



U.S. Department
of Transportation

Memorandum

Federal Highway
Administration

Subject: **ACTION:** Lump Sum and No Excuse Incentive Provisions
Under Special Experiment Project No. 14

Date: July 7, 2009

Signed by:

From: Dwight A. Horne
Director, Office of Program Administration

Reply to
Attn of: HIPA-30

To: Janice W. Brown
Division Administrator
Austin, Texas

This is in reference to Mr. Ted West's June 26, 2009, email that forwarded a SEP-14 work plan on behalf of the Central Texas Regional Mobility Authority ("Mobility Authority"). The Mobility Authority plans to utilize lump sum bidding and no excuse incentive provisions on the 183A North Extension Project.

Under this concept, the Mobility Authority will issue proposals that include plans, specifications, and quantity estimates. The bidders will develop and submit unit price bids for the work that will be converted to a lump sum price for the successful contractor. The contractor will then be responsible for the actual quantities of work based on the lump sum price. With the no excuse incentive provision, the Mobility Authority will give the contractor two contract dates for substantial completion of the work. If the work is completed in advance of the earlier date the contractor will receive an incentive payment. The Mobility Authority will not consider excuses for contract delays (such as weather delays) and the Mobility Authority will not charge disincentives (other than normal liquidated damages) for not meeting the later completion date.

You may consider the work plan to be approved under our SEP-14 Innovative Contracting program. Should you have any questions, please contact Gerald Yakowenko at (202) 366-1562.

