

# Performance Based Maintenance (PbM) Status

Winter Road School

January 15, 2014



# Performance Based Discussion

- **Transportation Finance and Policy Commission (TFPC)**
- **MOU**
- **Budget Bill**

# Background: TFPC

- **Areas for Transportation Finance and Policy Commission Analysis – Maintenance**

Reexamine how Wisconsin provides contracted state highway maintenance service.

Explore options for **private maintenance contracts**

Explore benefits of moving to **regional highway operations**

Clarify how a cross-section of **other states** maintains its networks



# TFPC Recommendations

- The Commission on Transportation Finance & Policy recommended:

Retaining the state highway maintenance model;

Evaluating opportunities for regionalization of some maintenance functions; and, Improving the model to make it more performance-driven.





# Memorandum of Understanding (MOU)

## Performance-Based Maintenance

WisDOT and WCHA will establish a **working group to recommend changes** in the state maintenance manual and routine maintenance agreements **that will ultimately replace the actual cost reimbursement requirement** with language and procedures **that support performance based or unit price reimbursement where appropriate.**



# 2013 Wisconsin Act 20

- The 2013-15 budget bill created 84.07 (2) (b) of the statutes

84.07 (2) (b) When any county or municipality maintains the state trunk highways within or beyond the limits of the county or municipality, including interstate bridges, in compliance with the arrangement with the department, **the department and the county or municipality may agree to a payment method and terms other than that specified in par. (a), including payment according to a contract price for maintenance services rather than payment of actual costs of the maintenance.**



# 2013 – 15 Budget Provides

- ▣ New appropriation structure
  - Splits Highway Maintenance into two pots
    - Highway System Management & Operations
    - Routine Maintenance Activities (County Services)
  - More funding: **\$52.5 million**
    - **\$2.5 million** in year one
    - **\$50 million** in year two



# New Appropriation Structure

## Highway Maintenance, Repair and Traffic Operations (Appn. 365)

Base Funding **\$202.9** million

## Highway System Management and Operations (Appn. 365)

FY14 Funding **\$82.9** million

FY15 Funding **\$82.9** million

## Routine Maintenance Activities (Appn. 368)

FY14 Funding **\$122.5** million

FY15 Funding **\$170.0** million



# Routine Maintenance Funding

	FY 2014	FY 2015	TOTALS
<b>Budget</b>	<b>\$122.5 M</b>	<b>\$170.0 M</b>	<b>\$292.5 M</b>
CY 13 RMA	\$62.5 M	---	\$62.5 M
<b>CY 14 RMA</b>	<b>\$60.0 M</b>	<b>\$85.0 M</b>	<b>\$145.0 M</b>
CY 15 RMA	---	\$85.0 M	\$85.0 M

# CY 14 Routine Maintenance Funding

- **Total Funds Available: \$145 M** (\$60 million from FY 14 and \$85 million from FY15)
- **This funding will be allocated as follows**
  - **\$132 million** for an LOS Model distribution to all counties
  - **\$4 million** for a contingency fund
  - **\$9 million** to initiate routine maintenance services delivered on a regionalized basis or under a performance-based agreement



