This chapter contains the following sections:

- Overview ............................................................................................................ 3-3
- Contract Modifications ............................................................................................. 3-3
- Letters of Authorization (LOA) ............................................................................... 3-20
OVERVIEW

This chapter provides guidance on the preparation of Contract Modifications and Letters of Authorization (LOA) documentation and the steps to successfully execute them.

CONTRACT MODIFICATIONS

NDOT has the right to modify a contract. Contract Modifications are the contractual methods to make changes and are required for changes to the character of the work, payment, specification and/or working days/completion dates. A Contract Modification is legally binding and becomes part of the contract. Just as the original plans and specifications define the scope, terms, and conditions of work to be done, the Contract Modification needs to define the same.

A Contract Modification is legally binding to the contractor and to NDOT, so it must be prepared with care. The required elements of a Contract Modification must be clear, concise, and unambiguous. A Contract Modification must be prepared so that a person not familiar with the modification can readily interpret scope, terms, and conditions of the work.

CONTRACT MODIFICATION TYPES

NDOT has 47 Contract Modification types. Each type covers a specific change to a contract.

Types 1 through 23 are general Contract Modifications. These Contract Modifications require a Cover Letter, cost justification (if applicable), and other various supporting documentation depending on their type. These Contract Modifications must include signatures from the Resident Engineer, Contractor, District Engineer/Assistant District Engineer, Chief of Construction, Assistant Chief of Construction, Assistant Director and FHWA (if applicable). DocuSign signature routing templates have been set up for each district and funding source for these Contract Modification types (refer to the Contract Modification Execution Workflow section in this chapter for details).

Types 25 through 35 are administrative Contract Modifications. These Contract Modifications do NOT require a Cover Letter or a cost justification. They can have various supporting documentation depending on their type (e.g., wage determinations, failing test reports, calculation sheets). Contract Modification types 25 and 27 must include signatures from the Resident Engineer, District Engineer/Assistant District Engineer, and Assistant Chief of Construction. A DocuSign signature routing template has been set up for the administrative Contract Modification types 25 and 27 (refer to the Contract Modification Execution Workflow section in this chapter for details). Contract Modification types 26 and 28 – 35 only require a signature from the Resident Engineer. A DocuSign signature routing template has been set up for the administrative Contract Modification types 28 - 35 (refer to the Contract Modification Execution Workflow section in this chapter for details). Contract Modification type 26 is created by the Resident Engineer and left in DRAFT status. Construction Admin Services staff review and approve this type of Contract Modification. Contract Modification type 30 - HQ Administrative is reserved for Construction Admin Services staff use only.

Types 901 through 924 are Prior Contract Modifications. These Contract Modifications require a Cover Letter, cost justification (if applicable), and other various supporting documentation depending on their type. A Prior gives the contractor authorization to commence work on an item(s) not originally included in the contract and provides an estimate of quantity for that item(s). They do require an additional Contract Modification to be created to finalize the quantity(s) for the work performed. These Contract Modifications must include signatures from the Resident Engineer, Contractor, District Engineer/Assistant District Engineer, Chief of Construction, Assistant Chief of Construction, Assistant Director and FHWA (if applicable). DocuSign signature routing templates have been set based on the funding source for these Contract Modification types (refer to the Contract Modification Execution Workflow section in this chapter for details).
CONTRACT MODIFICATION TYPE LIST

