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June 3, 2016

CONSTRUCTION MEMORANDUM
16-05

TO: District Deputy Commissioners
District Construction Directors
District Technical Services Directors
District Area Engineers
District Project Management Director
Project Management Director
District Traffic Engineers
District Testing Engineers
District LPA Coordinators
Project Engineers/Supervisors
Field Engineers
Office of Material Management

FROM: Mark A. Miller, Director
Division of Construction Management and District Support

SUBJECT: Implementation of the Contractor Performance Evaluation (CPE) system

The purpose of this memorandum is to notify all field personnel of the implementation of the Contractor Performance Evaluation (CPE) system. This system will replace the CR-2 (State Form 19896-Report on Contractor's Performance of Contract). The evaluation system will be online and accessible through the INDOT Technical Applications Pathway (ITAP).

The CPE system contains several features that will streamline routing and will allow more detailed and consistent scoring. The system will also provide the Central Office Prequalification Engineer a database that is easily accessible. These features are shown below.

- Provides the PE/PS with the ability to evaluate specific work types in addition to general categories.
- Sends automated e-mails informing the PE/PS when CPEs are due. The first set of e-mails will be sent to the PE/PS once the Substantial Completion Date has been entered into SiteManager. A second set of e-mails will be sent 30 days later if evaluations have not been submitted. The AE will also be copied on the 30 day e-mails.
- Sends automated e-mails informing the AE when CPEs are ready for approval.

- Sends automated e-mails to contractors when CPEs have been approved.
- Provides a database for all evaluations approved through the system.
- Gives the AE the ability to access an "Overdue Report" that shows all evaluations overdue by more than 30 days.

In order for the contractor notification feature of this system to work properly, it is imperative that the PE/PS verify the correct e-mail addresses of the responsible individuals for the prime contractor as well as each subcontractor prior to submitting the form to the Area Engineer for approval.

The date of implementation of the CPE system is June 6, 2016. All contractor evaluations submitted on or after this date should be in the new electronic format. Instructions for accessing the CPE system as well as completing the form are attached to this memorandum.

Questions should be directed to the Division of Construction Management.

ATTACHMENTS: Guidelines for Contractor Performance Evaluation and Instructions for Accessing the CPE System and Completing a CPE

MAM/REG

CONTRACTOR PERFORMANCE EVALUATION SYSTEM

Introduction

The evaluation system is online and accessible through the INDOT Technical Applications Pathway (ITAP). The evaluation is prepared by the Project Engineer/Project Supervisor (PE/PS) and approved by the Area Engineer (AE) to communicate the Contractor's performance to the District Construction Director (DCD), the Central Office's Prequalification Engineer, and the contractor. The evaluation is reviewed by the Prequalification Engineer to assess the contractor's capabilities before issuing or renewing a Certificate of Qualification to a contractor. The Prequalification Committee may recommend an increase or decrease in prequalification or punitive action based upon a review of a contractor's evaluation(s) and other investigations. Attention should be given to completing an evaluation within the time specified. This will assure timely review by the Prequalification Engineer, as appropriate.

An understanding of the ratings is important. A rating below zero means the contractor is not meeting minimum standards. A score below zero in any section or a score of -2 on any single question may be cause for referral to the Prequalification Committee. A comment is required for any question in which a rating of -2, -1, or a +2 is given. A general remark section is also provided to allow additional comments by the PE/PS or the AE.

Joint Evaluation

Prior to completing Performance Evaluations for any specific contract, the PE/PS should initiate a discussion with the AE to ensure all facts, which will help justify scores, are included in the evaluations as well as to lend a sense of consistency from contract to contract with respect to scoring. Problem areas should also be discussed with the contractor's Superintendent or designated representative. These discussions should take place before the contract reaches Substantial Completion and prior to sending the Performance Evaluations to the AE for approval. Further discussion of problem areas may take place at the pre-final inspection whether or not the Performance Evaluations have been approved and forwarded to the contractor. If problems with either the prime contractor or any subcontractor persist during the course of a contract, an interim report should be prepared. The goal of any discussion or submission of an interim Performance Evaluation is to give the contractor ample time to correct errors or improve processes that will benefit a substantial amount of the remainder of the project.

