation uses a combination of procurement contract protocols during emergencies. On the one hand, it has employed a first-price auction mechanism, which is the method employed under normal circumstances. More commonly, VTrans has used maintenance rental agreements where firms offer their labor and equipment at hourly rates. In the aftermath of Tropical Storm Irene, a common procedure was for VTrans staff to survey a site, quickly assess the situation and draft rough engineering plans. Then they would contact a handful of firms and invite them to offer hourly rates for undertaking the project. They would often, but not always, choose the firm with the lowest hourly rates. The goal of our research is to evaluate the advantages and disadvantages of this maintenance rental agreement, and to compare them with other procurement options studied in the economics literature. This research involves developing a theoretical framework for analyzing bidding and procurement for maintenance rental contracts, and empirically investigating the determinants of both hourly rates offered by firms and their performance on the project. The empirical analysis will be an econometric investigation of a database developed on emergency procurement in Vermont after Irene.