



STATE OF NORTH CAROLINA
DEPARTMENT OF TRANSPORTATION

Performance Based Contracting



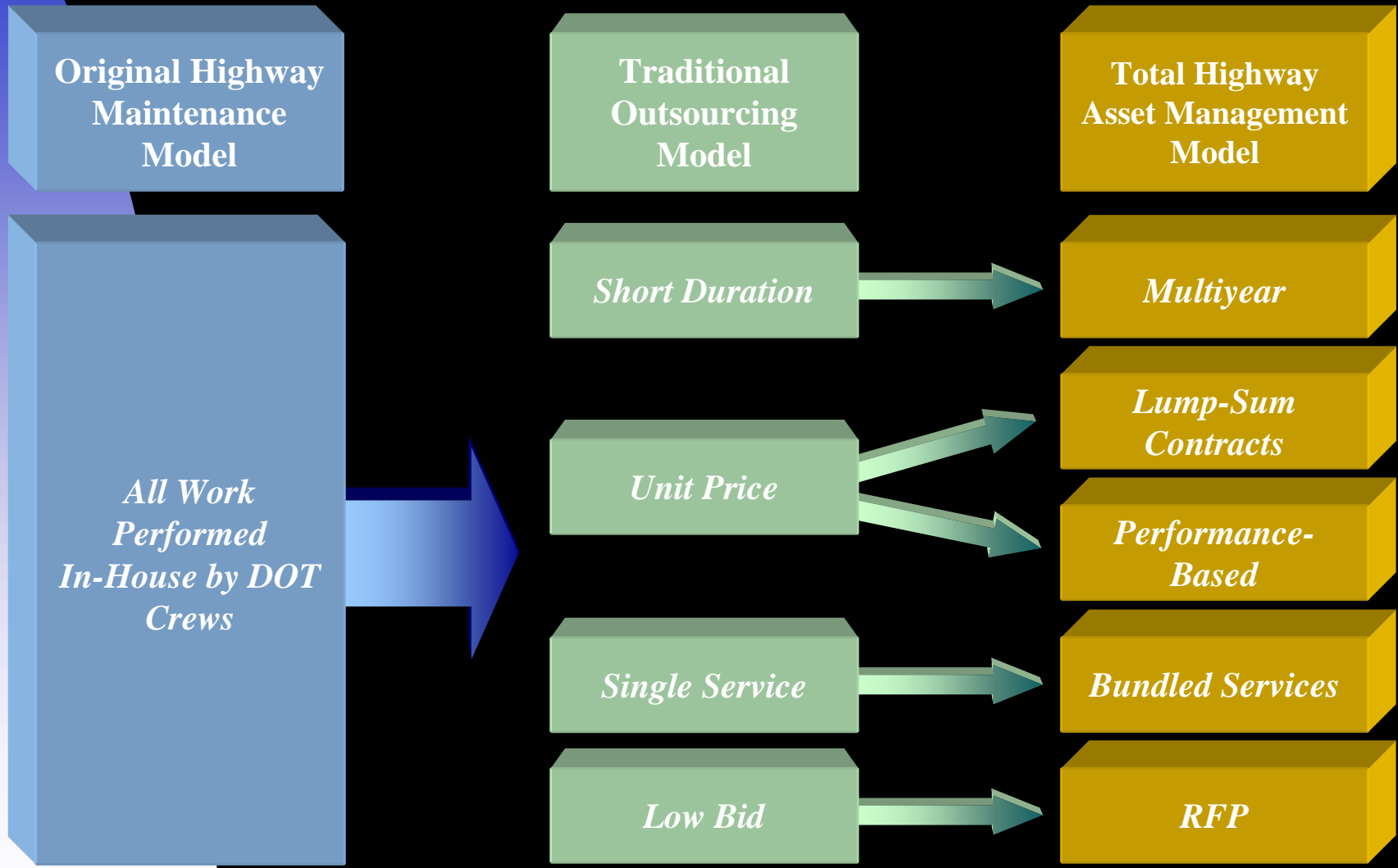
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The Problem

- Aging U.S. infrastructure creates increasing maintenance needs
- Government is faced with “doing more with less”
- Piecemeal outsourcing is cumbersome and complex

Solution



ASSET MANAGEMENT CONTRACTS

- **One Large Composite Contract**
- **Performance Based Standards**
- **One Lump Sum Amount**
- **Multi-year**
- **Transfers *Responsibility and Risk***

