

A New Guide for Performance Based Maintenance Contracts

AMOTIA Performance Contracting Guide

(PBMC Guide #20)

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Guide Overview

The new guide for Performance Based Maintenance Contracts (PBMC) focuses on the key principles for development and implementation of successful performance based maintenance programs.

The guide is intended to be used by executives and practitioners in the transportation industry.

- The Guide will provide a ready tool for executives to heighten their awareness of the key principles for success.
- The Guide will provide the practitioners with a useful roadmap in the development of performance based programs.

The guide is presented in a compact and concise format with three main sections.

- Why Consider PBMC
- PBMC Development Principles
- PBMC Implementation Principles

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Why PBMC?

PBMC Development Principles

PBMC Implementation Principles

There are several reasons for considering PBMC over Traditional Contracting.

- Better Risk Allocation
- Efficiency in Raising Levels of Service
- Cost Savings

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Why PBMC?

PBMC Development Principles

PBMC Implementation Principles

A PBMC specifies the outcomes of the work without indicating what materials, methods, or quantities are required to perform the work.

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Why PBMC?

PBMC Development Principles

PBMC Implementation Principles

Developing a PBMC is a team effort and an iterative process. Following key PBMC development principles will result in:

- Higher probability of gaining internal support
- Good contractor interest
- A reasonable set of desired outcomes

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Why PBMC?

PBMC Development Principles

PBMC Implementation Principles

The most important development principle is to establish the Agency vision for the PBMC program. This vision must be clearly communicated to:

- Gain stakeholders confidence
- Ensure Agency staff involvement
- Identify staff team to accomplish the vision

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Why PBMC?

PBMC Development Principles

PBMC Implementation Principles

The Agency is responsible for setting the desired outcomes or levels of service. The desired levels of service should be:

- Reasonable
- Within the expected budget
- Meet the legislature's and the public's needs

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Why PBMC?

PBMC Development Principles

PBMC Implementation Principles

Other key principles that the Agency should consider during the development of PBMC are:

- Best value contract award
- Contract term
- Performance bonding
- Emergency response

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Why PBMC?

PBMC Development Principles

PBMC Implementation Principles

Transitioning from a traditional approach to PBMC requires cooperation from the industry to achieve the most effective results.

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Why PBMC?

PBMC Development Principles

PBMC Implementation Principles

Partnering is the key to a successful PBMC implementation.

- Partnering fosters a collaborative environment.
- Agency and the contractor can discuss unforeseen situations in a more direct manner than with a traditional maintenance approach.

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Why PBMC?

PBMC Development Principles

PBMC Implementation Principles

An important component of PBMC is the evaluation of contractor's performance.

- Poor evaluations undermine the credibility of the process
- Field inspections can be conducted by in-house staff, third party, or the contractor.

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Why PBMC?

PBMC Development Principles

PBMC Implementation Principles

The decision of applying incentives and disincentives should be backed up with performance data.

- Incentives serve to encourage contractors to exceed the desired outcomes.
- Disincentives serve to encourage contractors to achieve the desired results.

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Why PBMC?

PBMC Development Principles

PBMC Implementation Principles

The contractor must support a real interest in better quality work and better performance with sound and well structured quality assurance and quality control plan.

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Why PBMC?

PBMC Development Principles

PBMC Implementation Principles

In Summary...

- PBMC has evolved to a level of maturity that has resulted in significant benefits to the owner.
- Following key PBMC development principles increases the Agency's probability of developing a successful contract.
- Partnering and cooperation from the industry are essential to a successful implementation of PBMC.

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Why PBMC?

PBMC Development Principles

PBMC Implementation Principles

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