



Republic of the Philippines
DEPARTMENT OF PUBLIC WORKS AND HIGHWAYS
OFFICE OF THE SECRETARY
Manila

097. 130 PWH
11-02-2015

OCT 28 2015

DEPARTMENT ORDER)

NO. **164**)
Series of 2015)

SUBJECT: CREATION OF PERFORMANCE
BASED MAINTENANCE MONITORING
TEAMS (PBMMTs) TO ASSESS
COMPLIANCE TO THE LEVELS OF
MAINTENANCE SERVICE BY
CONTRACTORS UNDER THE
LONG TERM PERFORMANCE
BASED MAINTENANCE CONTRACTS
(LTPBMC) NRIMP2 ROAD CLUSTER II

To ensure the efficient and effective implementation of the projects under the Long Term Performance Based Maintenance Contracts (LTPBMC) of the National Road Improvement and Management Project (NRIMP), Performance Based Maintenance Monitoring Teams (PBMMTs) are hereby created to monitor and check compliance of the contractors to the Levels of Service under the maintenance portion of their respective contracts.

1.0 THE PERFORMANCE BASED MAINTENANCE MONITORING TEAMS (PBMMTs)

- 1.1** There are four (4) Project Packages funded under the World Bank Assisted-National Road Improvement and Maintenance Program, Phase II (NRIMP-2), Road Cluster II:

Team No.	Package No.	Project Name & Location	Stationing	Length, Kms.
1	LM 2.1	Manila North Rd, Monumento to Aringay section, La Union	Km 9+000 to Km. 243+062	234.062
2	LM 2.2	Manila South Rd, Tiaong-Sta. Elena, Camarines Norte; and Pagsanjan, Laguna to Tayabas-Lucena, Quezon	Km 91+493 to Km. 248 +660; Km. 91+600 to km142+143	207.260
3	LM 2.3	Mindoro East Rd, Calapan to Dangay Port	Km 0+000 – Km. 127+740	127.740
4	LM 2.4	Caticlan National Rd – Aklan/Capiz Boundary	Km 211+028 to Km. 322+730	111.702

TOTAL 680.764 kms

1.2 COMPOSITION OF THE PBMMTs

The above-cited four (4) Project Packages shall each have a PBMMT (collectively called : the Team) composed of representatives from the following offices who shall be designated by their respective Heads of Office:

- Maintenance Section of the District Engineering Office concerned;
- Maintenance Division of the Regional Office concerned;

- c. Unified Project Management Office (UPMO) NRIMP-2 Road Cluster II;
- d) and Bureau of Maintenance

2.0 RESPONSIBILITIES OF THE PBMMT

- a. Shall conduct at least twice a month (to be considered as minimum frequency), a collective and coordinated inspection on the project packages detailed under Item 1.1, above, to check the status of the Contractor's operational service levels as defined in the approved project contract;
- b. Shall, based on the list of noted defects provided by the concerned DEO and UPMO NRIMP Cluster II representatives, verify the rectification works made by the contractors to ascertain quality of the completed works;
- c. Shall collectively prepare, review and sign the Monthly Penalty Calculation Form to be submitted to the Director, UPMO Road Cluster II (**Annex "1"**);
- d. Shall witness the International Roughness Index Tests to be conducted by the LTPBMC contractors, and the DPWH Bureau of Quality and Safety.
- e. In addition to taking part in the collective activities of the Team as defined under sub-items a to d, above, the representatives from the Maintenance Section of the District Engineering Office (DEO) concerned, including the representatives of the UPMO Road Cluster II shall have the following specific and distinct responsibilities:
 - e.1 Conduct a daily inspection simulating the tasks of the Maintenance Point Person (MPP) under DO 13, s. 2011;
 - e.2 Based on the conduct of the daily inspection, prepare the list of noted defects as contained in the checklist of Levels of Service (LOS) under the Contract;
 - e.3 Prepare maps of the location of the defects noted during the conduct of the daily inspection and provide subject map including the checklist to the Team, copy furnished the District Engineer for the latter's information and appropriate action;
 - e.4 Promptly provide information to other members of the Team (BOM and concerned Regional Office) once activities under e.2 and e.3, above, are completed. A copy of the consolidated report of the daily inspection they both (DEO and UPMO representatives) had conducted as MPP shall be attached in the information.