# Organizational Structure



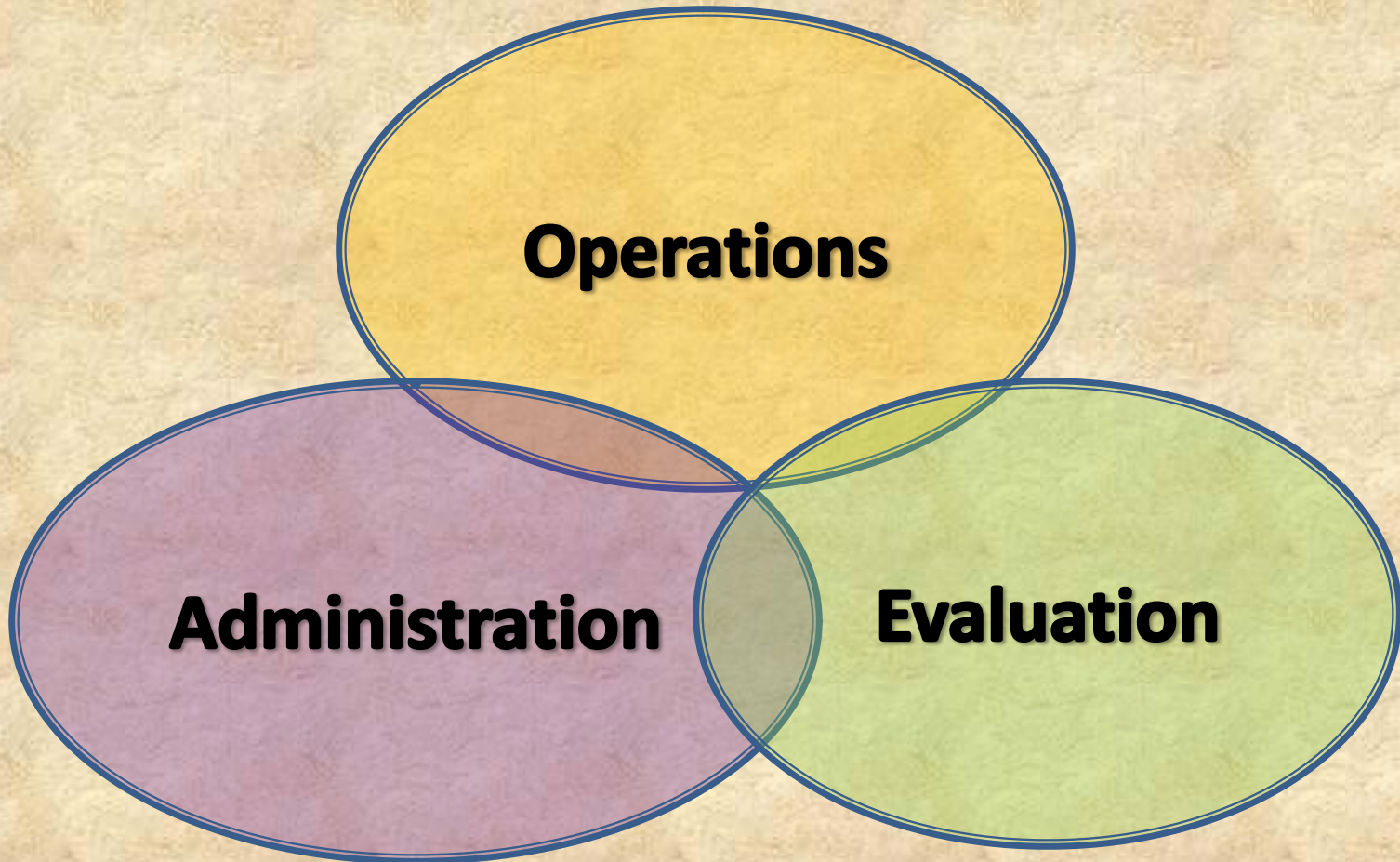
# Steering Committee's Charge

To provide expertise and perspective on the efforts to employ alternate reimbursement methods for county delivered routine maintenance services and to improve program delivery, accountability, and performance.





# Work Group Interactions



# Tentative Timeline

- Information Gathering Oct-Feb '14
- Candidate Projects Identified Dec-Feb '14
- Projects Selected for CY 14 Feb–March '14
- CY 14 Agreements Finalized Mar-June '14
- CY 14 Projects Start July '14
- Winter Initiatives Discussed Summer '14
- Winter Initiative Selected By Oct '14
- CY 15 Initiatives Discussed Oct-Feb '15
- CY 15 Agreements Finalized Mar-June '15

