



Just the Facts: Incentives

The Toll Bridge Program Oversight Committee (TBPOC) has kept the project on budget and on schedule since 2005. This was in part due to the use of incentives and disincentives for contractors.

In enacting the Toll Bridge Program funding legislation, AB 144 of 2005, the Legislature specifically authorized incentives to encourage the timely and expedient seismic safety opening of the Bay Bridge.

Incentives are not a new concept. In 1994, the Seismic Advisory Board pointed to the value of using incentives, particularly in the rapid replacement of the two collapsed bridges on the Santa Monica Freeway that used incentives for completion ahead of schedule and disincentives for falling behind schedule. Incentives are a valuable tool to maintain schedule in public safety projects where time can equal lives.

An incentive does not affect the ability to hold a contractor accountable for quality work. Instead the purpose is to motivate the contractor to work quickly and meet a specific construction milestone. If the work is not completed to the satisfaction of Caltrans, payment can still be withheld. For example,

American Bridge/Fluor (joint venture) was paid \$48.9 million in incentives, about 77 percent of the \$63.4 million it was eligible to receive over seven years.