



OFFICE MEMORANDUM

DATE: September 14, 2006

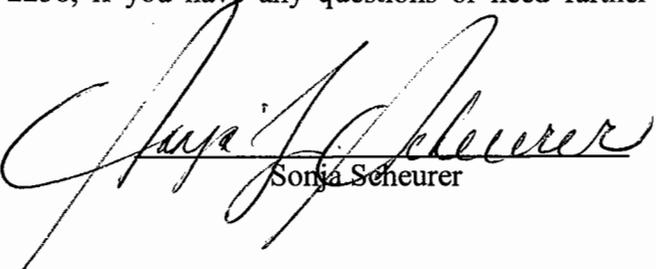
TO: Ed Timpf, Administrator
Financial Operations Division
Bureau of Finance & Administration

FROM: Sonja Scheurer, Administrator
Office of Operations Administrative Services

SUBJECT: Reporting Requirements for FY 2005-2006
Operating Appropriation Act

In accordance with Act No. 158, Public Acts of 2005, Section 601, we are required to report on the status of efforts to develop performance and road construction warranties. The attached document identifies the department's efforts in FY 2005-2006.

Please feel free to contact me at (517) 335-2258, if you have any questions or need further clarification.



Sonja Scheurer

cc: L. Hank
M. Frierson
File

PERFORMANCE AND ROAD CONSTRUCTION WARRANTIES FY 2005-2006

The Michigan Department of Transportation (MDOT) continues to work with the road construction industries and its many other customers to develop performance and road construction warranties for construction projects as required by Public Act 158, Public Acts 2005. The task forces that were formed as a result of the 2004 Strategic Forum on Quality and Warranties continue to make strides in addressing the issues that were identified during the forum. Through this continued effort of partnering, MDOT will be able to improve the overall quality of the warranty program and thus improve the overall condition of Michigan's roads.

As a result of the "Office of the Auditor General Performance Audit of the Use of Warranties" covering the period of October 1, 2002 through June 30, 2005, MDOT is currently in the process of developing a "Warranty Program Effectiveness Evaluation Plan." This plan will provide for a comprehensive evaluation of warranties including the following: the extent to which the stated program objectives are being met, benefits as related to project performance, cost savings, and cost expenditures.

MDOT has let an additional 120 plus warranty projects in the various categories since its last reporting. MDOT and the contracting industry continue to make use of the Statewide Warranty Administration Database (SWAD) to track and monitor the status of warranty projects.

MDOT will continue to explore new and innovative construction and contracting methods in order to provide the highest quality of an integrated transportation service for economic benefit and improved quality of life for all of our customers.