- 1 - Errors or Omissions on Plans
- 2 - Construction Stakeout Errors
- 3 - Utilities Conflicts
- 4 - Traffic Control (Temporary conditions - striping, pavement markings, phasing changes)
- 5 - ITS Changes or Additions (Signals, lighting, permanent signs and electrical)
- 6 - Roadway Changes
- 7 - Fencing / Right of Way (Gates, change of access)
- 8 - Drainage (Pipe extensions, DIs, RCB, anything underground)
- 9 - Structural Items
- 10 - Material and Testing (Alternate pits, if existing pit to materials only, materials, lime treatment, sieve changes, test methods, material spec changes)
- 11 - Safety and Traffic (Permanent conditions - guardrail, barrier rail, guideposts, striping, pavement markings)
- 12 - Specifications Changes (No materials or traffic control phasing)
- 13 - Miscellaneous
- 14 - Flaggers
- 15 - Non-Specification Material Allowed to Remain in Place
- 17 - Claims and Dispute Resolution
- 18 - Value Added Work
- 20 - Landscape & Aesthetic Treatments
- 21 - VEP: Value Engineering Proposal
- 22 - Stormwater
- 24 - Environmental
- 25 - Adjusting Incentive / Disincentive (Crew Administrative)
- 26 - Contract Closeout (Crew Administrative) (HQ reviews and processes)
- 27 - Quantity Overrun (Crew Administrative) (This applies to any item major item ($50,000 or greater) with a quantity change over $100,000 or 100% of the original bid amount)
- 28 - Reducing Escalation Quantity (Crew Administrative)
- 29 - Category Adjustment (Crew Administrative)
- 30 - HQ Administrative (HQ Admin ONLY)
- 31 - Liquidated Damage: Environmental (Crew Administrative)
- 33 - Penalty: Labor Compliance (Crew Administrative)
- 34 - Liquidated Damage: Material (Crew Administrative)
- 35 - Liquidated Damage: Time (Crew Administrative)
- 901 - Prior - Errors or Omissions on Plans
- 903 - Prior - Utilities Conflicts
- 904 - Prior - Traffic Control (Temporary conditions - striping, pavement markings, phasing changes)
- 905 - Prior - ITS Changes or Additions (Signals, lighting, permanent signs and electrical)
- 906 - Prior - Roadway Changes
- 907 - Prior - Fencing / Right of Way (Gates, change of access)
- 908 - Prior - Drainage (Pipe extensions, DIs, RCB, anything underground)
- 909 - Prior - Structural Items
- 911 - Prior - Safety and Traffic (Permanent conditions - guardrail, barrier rail, guideposts, striping, pavement markings)
- 913 - Prior - Miscellaneous
- 914 - Prior - Flaggers
- 918 - Prior - Value added work
- 920 - Prior - Landscape & Aesthetic Treatments
- 921 - Prior - VEP: Value Engineering Proposal
- 922 - Prior - Stormwater
- 924 - Prior - Environmental
ESSENTIAL ELEMENTS OF CONTRACT MODIFICATIONS

Contract Modifications include the following elements (depending on the type):

- Cover Letter - Description of the work to be performed
- Independent Cost Analysis/Cost of the work
- Method of payment and time to complete the work
- Appropriate signatures

GUIDANCE FOR COMPLETING CONTRACT MODIFICATION DOCUMENTATION

COVER LETTER

Cover Letters are required except when processing an administrative type Contract Modification. The following is guidance on composing a Contract Modification Cover Letter (Figure 3-2):

- Use Department, District specific letterhead.
- Include the date the letter was composed.
- Address the letter to the Director and ATTN: to the Chief Construction Engineer.
- Include the contract number, federal/state project number(s), and the location.
- Clearly explain the reason for the Contract Modification for an audience who is seeing it for the first time.
- The letter should address the who, what, why, where and how of the Contract Modification. (Can a person without any knowledge of the Contract Modification understand why the change is needed?)
- Identify who requested the Contract Modification.
- Identify who (the name of the person, title and Division, e.g., Design, Materials, Construction, and District, etc.) was consulted about the Contract Modification. Don’t refer to conversations/concurrences if the conversations/concurrences didn’t take place.
- Include the Type of Contract Modification including the type #, (e.g., errors/omissions - type 1, drainage - type 8, and utilities - type 3).
- The letter needs to state whether additional working days were granted. If the Contract Modification increases or decreases working days (or milestone dates), a detailed explanation with back-up is needed, i.e., schedule impact analysis. Keep in mind if FHWA does not agree with additional working days the amount of the liquidated damages will be withheld by FHWA from NDOT, as specified in Subsection 108.09, (Prosecution and Progress) Failure to Complete the Work on Time, of the Special Provisions.
- The letter needs to state whether there is an increase or decrease in cost. If no cost increase, state that as well.
- Discuss how the Contract Modification will be paid (i.e., existing bid items, new items, and lump sum).
- Third party agreements should be mentioned and identify the responsible signer.
- If the Contract Modification includes specification changes, explain why the changes are necessary.
- If the project is a Project of Divisional Interest, PODI, the only way a specification change can be made is if it meets one of three criteria. Use the following exact language in the letter:
  - “The Specification, as written, is impossible or impractical to comply with.”
  - “A product of equal in all respects to the one specified can be furnished at a savings to the contract.”
  - “A product superior to one specified can be furnished at no increase in cost.”
- If a Prior Contract Modification has been executed, the cover letter must address the Prior and any changes not addressed in the Prior that are being covered with the follow-up Contract Modification.
- The cover letter will be saved to the appropriate EDOC Contract Files\Contract Files\Division No. 5 - Contract Modification\5.# Contract Modification No. directory. The file name must contain the contract ID and the Contract Modification number.
COST JUSTIFICATION