3.0 MONTHLY PAYMENT FOR PERFORMANCE BASED WORKS

Duly filled-up LTPBMC Form entitled: Monthly Payment for Performance Based Works (**Annex "2"**) which is the Average Monthly Payment per Kilometer less Monthly Penalties (data to be sourced from Annex "1", hereof) shall be approved by the Project Director, UPMO Road Cluster II.

With methods of inspection and its accompanying Forms to be modified by virtue of this Order, the following are hereby superseded:

- 1) Provisions of the LTPBM Contracts under Part A2: Description of Services, specifically Subsections 2.7.1: *Formal Inspections of Operational Service Levels*; and 2.7.2: *Informal Inspections of Operational Service Levels*;
- 2) For Forms for Performance Based Works as defined under Appendix A.2 of the Contract, any reference to Project Manager shall be modified to read: PBMMT representatives (see sample of authorized signatories, attached).

This Department Order shall take effect immediately.


ROGELIO L. SINGSON
Secretary

Department of Public Works and Highways
Office of the Secretary

WIN5102737

5.3.2 DFR/ESGJR/RCA

Total amount of penalties to be deducted _____
Date of penalty to be deducted _____

Prepared by:

DEO Representative

UPMO NRIMP2
Cluster II Rep.

Regional Office
Representative

**Bureau of Maintenance
Representative**

Monthly Payment form for Performance -Based Works

Monthly Payment form for Performance -Based Works															
Contract No.	Month and year														
Average monthly payment per kilometer	Total number of kilometers (TNK)														
<table border="1"> <tbody> <tr> <td>Average monthly payment oer kilometer (AMPK)</td> <td></td> </tr> <tr> <td>Total equivalent length in kilometers for payment at</td> <td></td> </tr> <tr> <td>this month (TEK)</td> <td></td> </tr> <tr> <td>Adjusted monthly payment (AMP)</td> <td></td> </tr> <tr> <td>Total monthly penalties (PMP)</td> <td></td> </tr> <tr> <td>Total monthly payment (TMP)</td> <td></td> </tr> <tr> <td></td> <td></td> </tr> </tbody> </table>		Average monthly payment oer kilometer (AMPK)		Total equivalent length in kilometers for payment at		this month (TEK)		Adjusted monthly payment (AMP)		Total monthly penalties (PMP)		Total monthly payment (TMP)			
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Total equivalent length in kilometers for payment at															
this month (TEK)															
Adjusted monthly payment (AMP)															
Total monthly penalties (PMP)															
Total monthly payment (TMP)															
Noted :															
<div style="text-align: right;"> _____ Project Director, UPMO </div>															

Road sections under rehabilitation do not have to comply with the operational service levels for the duration of the rehabilitation and are not taken into account when calculating the length of the roads for compliance purposes.

Railway crossings up to 30-centimetre distance from the outer rails do not have to comply with the operational service levels.

