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**CONSTRUCTION COMMITTEE
JANUARY 16, 2014**

SUBJECT: I-405 SEPULVEDA PASS IMPROVEMENTS PROJECT

ACTION: AUTHORIZATION FOR PAYMENT OF INCENTIVE

RECOMMENDATION

Authorize the Chief Executive Officer to execute a Contract Modification to Contract No. C0882, with Kiewit West Company, adding Contract Modification authority to fund a Contract ramp closure incentive for a temporary/work shift ramp closure at the Southbound (SB) I-405 from Westbound (WB) Sunset Boulevard on-ramp. This Contract Modification in the amount of \$1,971,000, increases the total contract value from \$890,747,238 to \$892,718,238. Requested funds are within the original Life-of-Project (LOP) budget approved by the Board.

DISCUSSION

Contract Section 12.3, Incentives and Other Liquidated Damages, specifies that Kiewit may earn an incentive of \$1,971,000 by choosing to construct the SB I-405 WB Sunset on-ramp with temporary/work shift ramp closures in lieu of a total ramp closure. It is common practice for Caltrans to pay such incentives to contractors in order to mitigate construction impacts to the community and traveling public. In this case, by completing the work using temporary/work shift ramp closures, Kiewit has avoided a total ramp closure of up to 270-days and has therefore earned the incentive specified in the Contract.

Incentives were included in the original Life of Project (LOP) Budget approved by the Board and are tracked using a unique budget line item. However, compensation for earned incentives must be authorized via a change order and, as the value of this incentive exceeds \$1 million, Board authorization is required. The cost for this change was included in the original LOP Budget and was not part of the LOP increase for additional work approved by the Board.

DETERMINATION OF SAFETY IMPACT

The changes identified in this board report will have no impact on safety of the overall I-405 Project at completion.

FINANCIAL IMPACT

The costs associated with the above recommended action will be covered within the approved LOP budget. Funding for these modifications is included in the FY14 budget in cost center number 8510, Construction Contracts/Procurement under Project 405523, I-405 Sepulveda Pass Widening Projects, account 53101, Acquisition of Buildings and Structures.

Impact to Budget

The source of funding for this work is FHWA funds, State of California Department of Transportation funds, and Local matching funds. These funds are not eligible for bus and rail operating and capital projects.

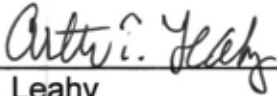
ALTERNATIVES CONSIDERED

Alternatives were not considered as the recommended temporary/work shift ramp closure incentive is specified in the Contract.

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