Adequate cost justification must be provided with Contract Modifications except when processing an administrative type Contract Modification. Cost justifications explain why the price is reasonable or justified. Each cost element needs to be assigned to the appropriate category (AEB).

The most common methods of cost justification include:

- Reference the historical bid price found in the integrated Project Development (iPD) program. The iPD program is accessed using the E-Bidding log-in link located in the Applications area in SharePoint.
- Similar scope of work on other contracts
- Invoices
- Third Party Quotes from an independent source
- Independent cost analysis (Cost Analysis form) (Figure 3-1)
- The method of payment needs to be identified whether it be force account, agreed lump sum, agreed unit price or individual bid items.

When preparing a Cost Analysis form for a Contract Modification, the Resident Engineer should follow these guidelines:

- Use prevailing wage rates for labor
- Use EquipmentWatch for hourly equipment rates (attach EquipmentWatch report, refer to Chapter 4, Force Account, in this manual for details)
- Use invoice/quote for materials (attach invoice/quote)
- Ensure the correct markup has been applied. Subcontract work can be limited to 5% and is left up to the Resident Engineer during negotiation with the contractor. Refer to Subsections 104.03, (Scope of Work) Extra Work, and 109.03(d), (Measurement and Payment) Force Account Work (Subcontracted Work), of the Standard Specifications.
- All cost justification files will be saved to the appropriate EDOC Contract Files\Contract Files\Division No. 5 - Contract Modification\5.# Contract Modification No. directory. The file name must contain the contract ID and the Contract Modification number.
CONTRACT MODIFICATIONS AND LETTERS OF AUTHORIZATION

Figure 3-1: Cost Analysis Form

CONTRACT MODIFICATION ENTRIES

Details for creating, generating and approving a Contract Modification are found in Chapter 10, Contract Modifications, of the FieldManager User Guide.

The following is guidance for completing ALL Contract Modifications:

- The person requesting the Contract Modification will be identified in the Short Description.
- The type of Contract Modification will be identified in the first sentence of the Description of Changes. Refer to the Contract Modification Types section in this chapter for a complete list of Contract Modification types.
- The Description of Changes should only include the changes to the contract. It should not be a repeat of the cover letter. It should clearly describe the scope of the change, including location and limits. Include the payment method, such as bid prices, Force Account, or Agreed Prices. If the scope of the change has multiple elements, describe each element separately.
- The cost increase/decrease with associated quantities must be included.
- Any specification language change (additions or deletions), quantity changes (increases or decreases), plan changes including the plan sheets, stations, locations, justification for costs, etc. will be added to the Reason field in the Contract Modification item description.
- If the contract has lump sum prorated items (traffic control, temporary pollution control, dust control, etc.) and/or items paid by the day (traffic control supervisor, time related overhead, etc.) the Contract Modification must increase these items accordingly.
The impact of time, or added working days, should be stated on the Contract Modification. If no working days are added, the Contract Modification should state so. The explanation of time impact should be addressed on the cover letter, not in the Contract Modification. An independent analysis to support the time extension must be performed and a copy of the new schedule will be included in the Contract Modification supporting documentation.

