



Innovations Applicable to Performance-Based Maintenance Contracts

AMOTIA 3rd Annual Meeting
Orlando, Florida

September 30, 2011

- **PBMC in North America**
- **Innovations**
 - Risk
 - Industry association
 - Incentives
 - Disincentives
 - Design/build
 - Management
 - Performance bonds
 - Contract development
 - Levels of service

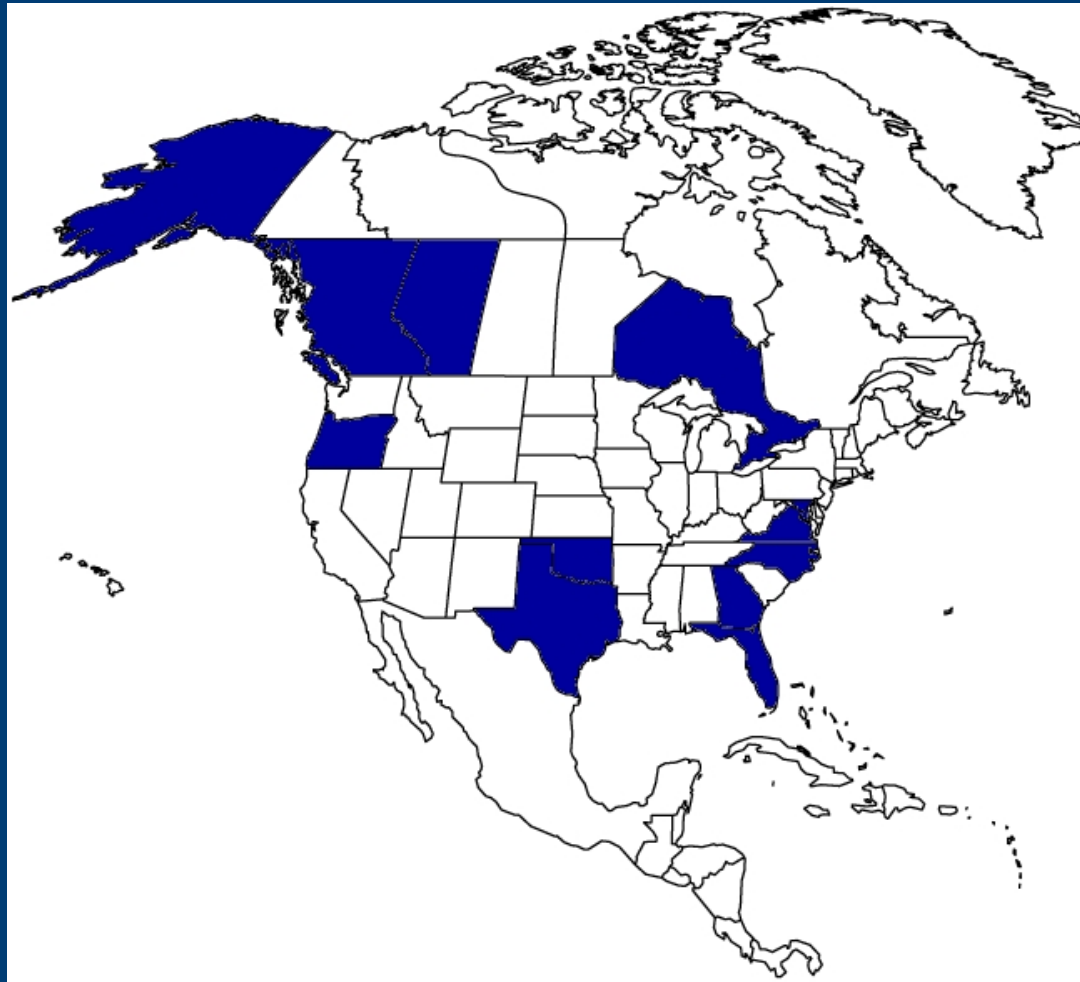




Who is Halcrow?

