



# Florida Department of Transportation

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GOVERNOR

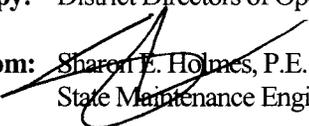
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SECRETARY

## Memorandum

**To:** District Maintenance Engineers

**Copy:** District Directors of Operations, Bill Albaugh

**From:**  Sharon E. Holmes, P.E.  
State Maintenance Engineer

**Date:** May 22, 2002

**Re:** Asset Management Contracting

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**In order to ensure the continuing success of Asset Management Contracting, it is necessary to provide additional guidance concerning certain aspects of our program.**

As Maintenance has continued to expand the asset management program, comments have been received from the asset management industry, RESPECT, Department of Corrections and the Districts concerning certain aspects of our program. In addition, as contract situations involving policy determinations have presented themselves, additional business practices and policies have been developed. It is our intent to share this information with the Districts and industry in order to preserve the consistent and reasonable handling of asset management.

### ISSUES INVOLVING SELECTION AND AWARD:

- PROPOSAL EVALUATION:** The State Maintenance Office will work with the Districts to establish and publish standards for the evaluation of asset management proposals, including criteria and point distribution for the evaluation of the technical and management plans. Evaluation criteria will be established for each type of asset management contract including routine highway maintenance, rest area maintenance, and bridge operation and maintenance.
- SELECTION COMMITTEE:** Each asset management evaluation committee will consist of a minimum of 5 evaluators.
- PERFORMANCE BOND:** The performance bond for asset management contracts will be the annual contract amount. The performance bond will be provided by a Surety authorized to do business in Florida. The initial performance bond shall be submitted to the Department at the time of contract execution. The District shall require the annual renewal of the performance bond no earlier than the 45th calendar day before the contract anniversary date for beginning work. The Contractor must provide the performance bond no later than the 30th calendar day before the contract anniversary date for beginning work.

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**ISSUES INVOLVING CONTRACT ADMINISTRATION:**

4. **MAINTENANCE RATING PROGRAM (MRP) ADMINISTRATION:** For the purposes of administering asset management contracts involving the MRP, the State Maintenance Office (SMO) will provide the Districts with 30 sample sites, or a minimum of 3 sites per mile for systems less than 10 miles in length, per facility type per cost center, for each asset management contract during the MRP rating period. This will ensure a more reasonable number of samples to evaluate contractor maintenance efforts. The SMO will supplement the MRP samples generated naturally by the MRP program in order to obtain 30 samples, or a minimum of 3 sites per mile, per facility type per cost center, for each asset management contract. The naturally generated MRP samples will be included in the unit, district and statewide MRP rating. The supplemental samples will only be used for contract administration purposes. The State Maintenance Office is updating the MRP procedure to provide for the distribution of MRP samples during the rating period, in order to make the time allowed for MRP sample evaluation commensurate with the number of samples to be evaluated. In addition, a Quality Assurance Review of each MRP team (including contract teams) by the State Maintenance Office will be required annually. The updated procedure will become an immediate requirement of all existing and future asset management contracts.
5. **MRP QUALITY ASSURANCE BY THE DISTRICT:** The Districts have the contractual authority to perform an independent MRP within the contract limits. The District must invite the contractor to observe the quality assurance review, in order to improve the overall consistency and coordination between the District and the contractor MRP teams. The asset management contract allows the District to adjust the contractor's MRP rating to the District determined MRP rating, plus 2 points. This adjustment can be made to the characteristic, element and/or overall MRP, as warranted. Any District adjustment to the MRP must be provided to the State Maintenance Office for inclusion within the Statewide MRP within 30 days after the end of the MRP rating period.

From time to time, the District may perform an informal review of field conditions to get a sense of what is actually happening on the job. The District may perform this review independently, but if problems or concerns are suspected or found, the District must notify the Contractor as soon as possible and invite the contractor to jointly review field conditions, in order to resolve the concerns, and improve the overall consistency and coordination between the District and the contractor.

6. **MRP AND CONTRACT PERFORMANCE ASSESSMENT:** There will be instances when the quantity of any individual characteristic existing within the samples for a facility type may fall below 10, making a fair and reasonable determination of contractor performance using only the MRP difficult. Prior to assessing contract penalties or retainage, when this occurs, the District must attempt to increase the sample size to a minimum of 10 sites containing that characteristic, for each facility type. If a minimum of 10 sites cannot be identified within the facility type, an on-site review of all existing sites must be conducted. The District must invite the Contractor to participate in an on-site review to assess the overall maintenance condition of the characteristic, taking into consideration evidence of contractor activity to maintain the system, and other conditions including weather, impact and sensitivity to adjacent property owners, remaining useful life of the characteristic, etc. The District may reduce or eliminate a penalty based upon sound engineering judgment, to be fair and reasonable. When this occurs, the District must document the circumstances and outcome of the review to the Contractor, and retain all documentation within the contract file.
7. **RETAINAGE AND PENALTIES:** The MRP is a useful tool for evaluating performance, and administering asset management contracts. When used to assess retainage and penalties, the District must ensure that the action is fair and reasonable. Since penalties are calculated based upon the point deficiency of an individual characteristic, element or overall MRP rating, an item having a small number of samples, or a characteristic of less relative significance, can result in an excessive penalty. The Districts are authorized, and responsible for ensuring that any penalty assessed is fair and reasonable. The reasonableness of any punitive action must be reviewed by the District and discussed with the Contractor. The District must document the reasonableness of punitive action, and retain all documentation within the contract file.