

**MICHIGAN DEPARTMENT OF TRANSPORTATION  
COMPLIANCE WITH CONTRACT REQUIREMENTS  
Act 84, Public Acts of 2015, Section 308**

PA 84 of 2015, Section 308, states the following:

(1) As prescribed in subsection (2), the department shall submit reports to the state budget director, the house and senate appropriations subcommittees on transportation, and the house and senate fiscal agencies on department activities related to the prequalification of construction contractors under 1933 PA 170, MCL 123.501 to 123.508, and related administrative rules. The report shall be submitted on or before March 1, 2016.

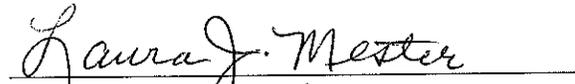
(2) The report shall include all of the following:

- (a) A description of the department's processes and procedures for evaluating construction contractor performance on capital construction projects administered by the department including state trunkline projects, rail infrastructure projects, local agency federal-aid highway projects, and airport improvement projects.
- (b) Criteria that would cause the department to rate contractor performance as unsatisfactory.
- (c) The impact, if any, on a contractor's prequalification if given an unsatisfactory performance rating by the department.
- (d) A description of all department actions related to unsatisfactory contractor performance ratings and restrictions on contractor prequalification during the fiscal year ending September 30, 2015.

In FY 2015, the department let 277 trunkline projects totaling approximately \$874 million dollars. Through the department's construction and maintenance contract administration process, all construction and maintenance work accepted in FY 2015 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 2015, we had 680 contractors prequalified, which is a 1.5% decrease from FY 2014. 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 may be reduced as a result of unsatisfactory performance ratings. During FY 2015, one contractor had their prequalification suspended, for failure to comply with prevailing wages.

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