- Halcrow provides professional planning, feasibility, design & management services for infrastructure development worldwide
 - Established 1868 in the UK - Privately held
 - \$720 million Revenue (2010) – 6,500 staff worldwide
- Going above and beyond is the Halcrow team's way of doing business. We are:
 - Experienced – global expertise delivered locally from over 65 offices worldwide
 - Responsive – proven ability to appropriately resource and achieve on time delivery for a variety of services
 - Field Maintenance Knowledge – practical experience with Ministries of Transport/State DOT's and perspectives from all parties to a maintenance contract

PBMC in North America



Greater Understanding of Risk Sharing

- Catastrophic events
- Pricing risk into proposals
- Contract liability limits



Industry Speaking with One Voice

- Positions and specific clauses acceptable to industry
- Provides a unified approach to clients
- A forum to discuss industry issues



Incentive Clauses

- Common in construction contracts
- Reinforce and reward desired behaviors
- Provide a counter-balance to disincentive clauses



Disincentive Clauses

- Retainage
- Performance points
- Reduce or eliminate the use of LDs



Inclusion of a Limited Amount Design/ Construction within the PBMC

- Used in several countries
- Promotes a “network ownership” approach
- Full life-cycle asset preservation
- Small “design/build” projects

Independent Management of Contractor

- Comparable to the use of CEIs for construction oversight
- Raises level of objectivity
- Can also be used for periodic inspections



Performance Bonds

- Limit to a portion of the annual amount of the contract
- Reduces cost to the Owner
- Most surety firms will not write multi-year performance bonds

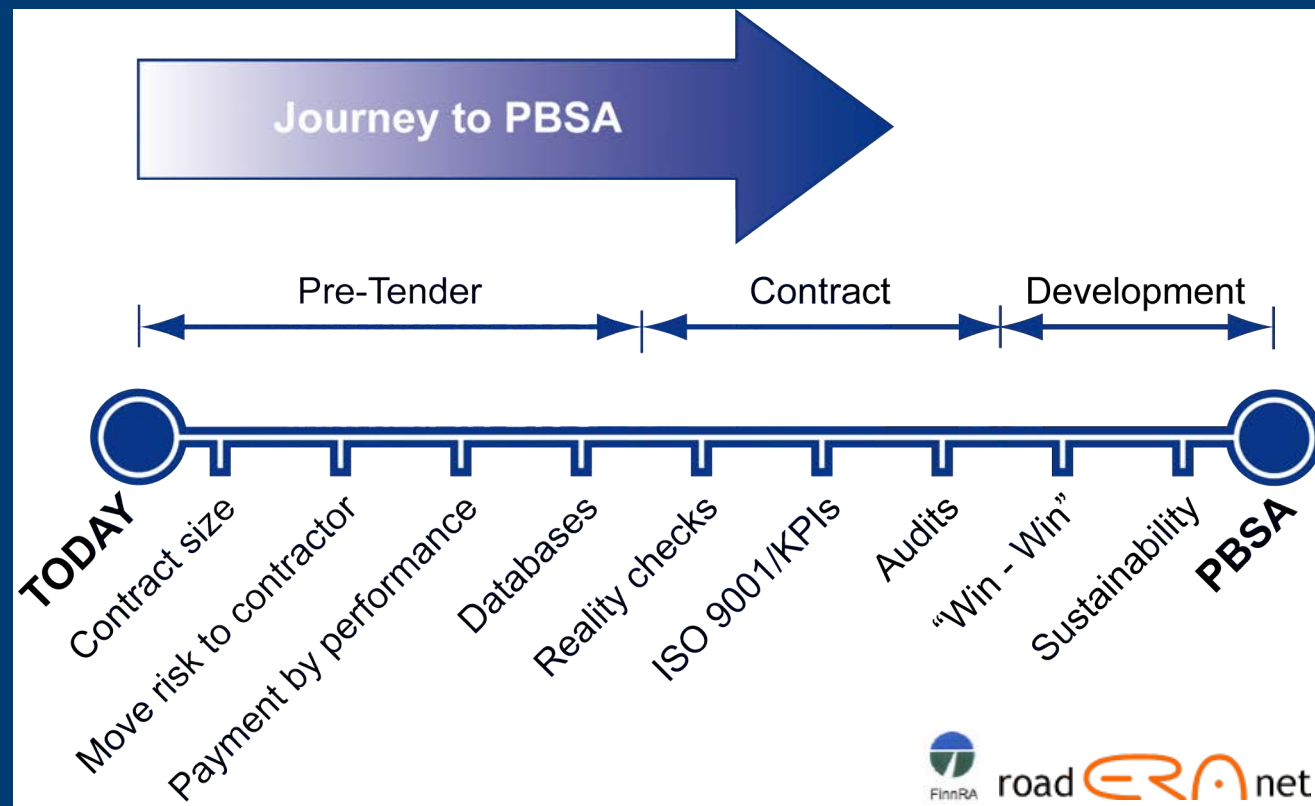


Owner Contract Development

- Develop draft, discuss with industry
- Combine “best practices” from others
- Use of consultants to assist



Innovation required for the development of each PBMC



Owners' Levels of Service

- Combine “best practices” from others
- Determine what works for you
- Use of consultants to assist





Thanks!

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