2.7 Methods of Inspection of Operational Service Levels

2.7.1 Formal Inspections of Operational Service Levels

Formal inspections are those scheduled in advance by the Project Manager, and carried out by the Contractor (through his Performance Management Unit) under the supervision of the Project Manager. The main purpose of the formal inspections is to enable the Project Manager to verify the information presented in the Contractor's Monthly Statement for Performance-Based Works and to issue the Interim Payment Certificate for Performance-Based Works. The Contractor's Monthly Statement for Performance-Based Works has to be presented to the Project Manager on the first workday following the 14th of each month. The Project Manager must inform the Contractor of his intention to carry out a formal inspection at least 48 hours in advance, indicating the exact date, hour and location where the formal inspection is to begin. The Contractor is obliged to be present at the date, hour and location specified by the Project Manager, providing the physical means needed for the inspection as indicated further below. Formal inspections will normally, but not necessarily, be scheduled between the 18th and 24th of each month. The formal inspections allow the comparison of the information on compliance provided by the Contractor in the standard tables, which are part of his Monthly Statement for Performance-Based Works, with actual measurements taken in locations to be determined by the Project Manager. During the formal inspections, the Project Manager will prepare a brief Memorandum describing (i) the general circumstances of the site visit, including date, road sections visited, persons present, etc., (ii) any non-compliance which may have been detected, and (iii) the response times to remedy the detected defects per contract. Based on the outcome of the formal inspection, the Project Manager will immediately correct any possible errors or misrepresentations in the Contractor's statement, countersign it and present it to the Employer for payment, and to the Contractor for information. All Operational Service Levels that do not meet the requirements will be taken into account when calculating the monthly compliance with Operational Service Levels, even if they have been granted a response time. For all non-complying Operational Service Levels recorded during the formal inspection the response time will start on the day the non-compliance has been recorded.

For the formal inspections of compliance with Operational Service Levels, the Contractor's Performance Management Unit will work together with the Project Manager. The Contractor will provide the physical means needed for the inspections; they are the same that are normally used by the Performance Management Unit for the continuous self-evaluation of the Contractor's compliance.

The Project Manager will also schedule formal inspections for the follow-up site visits, whose purpose is to verify if the Contractor has remedied the causes of earlier non-compliance within the time frames specified by the respective response times. The Contractor shall participate in the follow-up site visits. Penalties will be applied if Operational Service Levels are not complied with within the respective response times. The penalties will be deducted from the amounts due to the Contractor at the end of each month.

2.7.2 Informal Inspections of Operational Service Levels

The Project Manager will carry out informal inspections of Operational Service Levels as part of his general mandate given to him by the Employer. He will do so on his own initiative, at any time and anywhere on the roads included in the contract. He must use his own means for those inspections. If he detects any road sections where the Operational Service Level criteria are not complied with, he is obliged to inform the Contractor within 24 hours in writing, in order to enable the Contractor to take remedial action within the response times defined in the contract. The response time starts when the Contractor receives the written notice of the Project Manager. Penalties will be applied if Operational Service Levels are not met within the respective response times. The penalties will be deducted from the amounts due to the Contractor at the end of each month.

2.8 Verification of Test Results Ordered by the Project Manager

If the Project Manager disputes testing results submitted by the Contractor, he can order the Contractor to retest under his supervision or can order a third party to verify the testing results. If the testing results of the verification of test results ordered by the Project Manager are in compliance with the specifications, the Employer will have to pay for the retesting, otherwise the Contractor has bear the cost of the verification of test results.

2.9 Payments

2.9.1 Payments for Rehabilitation Works

All Rehabilitation Works are paid in lump sum in accordance with the progress in the execution of the measured outputs.

Improvement works shall be paid based on the quantities accomplished by the Contractor and accepted by the Engineer at the unit price indicated in the Bill of Quantities.

All Rehabilitation and Improvement works shall be completed within the first twelve (12) months of the contract period. All unaccomplished works after the twelfth month or approved extension of completion time shall be subject to liquidated damages of one tenth of one percent (.1%) per day of delay of the value of remaining works.

2.9.2 Payments for Emergency Works

All emergency works shall be paid in lump sum based on the percentage of accomplishment verified and approved by the Engineer.

2.9.3 Payments for Performance-Based Maintenance

The methodology of payment for maintenance Works shall be as follows:

1. Performance-based maintenance works and services shall be paid based on the monthly lump-sum amount in the Bill of Quantities for a scheduled year. Payments will be reduced if management and operational service levels and/or response times are not met.
2. On the first eighteen months of the contract, the contractor shall undertake the maintenance works and services of the whole project stretch except those scheduled for rehabilitation works or improvement works.

Appendix A2

Forms for Performance-Based Works

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