ASSET MANAGEMENT ALL-ENCOMPASSING SERVICE

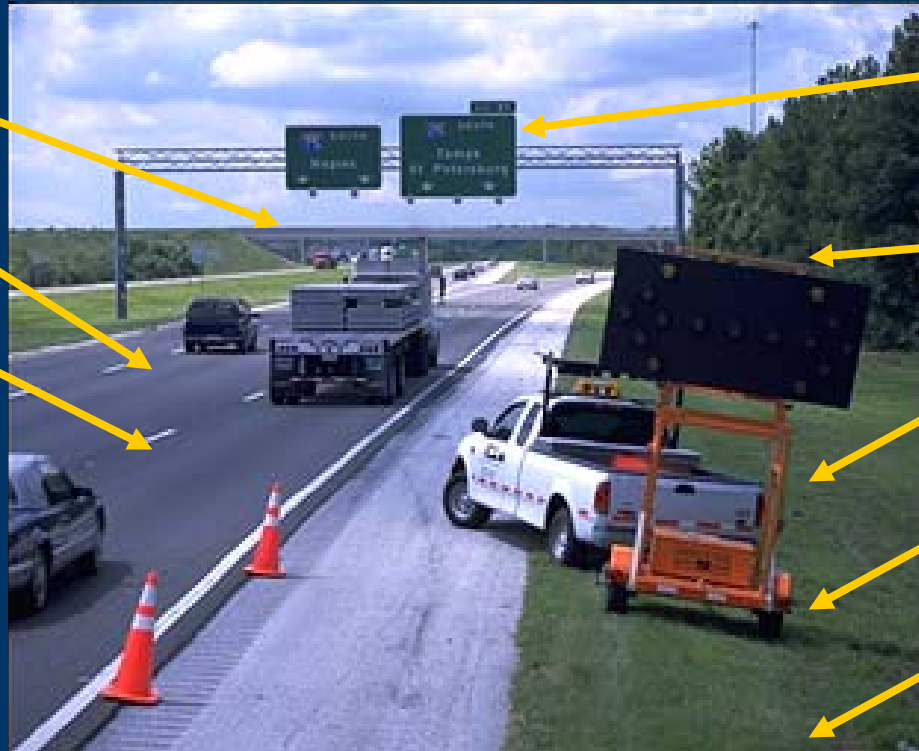
Bridge
Inspection/
Operation/Repair

Pavement Repair

Pavement
Striping

Guardrail Repair

Rest Area
Operations/
Maintenance



Lighting/Signage

Traffic Control

Mowing/Seeding/
Tree Trimming

Litter Removal

Drainage
Cleaning/Repair

TYPICAL TYPES OF ASSET MANAGEMENT CONTRACTS

- **CORRIDOR**

- **Highways/Interstates/Toll Roads**

- **GEOGRAPHIC**

- **Area Collection of Roadways/Facilities/Structures**

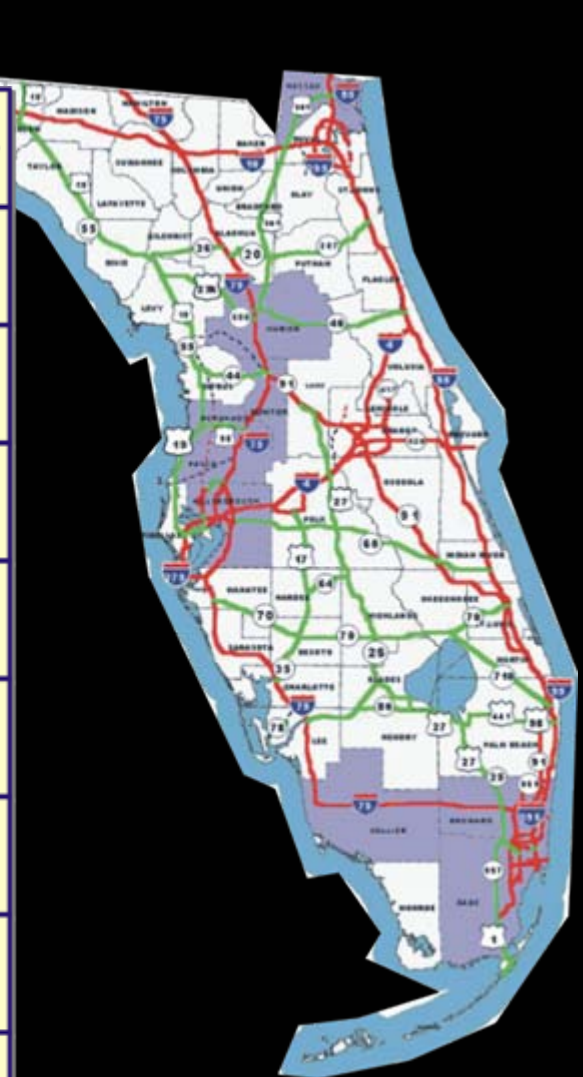
- **COMPONENTS**

- Rest Areas/Welcome Centers**

- Bridges – Stationary/Moveable**

- Weigh Stations**

FDOT METHODS COMPARISON 2007	IN-HOUSE	TRADITIONAL MAINTENANCE CONTRACTS	ASSET MANAGEMENT
Annual Maintenance Costs	\$173.2 million	\$162.1 million	\$145.9 million
Percentage Costs Savings	0%	6.4	10%
Number of Contracts	0	980	29
Invoices Processed Annually	0	11,760	348
Annual Contract Lettings/Renewals	0	950	4
In-house Maintenance Staff	2,967	123	38
In-house Non-maintenance Staff	120	32	2
Performance or Task Oriented	Performance/ Task	Task	Performance



SOURCE : FLORIDA DEPARTMENT OF TRANSPORTATION



BENEFITS TO AGENCIES

- **Guaranteed Costs Savings**
- **Reduced Capital Cost Outlays**
- **Assured Outcomes and Consistency of Service**
- **Guaranteed Maximum Price**
- **Flatten-out Peak Workloads**

BENEFITS TO AGENCIES (CONT.)

- **Obtain Specialized Skills and Equipment**
- **Transferred Risk**
- **Limits Agency Staff and Administrative Requirements**
- **Provides a Single Point of Contact**



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