When adding a liquidated damage (LD)/Penalty item make sure to add it to the appropriate category (AEB):
- LD Environmental – Add the item to the category (AEB) where the damage occurred.
- LD Material – Add the item to the category (AEB) where the material was placed and failed.
- LD Time – If the LD is for the overall completion of the contract (day or date), add the item to the largest category (AEB). If the LD is for a time overage (related to Subsection 108.09, (Prosecution and Progress) Failure to Complete the Work on Time, in the Special Provisions), add the item to the category (AEB) where the time was not met.
- Penalty Labor Compliance – Add the item to the largest category (AEB).

The following language must be included at the end of the Description of Changes on all Contract Modifications, except for the administrative Contract Modifications:
- “Acceptance of this Contract Modification constitutes accord and satisfaction and represents payment in full (for both time and money) for any and all costs, impact effect, and/or delays arising out of, or incidental to, the work as herein revised and present and future the extension of the completion time.”

The following language must be included at the end of the Description of Chances on all Prior Contract Modification:
- “This Contract Modification is being processed as a Prior Approval in order to authorize the commencement of work and provide an estimate of quantities (and associated payment) to be performed as outlined above and per the direction of the Resident Engineer. The actual quantities required to complete the work per this Prior Approval shall be finalized and paid for accordingly upon completion of the work. Contract Modification #__ will be generated to complete and finalize the quantities and associated payment.”

**Note:** If a Contract Modification adds a new item that requires a material certification, go to the FieldManager Material list and add the material. Refer to Chapter 6, Working with Materials, in the FieldManager User Guide, for details.

**OTHER SUPPORTING DOCUMENTS**

The following contains a list of supporting documentation/correspondence that must be included with a Contract Modification (as applicable):
- Revised plan sheets
- Email correspondence
- Contract Modification Request Memo and Construction Division concurrence
- Specifications
- Calculation sheets
- Third Party Agreements
- Independent Cost Analysis

These files will be saved to the appropriate EDOC Contract Files\Contract Files\Division No. 5 - Contract Modification\5.# Contract Modification No. directory. The file names must contain the contract ID and the contract modification number.

**CONTRACT MODIFICATION EXECUTION WORKFLOW**

The following is guidance for executing ALL Contract Modifications. Refer to Chapter 10, Contract Modifications and Appendix C, Contract Modification Step-By-Step Guidelines, in the FieldManager User Guide, for details.

1. Determine if the contract is an FHWA PoDI project. Refer to the Current PoDI Contract Modification Approval Tracking document for details.
2. Complete the FHWA Pre-Authorization form (FHWA-1365) as necessary for the Contract Modification and route through Docusign for approvals.
3. Create the appropriate supporting documentation required for the Contract Modification (cover letter, cost justification, etc.)
4. Create the DRAFT Contract Modification.
5. Send an email to the appropriate Assistant Construction Engineer and copy (Cc) the HQ Construction Admin Section, requesting a review.
   a. Attach the entire Contract Modification packet to include all supporting documentation.
6. The Construction Division will review the Contract Modification packet for the following items and work with the Resident Engineer on necessary revisions.
   a. Assistant Construction Engineers review for the following:
      i. Concurrence with guidelines.
      ii. Verify that scope, corresponding days and costs, seem reasonable.
      iii. Completeness of contractual documents to include a clearly defined change.
   b. Construction Admin Services staff will review for the following:
      i. Verify Contract Modification type.
      ii. Review for completeness to ensure document meets FHWA requirements.
      iii. Review estimate of costs and justification for reasonableness.
      iv. If reviewing a Contract Modification with associated Prior Approval, verify that the dollar amount is accurate.
7. Assistant Construction Engineer will notify the Resident Engineer that the Contract Modification packet is complete and ready for processing.
8. Generate the DRAFT Contract Modification so the status becomes ‘Pending Approval’, print it to a PDF file, and save to the appropriate EDOC Contract Files\Contract Files\Division No. 5 - Contract Modification\5.\Contract Modification No. directory. The file name must contain the contract ID and the Contract Modification number.
9. Log on to DocuSign and create a NEW envelope. Upload the generated FieldManager Contract Modification PDF file and all supporting documents as separate files. Refer to the How to Send Contract Modification in DocuSign using a Template guide for details.
10. Use the appropriate template.
    a. District 1 DocuSign templates:
       i. Const D1, CM, FHWA Funding (Federal funding and PODI)
       ii. Const D1, CM, State Funding
    b. District 2 DocuSign templates:
       i. Const D2, CM, FHWA Funding (Federal funding and PODI)
       ii. Const D2, CM, State Funding
    c. District 3 DocuSign templates:
       i. Const D3, CM, FHWA Funding (Federal funding and PODI)
       ii. Const D3, CM, State Funding
    d. Shared DocuSign templates:
       i. Const D1, D2, D3, CM, Admin Types 25 & 27
       ii. Const D1, D2, D3, CM, Admin Types 28 - 35
       iii. Const D1, D2, D3, CM, FHWA Prior
       iv. Const D1, D2, D3, CM, State Prior

