

MICHIGAN  
DEPARTMENT OF TRANSPORTATION  
  
SPECIAL PROVISION  
FOR  
**EXTENSION OF TIME AND EXTRA COST  
FOR INCENTIVE/ DISINCENTIVE PROJECTS**

MET:KS

1 of 3

C&T APPR:PAL:JTL 09-17-01  
FHWA:APPR:06-20-11

**a. General.** It is in the public's best interest to complete the Incentive/Disincentive portion of the project at the earliest possible date. This project is identified as fitting one or more of the following criteria generally associated with Incentive/Disincentive projects.

1. High traffic volumes generally found in urban areas.
2. Work that will complete a gap in the highway system.
3. Major reconstruction or rehabilitation on an existing facility that will severely disrupt traffic.
4. Major bridges out of service.
5. Lengthy detours.

Except for labor disputes or delays in materials deliveries as addressed in the Progress Clause, no extension of time will be allowed for any reason, including but not limited to weather, increases or decreases in contract quantities, or extra work. The Contractor will be expected to adjust his work forces or work hours to compensate for any increased quantities, extra work, or weather conditions. No cost increases to meet the Incentive/Disincentive date, other than as stated herein, will be allowed for any reason. The only cost increases that may be considered will be those increases within the limits defined here and associated with delays, increased quantities, and/or extra work.

All other increased costs will be deemed to have been included by the Contractor in the original contract price. Other delays associated within the limits of the aforementioned items will not be paid for separately. These delays should be anticipated and included in the original contract price.

Controlling operation for Incentive/Disincentive projects will be defined as: The Contractor's controlling operation from the Contractor's updated and approved critical path which will be determined at the time that the work is done.

Major items for Incentive/Disincentive projects are defined as per section 101 of the Standard Specifications for Construction and must relate to the controlling operation that is affected.

**b. Delays.** Cost increases relating to the major item to keep the project on schedule may only be allowed due to one of the following reasons when not the fault of the Contractor;

1. Right-of-way or right-of-entry required to perform the controlling operation was not available when stipulated in accordance with the contract provisions.

2. Utilities were not moved in accordance with the contract that created a delay of the controlling operation.
3. Other related contracts were not completed to a point where construction on the controlling operation could proceed.
4. Suspension of the work ordered by the Engineer for reasons not provided for in the contract.

In addition to meeting one of the aforementioned reasons, the Contractor must also demonstrate that the alleged delay cost increase also related to those items defined above as major, affecting completion of the Contractor's controlling operations, from the Contractor's updated and approved critical path, which will be determined at the time that the work is to be done. The Contractor must also fully justify his costs to keep the project on schedule without any adjustment in the Incentive/ Disincentive date. Only actual direct costs above that which would be necessary to complete the work will be considered. Examples of such actual direct cost increases include, but are not limited to, concurrent work operations, additional manpower, additional shifts, overtime, 24-hour work days, or 7-day work weeks. These cost increases must also be fully justified by the Contractor and approved by the Engineer prior to performing the work involving the delay. No cost increase will be allowed for overhead. Failure of the Contractor to meet these requirements and provide the required justification will result in the Contractor not receiving payment for the cost increases to keep the project on schedule because of the alleged delay.

**c. Increased Quantity Cost adjustments.** Increased quantity cost adjustments will be allowed only on Major Items, affecting completion of the Contractor's controlling operations from the Contractor's updated and approved critical path which will be determined at the time the work requiring the increased quantity is done to meet the Incentive/ Disincentive date. The Contractor must demonstrate that the increased quantity meets the significant change criteria as defined in subsection 103.02.B of the Standard Specifications for Construction as it is related to the controlling operation. The Contractor must fully justify the adjusted unit price due to the quantity increase relative to keeping the project on schedule without any change in the Incentive/ Disincentive date. Only actual direct costs above that which would be necessary to complete the work will be considered. Examples of such direct costs include, but are not limited to, concurrent operations, additional manpower, additional shifts, overtime, 24-hour work days, or 7 day work weeks. These cost adjustments must be fully justified by the Contractor and approved by the Engineer prior to performing the work involving the increased quantity. No cost adjustment will be allowed for overhead. Failure of the Contractor to meet these requirements and provide the justification as stated herein will result in nonpayment of any cost adjustment for increased quantities to meet the Incentive/ Disincentive date.

**d. Extra Work Cost Increases.** Extra work is defined in subsection 101.03 of the Standard Specifications for Construction. Extra work cost increases to meet the Incentive/ Disincentive date will be allowed only on major items affecting completion of the controlling operation(s) from the Contractor's updated and approved critical path which will be determined the time that the extra work is to be done. The Contractor must fully justify the cost of any extra work, including additional cost relative to keeping the project on the Incentive/ Disincentive schedule, without any adjustment in the Incentive/ Disincentive date, such as concurrent operations, additional equipment, additional manpower, additional shifts, overtime, longer work days, longer work weeks, or any other means that affect the extra work unit price, prior to doing the extra work. Failure to do so and/or to reach agreement on price for the extra work will result in the Contractor being paid for the extra work by

force account. If the Contractor is being paid by force account, the Contractor will not receive any payment for cost increases to keep the project on schedule because of the extra work.