



INDIANA DEPARTMENT OF TRANSPORTATION

Driving Indiana's Economic Growth

Memorandum

January 30, 2007

CONSTRUCTION MEMORANDUM 07-04

TO: District Deputy Commissioners
District Highway Operation Directors
District Construction Engineers
District Testing Engineers
District Area Engineers
Project Engineers/Supervisors

FROM: ^{MAM} Mark A. Miller, Director
Division of Construction Management

SUBJECT: Revised CR-2 Form and Instructions

As most of you are aware, Project Engineers/Supervisors (PE/S) are required to evaluate the performance of the contractors that work on any INDOT construction contract. The form that is used in the field to rate a contractor (Prime or Sub) is our CR-2 form. In May of 2003, a Subcommittee of the ICI/INDOT Joint Committee was formed to evaluate our current procedures for rating the performance of contractors on projects. That committee was made up of INDOT and Contractor personnel. They not only reviewed our procedures but the current CR-2 form was also discussed. That committee's recommendations were then reviewed by another subcommittee that the Department put together which had legal expertise. The findings and changes made by that group were mostly minor and attached herewith is the new CR-2 form and General Instructions (these instructions replace the instructions on pages 40-29 and 40-30 of the GIFE) that are to be used on all active contracts **starting immediately**. The CR-2 form is available on line if you have access to INDOT's Intranet website. If you do not, you can copy the attached form for future use.

The new CR-2 form has changed completely as have the instructions. The form has a new grading scale and has been revised to provide a more objective and complete evaluation to a contractor's performance. This form will now need to be completed at the mid-point of the project (called the interim report) and at the end of the project. The PE/PS must discuss the ratings with the contractor's project superintendent and both must sign the reports. The signature of the superintendent is needed just to verify that there was an opportunity to discuss the rating and the signature does not indicate that he/she is in agreement with the ratings. The PE/PS is also to provide the contractor a copy of the form after it is completed and signed.

In summary, it is very important that all the instructions attached to this memorandum are read, followed, and placed in your GIFE for future reference.

MAM:DAK:sc
attachments



REPORT ON CONTRACTOR'S PERFORMANCE

State Form 19896 (R7 / 1-07) / CR-2
DEPARTMENT OF TRANSPORTATION

Name of contractor		Contract number	
District		Contract amount	
Project location / description			
Name of contractor person in charge at site		Work performed	
This contractor is: <input type="checkbox"/> Prime contractor <input type="checkbox"/> Sub-contractor		This report is: <input type="checkbox"/> Interim <input type="checkbox"/> Year-end <input type="checkbox"/> Final	
Date report completed (month, day, year)			

GRADING SCALE	
Unless a different point system is shown for a question, use only the following scale to grade performance of the contractor on each question. Do not use any numbers not shown.	
+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
-3	For consistently inadequate performance, causing constant problems adversely impacting the project
NA	If there were insufficient opportunities to observe contractor performance in this area

SECTION A - ORGANIZATION EQUIPMENT AND PERSONNEL	POINTS
1. Contractor management personnel were knowledgeable and available with full authority to execute contract documents and implement the directions of the engineer.	
2. The project was staffed and managed with competent (non-supervisory) employees.	
3. Contractor management personnel effectively anticipated upcoming issues and effectively scheduled and organized construction operations, including subcontractors.	
4. The superintendent or foremen on the jobsite had the required knowledge and training to comply with the plans, special provisions, and specifications on the project.	
5. The contractor complied with applicable wage rates and employment regulations and timely submitted accurate certified payrolls.	
6. The contractor complied with EEO and DBE requirements and procedures.	
7. The contractor ensured that subcontractors were knowledgeable and capable to perform the subcontracted work.	
8. The contractor provided safe, adequate, and well-maintained equipment to perform the required work.	
SECTION A - TOTAL POINTS	0

SECTION B - PROSECUTION OF WORK	POINTS
1. The contractor furnished the required documentation and reports in a timely manner (i.e. certification of materials, delivery tickets, invoices, progress schedules, shop drawings, material sampling, early notice of time extension, potential claims, etc.)	
2. The contractor informed the PE / PS in advance of the daily schedule.	
3. The contractor submitted, followed, and kept the work schedule up-to-date and met intermediate and final completion dates.	
4. The contractor complied with the phasing requirements.	
5. The contractor complied with the direction of INDOT personnel.	
6. The project site was maintained in a safe condition and the work conducted in a safe manner.	
7. Traffic control was maintained as specified in the traffic plan for the safety of the public and project.	
8. The contractor followed contract requirements for maintaining erosion control, disposal of materials, borrow sites, and other environmental matters.	
SECTION B - TOTAL POINTS	0

