

APPENDIX F KEY PERFORMANCE INDICATORS

Introduction

Performance should be measured and reported for all key project parameters which typically include safety, cost, schedule, quality, and other parameters specific to the Owner or Project. These key performance indicators (“KPI’s”) are a defined set of deliverables that cover the life cycle of the Project and are trended over time to facilitate objectives, transparent, auditable, and consistent measurement of Contractor’s performance.

Documentation of Contractor performance is intended to rate how well the Contractor is managing the Project, demonstrate the Contractor’s ability to continue to perform work on the current Contract, and indicate if the Contractor is qualified to perform work on future projects. The applicable KPI’s and the specific performance targets should be defined at the start of each phase of the Project so that it is clearly understood what is reflective of exceptional and unacceptable performance..

Performance monitoring and reporting provides an opportunity for the Owner and Contractor to proactively manage the project, and may determine the administration of contract fees, incentives, or penalties as applicable. Progress against the KPI’s should be reviewed by the Parties at agreed intervals with the designated representatives of the Owner and Contractor. Subsequently, the evaluation documents are important documents for both the Contractor and Owner since they will define the future relationship between these organizations.

Contractor performance reports shall provide the project status, project progress, and variance analysis for each of the key performance indicators. Such reports should be at an appropriate level of detail and may be of various formats, subject to the tools and techniques utilized to measure, track and report Contractor performance.

Key Performance Indicators

1. Safety - *specified safety performance*

Has the safety program been implemented consistently and is it achieving the expected results?

2. Cost - *total installed cost compared with approved project budget*

Earned value progress is commonly included in performance reporting. Earned value compares the value of work performed (at the allocated budget rate) to the actual cost of work performed.

3. Schedule - *actual progress compared with planned progress*

Schedule variance tracking and variance analysis to assess the potential impacts to the overall project are a critical area of project performance tracking and reporting. Early detection can be extremely valuable and may alleviate the need for costly corrective action.

4. Quality - *actual functional performance compared with performance specification and guarantee*

Project quality management processes, tools, and techniques are designed to guarantee project success for the benefit of both the Contractor and the Owner. While there are numerous quality applications that are necessary to achieve this, the real test is *does it perform in conformance with the contract requirements?*

5. Other - *Owner or project specific metrics that may vary for each phase of the Project*