# Steering Committee Meetings

- Meeting Calendar

*Oct. 2, 2013*

*Dec. 5, 2013*

**Feb. 6, 2014**

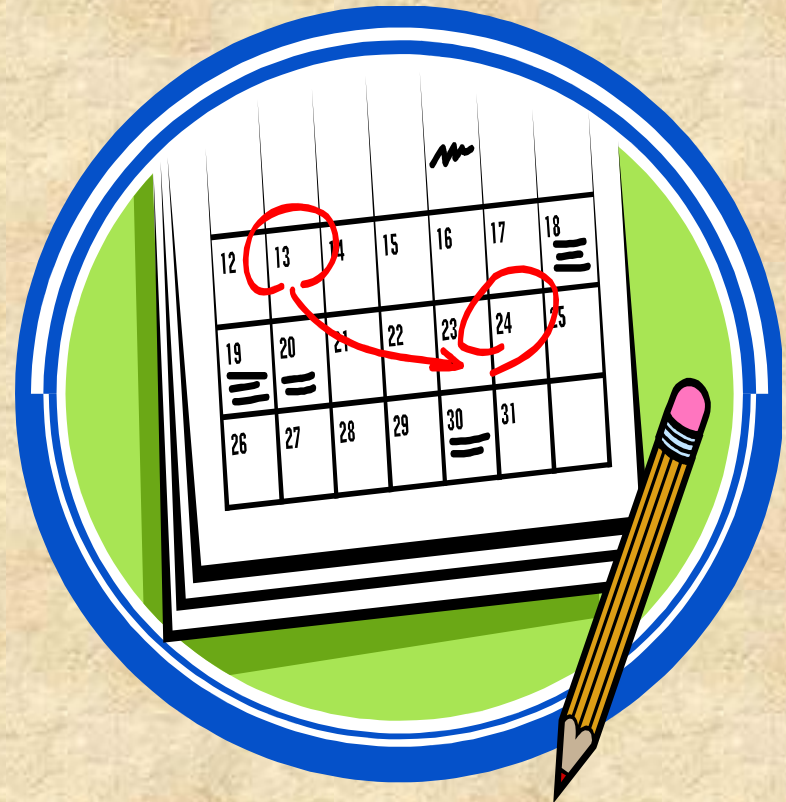
April 9, 2014

June 12, 2014

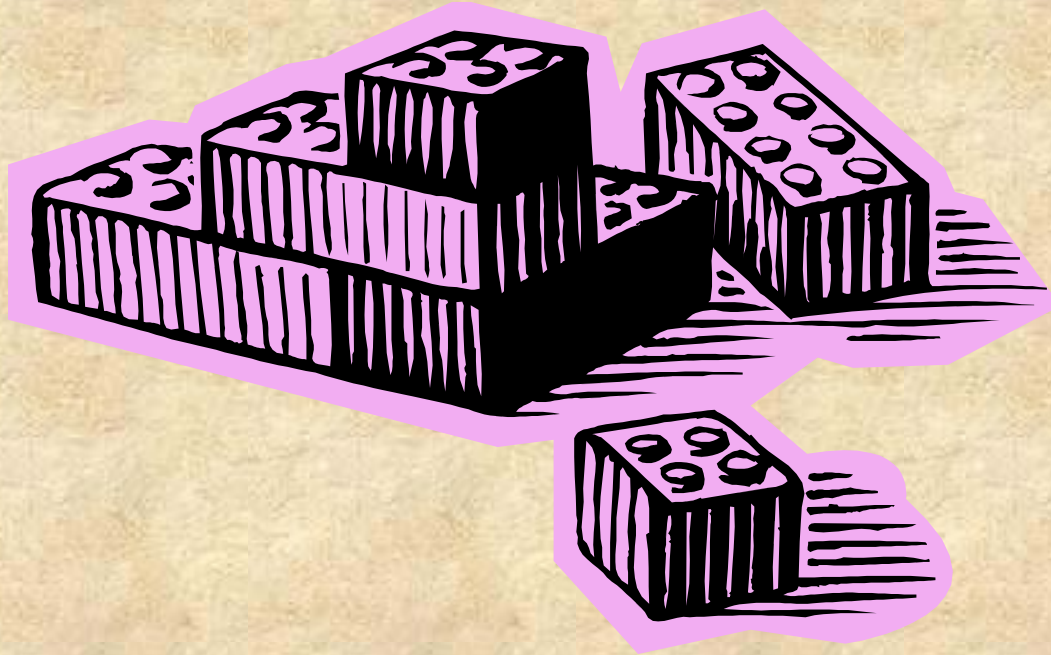
Aug. 7, 2014

Oct. 2, 2014

Dec. 4, 2014



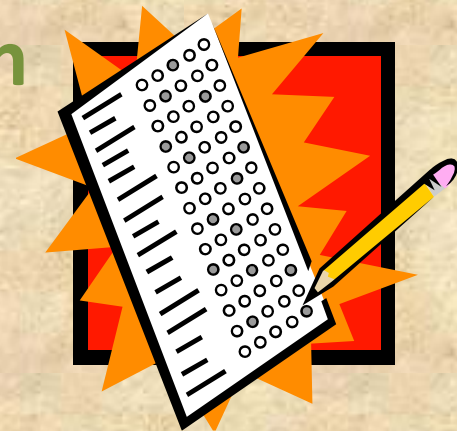
# Pilot Program Assumptions





# Program Assumptions

- **Maintain 72 County Providers**
- **Voluntary Participation in Pilot**
- **Four Year Evaluation Period**
- **Combination of RMAs and Pilots**
- **Segregated Funding Pots for RMAs and Pilots**
- **Set Funding Levels During Evaluation**
- **Multi-year Project Agreements**
- **Maximize PbM Opportunities**



# 2014 Work Activities

- Abbreviated Listing of Criteria
  - System Needs
  - Close Maintenance Target Gaps (COMPASS)
  - Quick Implementation
  - Best Management Practices
  - Promotes Asset Management Principals
  - Potential for Measured Results/Savings

