



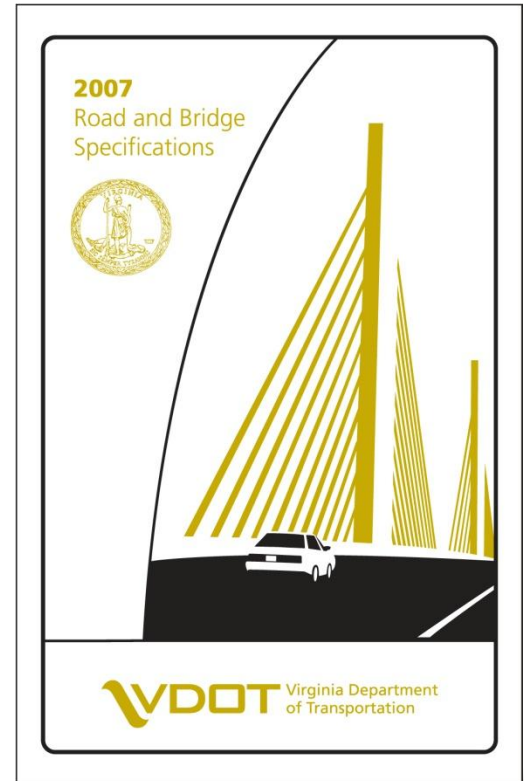
LAD Presentation

2014 Urban Construction Initiative Annual Meeting

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Virginia Department of Transportation

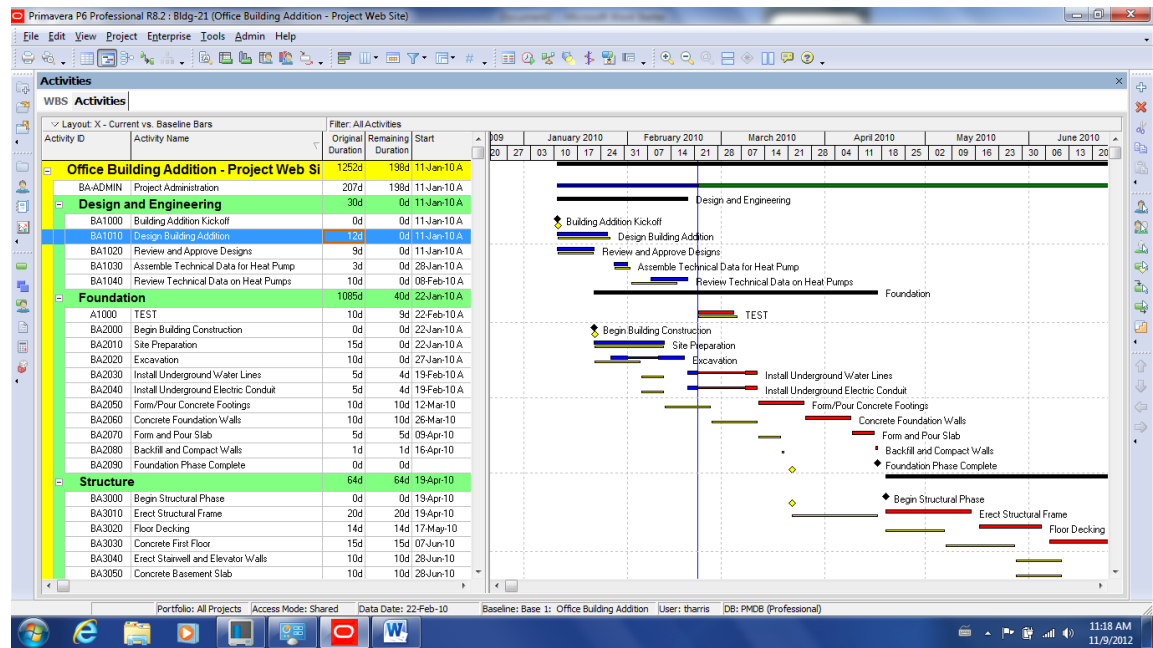
Presentation Overview

- **Contractor Incentives and Disincentives**
- **Suspension of Work**
- **Liquidated Damages**
- **Default of Contract**
- **Termination of Contract**
- **Questions**

