

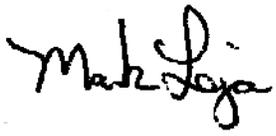
Memorandum

*Flex your power!
Be energy efficient!*

To: DEPUTY DISTRICT DIRECTORS, Construction
DEPUTY DIVISION CHIEF, Structure Construction
CONSTRUCTION MANAGERS
SENIOR CONSTRUCTION ENGINEERS
RESIDENT ENGINEERS

Date: August 29, 2008

File: Division of Construction
CPD 08-6

From: MARK LEJA 
Chief
Division of Construction

Subject: Cost Reduction Incentive Proposals

The Department encourages contractors to develop and implement innovative approaches to construction projects as outlined in Section 3-514, "Cost Reduction Incentive," of the *Construction Manual*. The Department promotes development of innovative means and methods to deliver quality construction projects within budget and on time. One opportunity for innovation is through the development and approval of Cost Reduction Incentive Proposals (CRIPs).

CRIPs are a proven way to encourage and enhance cooperative innovation, quality improvements, cost savings, accelerated project delivery, and reduced traffic congestion. When CRIPs are denied consideration or rejected outright, the impact is that the Department and its contractors do not capitalize on potential quality improvements, cost and time savings, and innovation on projects.

This directive is a reminder to use a team approach whenever possible to facilitate timely review and approval of CRIPs. When the value analysis standard special provision is included in the construction contract, the contractor and engineer should organize and participate in a value analysis workshop. The resident engineer should use these workshops and other discussions with the contractor to explore ways to reduce project cost, improve project quality, reduce delivery time, and relieve traffic congestion.

If you have questions regarding this directive, please contact Perry Mayer, Division of Construction, at (916) 653-2032.