

INNOVATION SNAPSHOTS

Innovative Contracting Reduces Maintenance Costs for Highway Rest Areas by 15 Percent

Most of us are familiar with highway rest areas, located at regular intervals to allow drivers to take a break without exiting onto other roads. But we may be less aware of the significant effort required by state departments of transportation (DOTs) to keep them clean and serviceable.

“This was a great opportunity to try something different.”

Bill Wahl,
associate region engineer,
MDOT North Region

The Michigan Department of Transportation (MDOT) uses its own staff to handle larger maintenance tasks at rest areas, such as replacing plumbing or electrical fixtures. But the department contracts out janitorial tasks (such as cleaning bathrooms) and lawn care. As is the case with many other DOTs, MDOT's contracts for rest area maintenance have traditionally been highly prescriptive: They tell vendors what tasks to perform and when to perform them. They also precisely define staffing requirements.

As an alternative, MDOT's North Region is investigating the use of performance-based contracts, in which vendors are paid a fixed amount to maintain facilities to an agreed-upon level of service, which includes not only the visible condition of the facility but also the frequency of some cleaning activities. North Region staff inspect the facilities regularly to make sure contractors are meeting the standards. But the region leaves it up to vendors to determine how to do it.

“Prescriptive contracts work well, but they don't leave a lot of flexibility for innovation on the part of contractors,” says Bill Wahl, associate region engineer for the North Region. “This typically makes them more expensive than performance-based contracts for a similar level of service.”

The North Region piloted the use of performance-based contracts at its Topinabee and Hebron rest areas starting in 2014 and has seen savings of more than 15 percent. Based on this success, the region is planning to use performance-based contracting in all of its rest areas starting in spring 2017. Wahl is also sharing these results with other MDOT regions.

Performance-based contracts for maintenance are relatively new nationwide, and are used by just a handful of states. Wahl had the idea to try the approach based on the example of Florida DOT, which uses performance-based contracts even for non-janitorial rest area maintenance.

“This was a great opportunity to try something different,” Wahl says. “Performance-based contracts provide opportunities for vendors to be creative and flexible with staffing in ways that reduce our costs while meeting our needs and maintaining a high level of service.”



Finding what works

North Region staff modeled the pilot project on a cost-effective approach used by Florida DOT.