AEs can use the evaluation process as a teaching tool to help the PE/PS focus on the matters of greatest importance. For example, an AE may decide that the PE/PS has been overly influenced by a personality conflict with a member of the contractor's team. In other instances, the AE may feel that the PE/PS may be overlooking serious problems in an effort to be a good partner. The AE must assure the ratings are objective and accurately reflect the contractor's performance from the start of the contract through completion.

If the AE and the PE/PS have drastically different perspectives on how to score a contractor in one or more areas that cannot be reconciled through discussions between the two, they should meet with the DCD who will determine an appropriate score after considering the points of view of the AE and the PE/PS. In all cases, only a single evaluation for each contractor is generated and electronically signed by the PE/PS and approved by the AE. The AE should consult with the DCD any time an evaluation submitted by the PE/PS contains a negative score on any question or an overall score of +10 or more. The consultation should occur prior to the AE's approval of the evaluation. In the case of a negative score, this will give the DCD an opportunity to make contact with the contractor in question, if deemed necessary.

"Guidelines for Contractor Performance Evaluation" and instructions for "Accessing the CPE System and Completing a CPE" are shown below. These guidelines should be followed when filling out the evaluation.

Guidelines for Contractor Performance Evaluation

Evaluation Frequency

1. For contracts substantially complete within one construction season, a Final Evaluation shall be completed on or around the Substantial Completion Date.

2. For contracts planned for a duration of more than one calendar year, a Year End evaluation shall be prepared at the end of each construction season. In addition, a Final Evaluation shall be prepared on or around the Substantial Completion Date. In the year of Substantial Completion, a Year End Evaluation is not required.

3. Interim evaluations may be made at the PE/PS's discretion or upon request of the AE or the Prequalification Engineer. An interim evaluation should be considered on projects if significant problems arise during start-up or early schedule implementation.

4. If significant time has elapsed between Substantial Completion and Final Acceptance, or when significant work has taken place during this time period, the PE/PS may submit a second Final Evaluation pertaining to the contractor's performance between these two dates. A good use of this type of evaluation would be to rate a contractor's performance when attempting to obtain a Notice of Termination or on a contract in which significant work was added at the pre-final inspection. A note should be placed in the General Comments stating the time frame this second Final Evaluation covers as well as why the evaluation was necessary.

5. For subcontractors, evaluations shall be performed upon completion of that subcontractor's work items. For subcontractors that work on a contract for more than one construction season on a multi-year contract, the PE/PS should determine the need

for a Year End Evaluation. CPE has been set up to hide the questions that do not apply to subcontractors.

As with prime contractors, the PE/PS has the option of preparing an interim evaluation for any subcontractor. INDOT field personnel should use reasonable judgment in determining whether a subcontractor has done sufficient work to make an evaluation meaningful. While the general guideline is to complete an evaluation for any subcontractor performing at least $10,000 of work on a project, an evaluation is not required when there is insufficient opportunity to observe a subcontractor's performance. The PE/PS always has the option of completing an evaluation even when the amount of work performed is small.

Evaluation Considerations

The evaluation should provide an objective and complete evaluation of contractor performance. The evaluation process is designed to meet two goals. One goal is to help contractors identify areas in which they need to improve their performance. The second goal is to provide objective information on contractor performance for making prequalification decisions and to impose sanctions on contractors that are unwilling or unable to meet INDOT standards.

The basic assumption is that most contractors want to improve and perform acceptable work for INDOT. The PE/PS should discuss performance issues with the contractor as soon as problems are apparent. These discussions should be documented in the daily reports. On-going problems warrant written communications. This written information can be attached to the evaluation to justify scores and provide the background necessary should disputes arise on the contract. Thus, low evaluation scores should not be a surprise to the contractor.

For this process to be effective, the PE/PS must set aside any preconceived ideas-both pro and con-that he/she has about the contractor and quality of its work. The evaluation must focus on experiences specific to that contract. The PE/PS should examine the relationship with the contractor and its performance on the entire project rather than overly focusing on isolated incidents. At the same time, a continuing pattern of problems may warrant low scores. While some disagreements may occur on any project, it is important to look beyond these moments to keep the report as objective as possible.