SECTION C - GENERAL RELATIONSHIPS / COOPERATION	POINTS
1. The contractor's supervisory personnel demonstrated a positive attitude toward the PE / PS and department regulations, including the INDOT chain of command.	
2. The contractor properly notified and coordinated work with utility companies for the protection of existing utilities.	
3. The contractor planned, scheduled, and coordinated the work with subcontractors.	
4. The contractor coordinated with other contractors performing work on adjacent projects.	
5. Contract issues and disputes were settled at the appropriate level.	
6. The contractor responded to contract issues and disputes in a timely manner.	
7. The contractor showed consideration to the traveling public.	
8. The contractor communicated and cooperated with the adjacent property owners and local agencies.	
SECTION C - TOTAL POINTS	0

CR-2 –(SF-19896)- REPORT ON CONTRACTOR'S PERFORMANCE OF CONTRACT.

This form is prepared by the PE/PS to communicate the Contractor's performance to the District Construction Engineer and to Central Office's Prequalification Engineer. The form 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 the form(s) and other investigations. Instructions to complete the form are included in the "Guidelines" which are now part of this write up. Attention should be given to completing the form 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 in any section below zero or a score of -3 on any item may be cause for immediate referral to the Prequalification Committee. An explanation should be included in the general remarks for items rated below zero.

The report shall be prepared after discussion and in conjunction with the Area Engineer who must concur. A discussion shall be conducted with the Superintendent or designated contractor representative with emphasis on any problem areas. For contracts of more than one year, an interim evaluation must be prepared at the mid-point of each year, at the end of a construction season, and a final evaluation at the end of the work. A convenient time to discuss the final evaluation report and any deficiencies may be at the preliminary final inspection. Deficiencies noted on the CR-2 of a subcontractor should be discussed within two weeks of the completion of their work.

In the event it is not convenient to discuss the CR-2 with the subcontractor in person, a telephone discussion may be used. All discussions should be held within two weeks of the preliminary final inspection. The Central Office Prequalification Engineer shall receive all CR-2's no later than 30 days after final inspection. The CR-2 requires the concurrence of the Area Engineer and a signature of whom you discussed the ratings with representing the contractor. The contractor's representative should be informed that signing the form and dating it does not mean that the company is in agreement with the ratings, it just acknowledges that the company was provided an opportunity to discuss the ratings. A date of the final inspection is now part of the form. As before the PE/PS must sign and also date the form.

The Department has developed a set of "Guidelines for Contractor Performance Evaluation" and they are included in this GIFE write up below. These guidelines should be followed when filling out a CR-2. They provide much more detail that what has been stated above.

Guidelines for Contractor Performance Evaluation

Evaluation Frequency

1. For contracts with 60 or fewer work days, an evaluation shall be completed at the completion of the work.
2. For contracts with more than 60 work day but less than a year, an interim evaluation shall be prepared at the mid-point of construction and at the end of the work.

3. For contracts of more than one year, an interim evaluation shall be prepared at the mid-point of each year, an interim evaluation at the end of each construction season, and a final evaluation at the end of the work.
4. Subcontractor evaluations shall be completed only at the completion of all work items being performed by that subcontractor.
5. Additional evaluations may be made at the PE/PS's option or upon request of the Prequalification Engineer. An interim evaluation should be considered after 15-45 days, on longer duration projects, if significant problems arise in start-up and early schedule implementation.

Evaluation Considerations

The CR-2 has been revised to provide a more 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 in appropriate circumstances to impose sanctions on contractors unwilling or unable to meet INDOT standards.

The basic assumption is that most contractors want to improve and to do a good job for the State. 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 merit written communications that can document the subsequent CR-2 ratings and provide the background necessary should disputes arise on the contract. Thus, low CR-2 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 this 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 warrant low scores. While some disagreements may be experienced on any project, it is important to look beyond these moments to keep the report as objective as possible.

The evaluation process should begin with the Preconstruction Conference with a discussion to assure the contractor is familiar with the form and 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. The prime contractor should designate at the preconstruction conference the person in its organization that should receive the CR-2 reports. The preconstruction conference should also be used to discuss the timing of any interim reports. While the interim report is generally a mid-project evaluation, INDOT and the contractor should determine at which point in the construction process an interim report would be of the most value to both parties and allow the contractor maximum opportunity to upgrade its performance. Experience has shown that 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.

Joint Evaluation

To help assure objectivity, the rating is to be a joint activity of the PE/PS and the Area Engineer. The PE/PS should initiate the process by letting the Area Engineer know when it is time to prepare an evaluation. The cooperation between the two may vary from project to project. In some cases, the PE/PS and Area Engineer may meet and discuss each factor in detail before jointly determining the appropriate rating for that factor. In other cases, the two may discuss performance matters in general and then compare individual ratings before agreeing on a final rating.