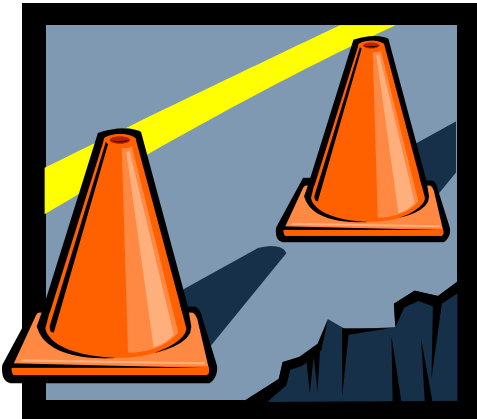


Contractor Incentives and Disincentives

- Project Specific Special Provision Copied Note
- Disincentives for going beyond Limitation of Operations
- Substantial Completion incentives and disincentives



Limitation of Operations Example



I-81 – Botetourt County (daily) Monday through Friday mornings

User Fee's	Cumulative Fee's for failure to remove lane / shoulder closure and restore traffic by 8:00 a.m.:	Hours
\$700	\$700	<i>First Hour or any fraction – 8 to 9 a.m.</i>
\$2,200	\$2,900	<i>Second Hour or any fraction – 9 to 10 a.m.</i>
\$2,600	\$5,500	<i>Third Hour or any fraction – 10 to 11 a.m.</i>
\$3,300	\$8,800	<i>Fourth Hour or any fraction – 11 to noon</i>
\$5,300	\$14,100	<i>Fifth Hour or any fraction – noon to 1 p.m.</i>

If Lane Closure remains in place until 1:50 p.m., the resulting fee will be calculated as follows:

Noon to 1 p.m. = **\$14,100** (for fifth hour)

1 p.m. to 1:50 p.m. = $50/60$ hours x \$3,000.00 = **\$2,500** (fraction of sixth hour)

Total User Fee = **\$14,100 + \$2,500 = \$16,600**

Suspension of Work

Sec. 108.05



- Incident Occurs
 - Work suspended or delayed in writing by the Engineer
 - Notice to resume work in writing by the Engineer
 - Contractor has 7 days to respond with a written request for adjustment



- Time
- Money

Liquidated Damages

Sec. 108.06

TABLE I-1
Schedule of Liquidated Damages

Original Contract Amount in Dollars	Daily Charge in Dollars
0 – 500,000.00	350
500,000.01 – 2,000,000.00	600
2,000,000.01-8,000,000.00	1,350
8,000,000.01- 15,000,000.00	2,500
15,000,000.01- Plus	3,100

- Final Completion and Acceptance of work.
- Liquidated Damages assessed at a rate applicable to the contract value for each calendar day.
- Adjustments are not a penalty
- Liquidated Damages represent the costs of administration, engineering, supervision, inspection, and other expenses.

Default of Contract

Sec. 108.07

The contractor may be declared in default if he does any one of the following:

- (a) fails to begin the work under the Contract within 15 calendar days of the date of contract execution except as otherwise permitted by specific contract language or the provisions of Section 108.02.**
- (b) Fails to perform the work with sufficient workers and equipment or with sufficient materials to ensure prompt completion of the work**
- (c) Performs the work unsuitably or neglects or refuses to remove materials or perform a new work that is unacceptable**
- (d) Discontinues prosecution of the work**
- (e) Fails to resume work that has been discontinued within a reasonable time after notice to do so**
- (f) becomes insolvent, is declared bankrupt, or commits any act of bankruptcy or insolvency**
- (g) Allows any final judgment to stand against him unsatisfied for a period of 10 days**
- (h) Makes an assignment for the benefit of creditors, or**
- (i) Fails for any other cause whatsoever to carry on the work or contractual obligations in an acceptable manner**

Termination of Contract

Sec. 108.08

The Department may terminate any or all portions of the contract in any of the following conditions

- Default
- National Emergency
- Action by the Commonwealth, US Government, or Court Order
- Conditions beyond the control of the Department



Questions???