The evaluation process should begin at the Preconstruction Conference with a discussion to ensure the contractor is familiar with the evaluation process. This is an opportunity to communicate the importance of the evaluation to the contractor and to share the PE/PS's expectations on what is considered acceptable performance. At this time, the prime contractor should designate the person in its organization who should receive the evaluation reports. The preconstruction conference should also be used to discuss events that would trigger an interim report. INDOT and the contractor should determine if there might be a point in the construction process where an interim report would be of value to both parties and would allow the contractor maximum opportunity to upgrade its performance.

An interim report can be generated at any time during construction and does not necessarily need to be triggered by poor performance. Experience has shown projects that will experience severe problems generally exhibit these problems very early in the process. For this reason, if unreasonable delays in start-up or serious quality or process problems occur within the first 15-45 days, an interim report may be prepared to bring these concerns to the attention of the contractor and if necessary, INDOT management.

Subcontractor Considerations

While the evaluation of a subcontractor remains a joint effort of the PE/PS and the AE, the PE/PS's assessment may carry more weight in evaluating a subcontractor who is only on the job for a short time. The PE/PS may also need to confer with inspectors who actually observed the subcontractor's work.

Even though a separate evaluation is prepared for each subcontractor, each subcontractor's performance - good and bad - is also a reflection on the prime contractor and should be considered in determining the appropriate rating for the prime.

Deficiencies noted with respect to a subcontractor's work should be discussed prior to the completion of their work. It is understood that, often, subcontractors might only be present for a short duration, and that discussion of deficiencies might not be possible prior to the completion of a Final Performance Evaluation. In these instances, the PE/PS should make phone or e-mail contact with the subcontractor's project representative to discuss problem areas prior to submitting their Performance Evaluation for approval.

Grading Scale

+2	For outstanding performance throughout the project that strongly contributed to the success of the project.
+1	For performance above expectations throughout the project.
0	For adequate performance meeting expectations.
-1	For periodic inadequate performance, causing occasional problems that adversely affected the project.
-2	For consistently inadequate performance, causing constant problems that adversely affected the project.
N/A	If there were insufficient opportunities to observe contractor's performance in this area.

The following are intended to be a general guide on when a particular score should be given:

The +2 score should be given when a contractor has virtually always fulfilled its obligations and has done so completely and without prompting. This rating may be used when the contractor has exceeded requirements to build a good product and may have exercised ingenuity to improve the product and/or lower the cost. This rating is for exceptional performance.

The +1 score should be given when a contractor has diligently fulfilled its obligations, has had significantly less difficulties than might be expected on an operation of the type performed and has required minimal prompting to correct any problem areas. This rating is for above average performance.

A 0 score should be given when performance is satisfactory. The contractor has generally performed its obligations satisfactorily. The problems experienced and PE/PS directed corrective actions are average for an operation of the type being performed. The product meets the required criteria. This rating is for average or at-standard performance.

The -1 score should be given when performance is satisfactory only after repeated prompting by the PE/PS and/or directed repairs or replacement is required. Habitually late paperwork, unjustified delays and marginal product may prompt this rating. The contractor fulfills obligations only after repeated failures or repeated directives. This rating is for below average performance.

The -2 score should be given for generally unsatisfactory performance. This rating indicates the contractor failed to perform obligations correctly even when reminded and directed to do so. Poor product, improper attitude to direction, and failure to timely prosecute the work may prompt this rating. This rating is for excessively poor performance.

Organization, Equipment, and Personnel

This section relates to the quality and quantity of the contractor's workers both supervisory and non-supervisory, the contractor's understanding of the project reflected in the employee and subcontractor selection, and the quality and quantity of equipment mobilized to the project. Organization also includes attention to important required details such as DBE/MBE/WBE/IVBE requirements, wage rate compliance, and submission of certified payrolls.

Prosecution of the Work

This section relates to the ability of the contractor to perform the work pursuant to any required phasing, in accordance with the contractor's schedule, the quality and accuracy of the schedule, and the attainment of completion date(s). Also included is the contractor's work coordination, specifically, working with the PE/PS on daily scheduling, moving the project forward while maintaining a safe workplace, required traffic control, required erosion and environmental controls, and timely submission of material certifications, shop drawings, delivery tickets, wage schedules, and other required documentation.

General Relationships-Cooperation

This section relates to the ability of the contractor to work cooperatively and constructively with INDOT and other necessary participants on the project. This includes the level of successful planning, coordination, and degree of consideration shown with the PE/PS, utilities, railroads, adjacent landowners, adjacent contractors, local agencies, and the traveling public. Also, the level of contractor cooperation with the PE/PS and/or the INDOT chain of command in resolving issues quickly and at the appropriate level.