Area Engineers can use this process as a teaching tool to help the PE/PS focus on the matters of greatest importance. For example, an Area Engineer 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 Area Engineer may feel that the PE/PS may be overlooking serious problems in an effort to be a good partner. The Area Engineer must assure that the ratings are as objective as possible and accurately reflect the contractor's performance from the start of the contract through the completion of the form.

If the Area Engineer and the PE/PS have drastically different perspectives on the how to score a contractor in one or more areas, that cannot be reconciled through discussions between the two, they should meet with the District Construction Engineer who will determine the final ranking after considering the points of view of the Area Engineer and the PE/PS. In all cases, only a single CR-2 is generated and signed both by the PE/PS and the Area Engineer.

Contractor to Sign

The form also requires the signature of the contractor's project superintendent. The purpose is to assure on-going communication between INDOT's representatives and the contractor. The superintendent may or may not agree with the ratings shown on the form. The signature is to verify that a copy was given to the superintendent and that there was an opportunity to discuss the ratings.

Filling Out the Form

Basic Information

All information at the top of form should be completed. The work performed line should indicate the significant operations performed by the contractor on the project. For example, the work performed by the prime contractor could include grading and paving. Work by a subcontractor could include guardrail or maintenance of traffic.

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.
- 3 For consistently inadequate performance, causing constant problems that adversely affected the project.
- NA If there were insufficient opportunities to observe contractor's performance in this area.

The application of these scores necessarily depends upon the item being rating; however, the following are intended to be a general guide to when a particular score should be given:

+2 This 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.

+1 This 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. Above average performance.

0 This 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.

-1 This 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. Contractor fulfills obligations only after repeated failures or repeated directives.

-3 This score should be given for generally unsatisfactory performance. Contractor has failed to perform obligations correctly even when reminded and directed to do so. Poor work product, improper attitude to direction and failure to timely prosecute the work may prompt this rating.

That the lowest rating is set at minus 3, while the highest is set at plus 2, reflects a deliberate attempt by INDOT to impress upon contractors that continuous failure in any area is a serious matter that must be corrected immediately in order for the contractor to continue to perform INDOT work.

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 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 the 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.

Contractor Score

The scores from each section should be totaled. This total score will be available for use in the overall contractor evaluation process. A score of less than zero in any of the sections or a score of minus 3 on any rating question may result in immediate referral to the Prequalification Committee.

General Remarks

This section should be used to highlight any issues, positive or negative, that the PE/PS and Area Engineer believe would assist the contractor or an INDOT reviewer in understanding significant developments. Particular emphasis should be placed on any issue not otherwise rated in this report.

CR-2's for Subcontractors

A CR-2 will normally be completed for each subcontractor at the conclusion of the subcontractor's work. Since not all factors will be applicable to a subcontractor, the CR-2 may include several NA ratings. As with prime contractors, the PE/PS has the option of preparing an interim CR-2 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 a CR-2 for any subcontractor performing at least \$10,000 of work on a project, a CR-2 is not required when there is insufficient opportunity to observe a subcontractor's performance. The PE/PS always has the option of completing a CR-2 even when the amount of work performed is small.

Because a subcontractor may only be on the job for a short duration, it may not be possible to discuss concerns with the subcontractor's superintendent or foreman prior to the completion of the CR-2. It also may not be possible to get a representative of the subcontractor to sign the form. In this case, show "Left Job" where the subcontractor's superintendent would normally sign.

While the evaluation of a subcontractor remains a joint effort of the PE/PS and the Area Engineer, 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 CR-2 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.

Processing the CR-2

Interim Reports

Once an interim CR-2 has been completed, a copy should be given to the contractor's superintendent and a copy to the administrative person the contractor designated at the Preconstruction Conference. The PE/PS should maintain the original copy with the project files. The interim CR-2 is not forwarded to the District and/or Central Office unless requested by the Prequalification Engineer or as approved by the District Construction Engineer.

Final Reports

Copies of the Final CR-2 for the prime contractor, which reflects the contractor's overall performance from the beginning of the project to completion, should also be provided to the contractor's superintendent and designated administrator. A copy is also sent to the Prequalification Engineer within 30 days after final inspection. Copies of all interim CR-2's should be attached to the Final CR-2 and forwarded to the Prequalification Engineer.

A copy of the CR-2 on a subcontractor should be sent to the subcontractor's office and a copy should also be given to the prime contractor's superintendent.

Key contractor personnel should be called in for a meeting with the PE/PS and the Area Engineer if any score of minus 3 is given or if any Section total is less than zero. A meeting should also be held if multiple scores of minus 1 are given. If a meeting is required for a subcontractor, key personnel for both the subcontractor and the prime contractor should be present.