

**MICHIGAN DEPARTMENT OF TRANSPORTATION  
COMPLIANCE WITH CONTRACT REQUIREMENTS  
Act 252, Public Acts of 2014, Section 308**

PA 252 of 2014, Section 308, states the following:

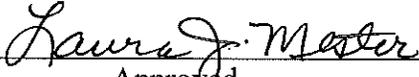
*(1) The department and local road agencies that receive appropriations under this article shall pursue compliance with contract specifications for construction and maintenance of state highways and local roads and streets. Work shall not be accepted and paid for until it complies with contract requirements. Contractors with unsatisfactory performance ratings shall be restricted from future bidding through the prequalification process established by the department or a local road agency. The department, county road commissions, and cities and villages shall report to the House of Representatives and senate appropriations subcommittees on transportation, the senate and house fiscal agencies, and the state budget director on their respective activities under this section.*

*(2) A contractor's prequalification rating shall not be reduced or restricted until all administrative appeals have been completed. The department can take immediate action regarding a contractor's prequalification rating for public safety reasons or to prevent fraud and malfeasance of public funds.*

In FY 2014, the department let 348 trunkline projects totaling approximately \$795 million dollars. Through the department's construction and maintenance contract administration process, all construction and maintenance work accepted in FY 2014 has been satisfactorily completed. All work was inspected and accepted as being in reasonable conformance with contract plans and specifications.

At the end of FY 2014, we had 670 contractors prequalified, which is a 4% decrease from FY 2013. A contractor must be prequalified by the department before submitting a bid. Contractors are prequalified by work type and for specific dollar amounts based on experience, equipment, financial statements, and performance evaluations. The department's project management personnel evaluated the contractor's performance at the completion of a project, and at any other time it is determined that an evaluation is appropriate. A contractor's prequalification maybe reduced as a result of unsatisfactorily performance ratings. During FY 2014, one contractor had their prequalification suspended, as a result of a federal debarment.

In addition, the department has the Contract Performance Evaluation Review (CPEER) Team, which is a multi-disciplinary team responsible for reviewing contract performance issues as provided to the team from the Construction Contracts Unit in the Construction Field Services Division and the Contract Services Section of the Contract Services Division. The team evaluates the performance of contractors and consultants and their compliance with contract requirements. The team meets with contractors and consultants for several reasons including collecting information, discussing contract performance issues, and requesting, discussing or approving performance improvement plans. Serious performance issues may be forwarded to the Prequalification Committee for further consideration and actions against the prequalification of the company, limitations of bidding privileges or contracting limitations.

  
Approved