Quality of Materials and Workmanship

This section relates to the overall quality of the service or product. Included are component items such as the field office, quality of subcontractor work and materials, as well as the completion of punch list items and final clean-up. This includes the overall quality of construction practices, and quantity of items that required replacement or were of marginal quality. Also, the quality of the finished product and the smoothness, if applicable, compared to other projects of a similar nature.

Specific Work Type Questions

The general questions in the above four categories will have to be answered for all contractors. In addition, when starting the evaluation, the PE/PS will have the option of selecting specific Work Types performed by the contractor. Additional questions will be generated regarding the Work Types chosen. More than one Work Type may be chosen for any specific contractor. If the Work Type does not match any of the types shown, then "Other" must be selected. Once this is done, a brief description of the Work Type must be entered.

Accessing the CPE System and Completing a CPE

Accessing the CPE System

All users will enter the system by accessing ITAP. For INDOT employees, the User ID and Password to access ITAP is the same ID and Password used to access the network and Citrix. Once into ITAP, the PE/PS should click on "Contractor Performance Evaluation", then "Click here to access application". The Dashboard will then be visible for PE/PS's and AE's. Other INDOT employees will not see the Dashboard, but instead will see the Search screen.

Companies not registered in ITAP will need to enroll as a New Business at the following web address: https://itap.indot.in.gov/login.aspx

After company enrollment, a CPE application request must be made. The primary contact person will be responsible for enrolling new users for their company. All consultant users who have ITAP user accounts and are registered in SiteManager as a PE/PS may already have automatically been given access to CPE. If problems are experienced during ITAP enrollment, ITAP Support can be contacted by clicking on the "envelope" icon in the upper left of the ITAP login screen.

Many prime contractors have already enrolled their company in ITAP. Once given access to CPE, contractors will only have access to the search screen and will only be able to see the evaluations on their company and the evaluations on subcontractors for the prime's contracts only.

Completing a CPE

The following information must be completed before moving on to the questions:

Evaluation Type: Choices are Interim, Year End, and Final.

Contractor Responsible Person: Contact information must be entered. This is the person an evaluation will be e-mailed to once it is approved by the AE. Typically, this person is the field superintendent. However, the contractor is free to choose the recipient of this e-mail. It is the PE/PS's responsibility to ascertain contact information for subcontractors as well as the prime. **It is critical this information is accurate.**

Choose Work Type: Choose the work type appropriate for the contractor that is being evaluated. In some cases, choosing more than one work type is appropriate. In other cases, there is no work type that matches what is shown. For example, if a contractor was only on the job to place sidewalk, there is no work type that matches this description. In situations such as this, "Other" must be chosen. Once this is done, another box will open up immediately below. A brief description of the work type must be entered before any evaluation question can be answered. If "Other" is chosen, only the following four general categories will be evaluated: Organization Equipment and Personnel, Prosecution of Work, General Relationships/Cooperation, and Quality of Materials and Workmanship. For contractor's whose work type falls into the "Other" category, it is highly recommended that the PE/PS provide relevant and specific comments to each question as well as in the "General Comments" section. The General Comment section is also a good place to enter notes regarding issues that were not specifically rated elsewhere in the evaluation.

Contractor evaluation scores for each question range from +2 to -2. For any question in which a -2, -1, or +2 is entered, a pop up box will appear. A Score Comment **must** be made as to why the score was given. Although the system does not require a comment when a 0 or +1 is given, it is recommended comments be made where appropriate.

Attachments: Documents and photos may be attached to an evaluation to allow the PE/PS to include documented support to the evaluation's ratings. Attachments may be added at any time during the evaluation once the Documents icon in the upper left is clicked.
Note: The AE may also attach documents using the same process.

Notes to Reviewer:

- Prior to submittal, the evaluation must be saved.
- **It is critical for the PE/PS to enter the correct e-mail address of the Contractor or Subcontractor Responsible Person.**
- An evaluation can be performed at any time and saved without submitting.
- Subcontractor evaluations should be performed upon completion of its work.
- A submitted evaluation may be edited by the PE/PS once the AE sends it back unapproved or places it in Appeal status.
- Interim and Year End reports follow the same routing and approval process as the Final Evaluation reports.
- Only the AE can Delete an evaluation.