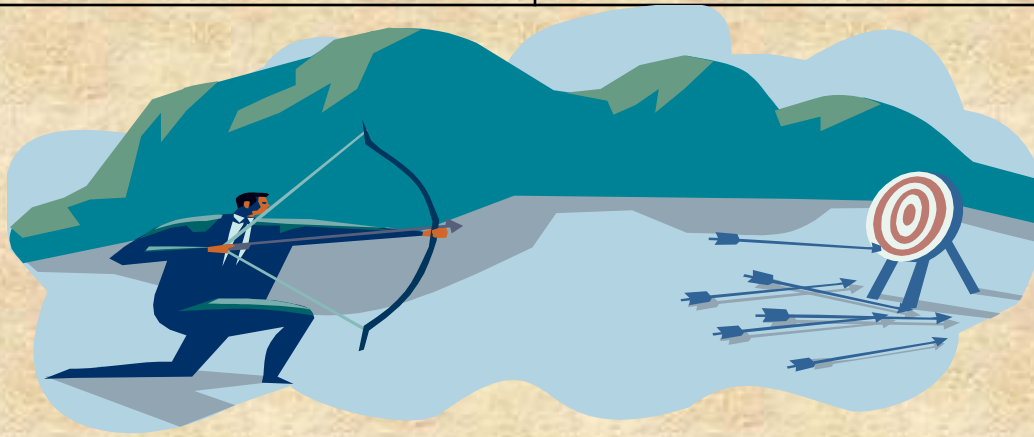
# 2014 Work Activities

- Shouldering
- Crack Filling/Route & Seal
- Structures (sweeping, cleaning and sealing)



# LOS Model – Expenditure Comparison

<b>Activity Description</b>	<b>Funding Shortfall (CY 10 – CY 12)</b>
<b>Roadways – Asphalt</b>	<b>- \$ 40.1 Million</b>
<b>Roadways - Shoulders</b>	<b>- \$ 8.2 Million</b>
<b>Structures</b>	<b>- \$ 5.9 Million</b>
<b>Total</b>	<b>- \$ 54.2 Million</b>



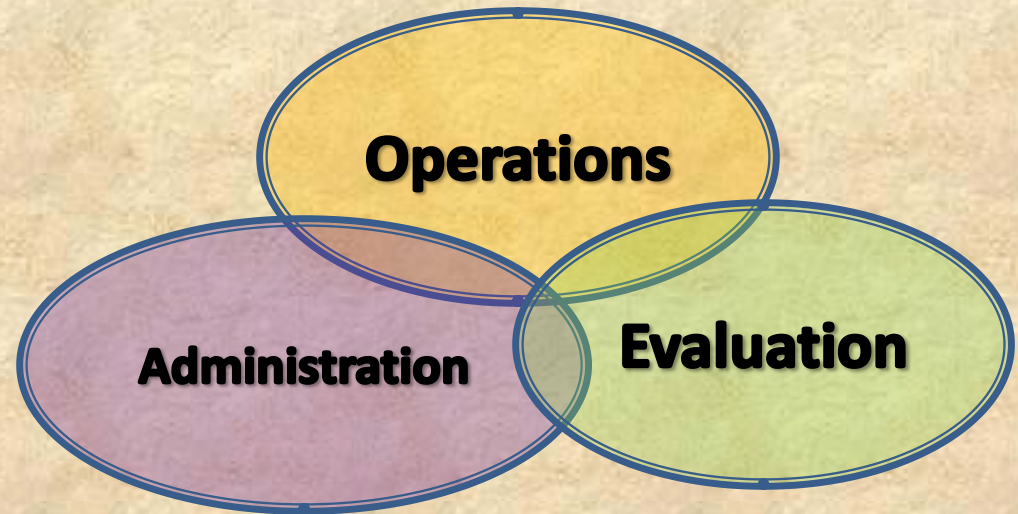


# LOS Model – Expenditure Comparison

<b>Activity Description</b>	<b>Work Category</b>	<b>Funding Shortfall</b>
Roadways - Asphalt	Crack Sealing / Filling	- \$ 20.4 Million
Roadways - Shoulders	Grading Gravel Shoulders	- \$ 5.6 Million
Structures	Super & Substructure Maintenance and Repair	- \$ 9.4 Million
<b>Total</b>		<b>- \$ 35.4 Million</b>



# Workgroup Updates



# Work Group Activities

## OPERATIONS

- **Prioritize Work Type for Pilot Projects**
- **Provide Project Selection Criteria**
- **Development and Preliminary Discussion**
  - > **State Furnished Materials**
  - > **Certification/Pre-qualification**
  - > **Incentive Contracts**
  - > **Pre-project Meeting Concept**



# Work Group Activities

## ADMINISTRATION

- Evaluating Field Manager as a DOT Mgmt Tool
- Creating a condensed work item and standard provision catalog
- Identifying Subjects for Thought Piece Development and Preliminary Discussion



# Work Group Activities

- Reviewing documentation for contracts or project agreements
  - > Agreement Work Items
  - > Lump sum
  - > Unit Price
  - > Completion Date
  - > Local Force Account Record Keeping
  - > Agreement Documents



# More Information & Updates

[www.wisconsin.gov/Pages/doing-bus/local-gov/hwy-mnt/pbm/perf-based-mntc.aspx](http://www.wisconsin.gov/Pages/doing-bus/local-gov/hwy-mnt/pbm/perf-based-mntc.aspx)



Google Search:  
"Wisconsin DOT PBM"

# Wrap-Up

