

PN 121 - 01/18/2019 - Incentive/Disincentive Contract

The Contractor shall complete all critical work and safety items according to the Incentive/ Disincentive Contract Table. The Incentive/Disincentive Contract Table is located in the Plan General Notes. In the event the Contractor impedes the flow of traffic subsequent to the opening to unrestricted traffic, the Contractor shall be assessed a disincentive according to the Incentive/ Disincentive Contract Table.

Critical work is shown in the Incentive/Disincentive Contract Table.

Critical work is defined as having the designated section of work open to unrestricted traffic as shown in the table, or the entire project if not otherwise listed.

Unrestricted traffic is defined as all traffic lanes being available for use at their final design width with all markings, RPM's, and safety features installed, along with no restrictions within 2 feet of the edge line on the shoulders.

Incentive/Disincentive Amount:

The Contractor will be paid an Incentive or will be assessed a Disincentive according to the Incentive/ Disincentive Contract Table.

Extensions of time will be for calendar days and calculated in accordance with C&MS 108.06 except as follows: no extensions of time will be granted for delays in material deliveries (unless such delays are industry wide), and labor strikes (unless such strikes are area wide).

Designer Notes:

For use with the 2019 C&MS. These Designer Notes are for information and direction to the Designer. Information within Designer Notes are not to be considered binding nor included within the Contract.

Purpose and Benefits

Incentive/Disincentive provisions are intended to motivate the Contractor to complete the work or a critical portion of the work on or ahead of schedule. It allows the owner/agency to compensate a Contractor a fixed amount of money for each time period the identified critical work is completed ahead of schedule and assess a deduction for time period the Contractor overruns the completion date. The owner determines the time required for the project or portion of the project. The I/D amounts are based upon assessing traffic safety, traffic maintenance and road user delay costs.

Time Savings: Incentive/Disincentive if used properly can shorten the impact or delay to the road users during construction.

Congestion: Incentive/Disincentive contracts allow the Department to shorten the lane closure duration in order to lessen the congestion time. Short duration I/D can be used when time periods less than a day are desired, such as by the hour, 15 minute, or 5 minute increments.

Criteria for Selection

- The project or a portion of the project results in a significant delay or impact to the road users. The road user delay cost can help determine the Incentive/Disincentive amounts. (Interstate Lane Closures are typical projects for Incentive/Disincentive.)
- The Department must have a good understanding of the construction time needed to complete the Incentive/Disincentive portion of the project.

Project Types

All time sensitive projects

Small Projects – bridge projects or bituminous resurfacing
Mid-Level Projects- Interstate resurfacing, or minor rehabilitation. Mega Projects- Corridor reconstruction or interstate rehabilitation.

Requirements / Conditions for use

- May include PN 107 (CPM schedule).
- Do not include PN 103.
- A Prebid Meeting may be held at the Districts discretion.
- The incentive payments shall not exceed more than five percent of the total contract amount unless the Director or his designee determines that the work is so critical that a higher percentage is warranted.
- The incentive and disincentive amounts are based upon assessing traffic safety, traffic maintenance and road user delay costs.
- The incentive amount does not have to equal the disincentive amount.
- There shall not be a cap on the accruing daily disincentive amount unless the Director or his designee expressly authorizes such a cap.

Note Variables that must be filled in:

1. Incentive/Disincentive Contract Table with detailed information must be included in Plan General Notes.
 - A. Description of Critical Work
 - B. Completion Date
 - C. Time Period

D. Disincentive \$ per time period

E. Incentive \$ per time period

F. Maximum Incentive [Maximum of 5% of contract amount]

Note to be included in the Plan General Notes (with sample language):

Incentive/Disincentive Contract Table

Description or Location of Critical Work	Completion Date	Time Period	Disincentive \$ per time period	Incentive \$ per time period	Maximum Incentive \$
<i>2 Lanes of FRA IR 71 NB from MM99 to MM101</i>	<i>99/99/2006</i>	<i>Day</i>	<i>\$20,000</i>	<i>\$10,000</i>	<i>\$200,000</i>
<i>Ramp from IR 270 NB to SR 161 EB</i>	<i>99/99/2006</i>	<i>Hour</i>	<i>\$1000</i>	<i>\$1000</i>	<i>\$10,000</i>
<i>All other work to final inspection</i>	<i>99/99/2007</i>	<i>Day</i>	<i>\$1000</i>	<i>\$1000</i>	<i>\$10,000</i>