- Once all questions have been answered and required comments have been made, the evaluation is ready for submittal. Once an evaluation is submitted, an e-mail notification will be sent to the AE.

Area Engineer Responsibility

Once the PE/PS submits a Contractor Performance Evaluation, the AE will receive an automated e-mail stating such.

Upon logging into ITAP and the Contractor Performance Evaluation program, the AE will see his/her dashboard along with assigned contracts.

All questions and comments can be accessed.

Comments the AE wishes to make can be done in the "General Comments" section. Score Comments cannot be entered by the AE for any specific question.

Upon completion of review, the AE may choose one of the following options:

1. **Save and Send Back to Reviewer**: This might be done in the following types of situations:

    - The AE perceives the scores to either not accurately reflect the work or were not consistent with scores from other contracts for similar type and quality of work.
    - PE/PS provided insufficient comments to specific questions.
    - Incorrect information.
    - Evaluation lacks appropriate attachments to justify comments.
    - A comment as to why the evaluation is being returned unapproved must be made in the Evaluation Log.

2. **Save and Approve**: In this situation, the AE agrees with the evaluation. Once this option is selected, the evaluation is approved, an automated e-mail is then sent to the contractor's representative (Contractor Responsible Person) for review.

3. **Delete**: This option might be chosen in the following situation:

    - PE/PS wishes to recall the evaluation and asks AE to delete so that a new one may be submitted.
    - Subcontract is for less than $10,000 and the work performed does not warrant an evaluation.

4. **Appeal:** After evaluation approval, if the contractor appeals the evaluation, the AE is responsible for placing it into Appeal status and following the steps recommended in the Contractor Appeal section below.

Note: The AE may attach documents to an evaluation using the same process, described above, as the PE/PS.

Contractor Score

Scores from each of the sections are summarized and totaled near the bottom of the evaluation. A score of less than zero in any section, or a score of -2 on any rating question may result in referral to the Prequalification Committee.

Score Comments and General Comments

Score Comments are summarized and General Comments may be made in these sections which appear near the bottom of the evaluation. Use of these sections has been discussed previously.

Evaluation Log

As an evaluation progresses through the system, auto-generated events will be captured in the Evaluation Log located at the top of the online form. A comment can be added to the log by clicking on the Evaluation Log icon in the upper left, then clicking the plus sign on the right of this section. Comments that go to the Evaluation Log will not be visible on the evaluation that is sent to the contractor.

Contractor Appeal

The online evaluation does not require the signature of the contractor's project designated representative (Contractor Responsible Person). A contractor that disagrees with an evaluation may make an appeal by contacting the AE in writing within 15 days of receiving the evaluation. Upon receiving this notice, the evaluation should be revisited within CPE by the AE and placed into Appeal status. The contractor should be afforded an opportunity to discuss the evaluation and make a case for an adjustment to any of the ratings. This opportunity may take the form of a phone conversation or a face to face meeting. After considering the contractor's position, the AE may choose to have the PE/PS make adjustments to the ratings or leave them as they are. In either case, the PE/PS will have to resubmit the evaluation. Correspondence regarding the appeal as well as minutes taken at any meeting regarding the appeal should be included in the attachments to the evaluation.

Timeliness of Submitting Evaluations

Upon entering the Substantial Completion Date for a contract in SiteManager, the PE/PS will receive an e-mail for each evaluation that has not been performed as of that date. A second set of e-mails will be sent for evaluations that have not been completed within 30 days of Substantial Completion. These reminders will also request that the PE/PS submit any outstanding evaluation within 5 days. In addition, the AE will receive the 30 day e-mails. A list of evaluations in this category will appear on the Overdue Report.

No further reminders will be sent. Once the contract is 180 days past Final Acceptance, any evaluation that has not been submitted will be removed from the PE/PS's Dashboard and the Overdue Report. Although an evaluation can still be performed by selecting the check box to "Include contracts that are no longer current" at the upper right of the list on the Dashboard screen, it is assumed the accuracy of a report submitted this far past Substantial Completion will be compromised.

Help Documents

CPE includes online help documents that can be accessed by clicking the "i" Help icon located at the upper left.