

What is Performance Contracting for Construction?

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Overview

- What Performance Contracting is Not
- What Performance Contracting Is
- Why Performance Contracting for Construction?
- Framework
- Pilot Program



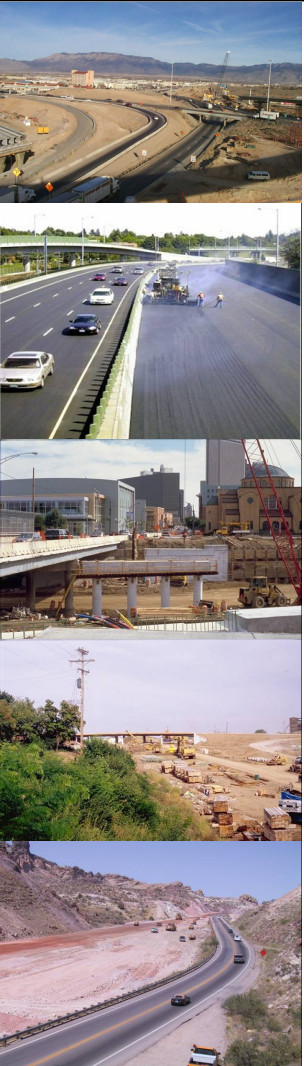
What Performance Contracting Is Not:

- The way that we have traditionally done business
 - Owner has control and risk
 - Owner tells the contractor “how” as well as “what”
 - Price-driven awards
 - Specification-driven execution

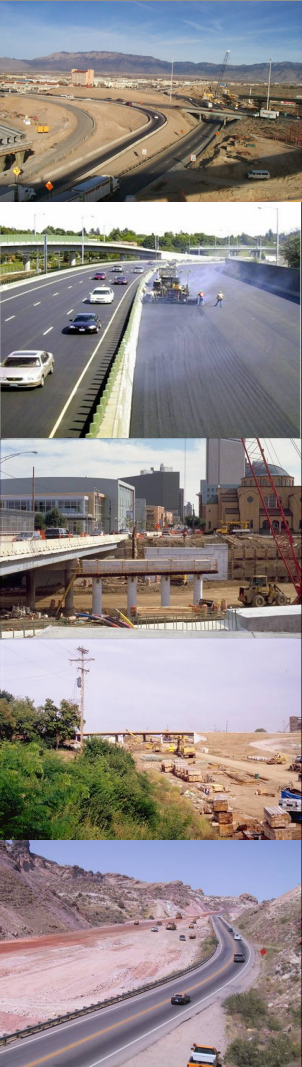


What Performance Contracting Is:

- Innovative contracting technique
- Defines what to achieve, not how to achieve it
- Flexible – Contractor takes some of the control and risk
- Best-value driven awards
- Performance-goal driven execution



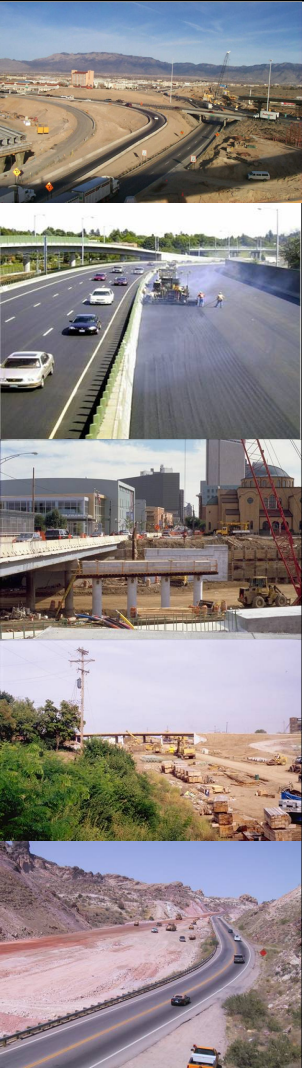
Why Performance Contracting for Construction?



- Aging Infrastructure
- Traffic levels and congestion continue to increase
- Allows State and local agencies to define for contractors what they want to achieve
- Contractors have the flexibility to determine how they do the work



Some Pros and Cons



- Pros

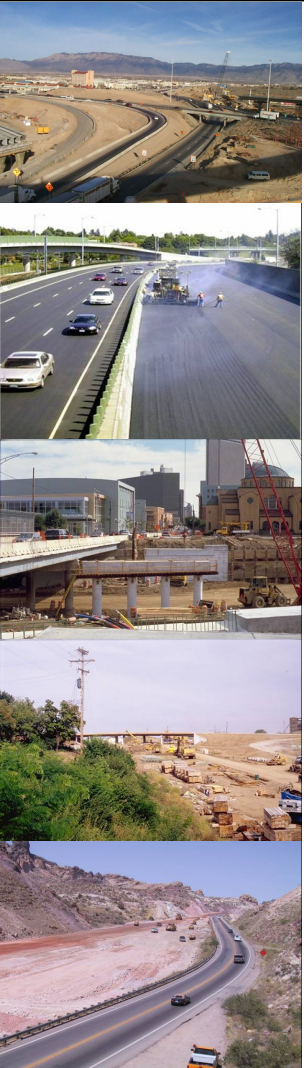
- Introduction of Innovation
- Defined Outcomes
- Contractor Flexibility
- Share of risk and rewards

- Cons

- New approach that requires a culture shift
- Give up some control
- May not be applicable to all projects



Performance Contracting For Construction Framework



- Purpose
 - Take advantage of lessons learned
 - Provide a tool to agencies for accelerating development of solicitation packages
 - Provide guidance to avoid common obstacles and pitfalls



Framework Contents



- Overall process
- Guidance on project selection
- Processes, lessons learned, and sample solicitation package materials for:
 - Performance Goals
 - Measurement Methodology
 - Enhanced Low Bid Award Process
 - Best Value Award Process
 - SEP-14 Process



How Do I Get a Copy of the Framework?

- Online

- <http://www.fhwa.dot.gov/hfl/framework/>

- Request a Hard Copy



Relation to the Highways for LIFE (HfL) Program

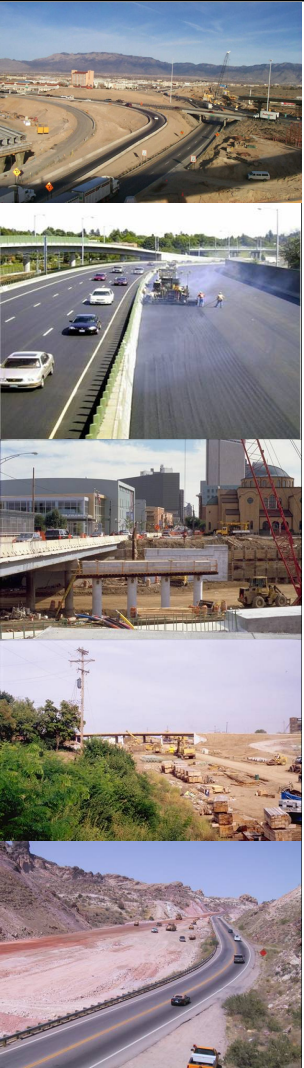


- HfL is performance goal driven
- Tool in the HfL Toolbox
- Can propose performance contracting as an innovation



Pilot Program

- Working with agencies (4 to 8) agencies interested in piloting the Performance Contracting Framework.
 - Michigan
 - Florida
 - Colorado
- Pilot states receive tailored technical assistance to help them implement this approach



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Questions