Note: Construction Admin Services staff route the Contract Modification to the appropriate staff, divisions and FHWA (if appropriate) after the Resident Engineer has signed.

11. Once the Contract Modification has been routed through all required signers the originator of the DocuSign envelope will receive an email from DocuSign. This email contains attached PDF copies of the signed (executed) Contract Modification and supporting documents. Save the executed (signed) FieldManager Contract Modification PDF file to the appropriate EDOC Contract Files\Contract Files\Division No. 5 - Contract Modification\5.\Contract Modification No. directory. The file name must contain the contract ID, the Contract Modification number, and the executed date.

Note: If this Contract Modification is part of a Prior, make sure to attach the executed Prior PDF file to the associated Contract Modification as backup documentation.
12. Upload the executed Contract Modification PDF file to FieldManager as an attachment.
13. Resident Engineer approves the Contract Modification.

**Note:** When adding a NEW category (AEB) through a Contract Modification, DO NOT approve the Contract Modification in FieldManager until a notification from Construction Admin Services is received stating that the new category (AEB) has been funded.

**Note:** Contact the Construction Admin Services Section staff or the Assistant Construction Engineer with questions.

**CONTRACT MODIFICATION PACKET EXAMPLE**

The following is an example of an executed Contract Modification packet (Figure 3-2 through Figure 3-11):

![Contract Modification Cover Letter](image)

**Figure 3-2: Example of a Contract Modification Cover Letter**
Contract Modification

Contract: 63627, CONSTRUCT WATER QUALITY IMPROVEMENTS

<table>
<thead>
<tr>
<th>Cont. Mod. Number</th>
<th>Revision Number</th>
<th>Cont. Mod. Date</th>
<th>Net Change</th>
<th>Awarded Contract Amount</th>
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<tbody>
<tr>
<td>7</td>
<td></td>
<td>10/4/2016</td>
<td>$11,442.75</td>
<td>$8,096,658.57</td>
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Route
USD05-1

Contract Location
US50 FR. CAVE ROCK TO SR. 28

Short Description
Requested by Paul Frost, Chief Roadway Design

Description of Changes
CM Type 8 - Drainage
This Contract Modification directs the Contractor to perform the following work: Contract Modification Type Code 8 for hydraulic changes.

The following changes are shown on attached revised Plan Sheet 13 and Structure List Sheets S1 and S6. The type 2 drop inlet at station "L2" 334+56, 27.0' LT will be left in place and will not be replaced as indicated in the plans. Construct an additional type 2 drop inlet at "L2" 334+94, 26.7' LT and install 01' of HDPE pipe to connect the drop inlet to the existing sediment trap at Station "L2" 334+77, 24.8' RT.

Acceptance of this Contract Modification constitutes an accord and satisfaction and represents payment in full (for both time and money) for any and all costs, impact effect, and/or delays arising out of, or incidental to, the work as herein revised and present and future the extension of the contract completion time.

Increases / Decreases
Project: 7365SC1C, CAVE ROCK TO SR 28 SPOONER JUNCTION DO 8.44 TO DO 11.42
Category: 01, HYDRAULIC IMPROVEMENTS 5% NEW 55% EXISTING

<table>
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<tr>
<th>Item Description</th>
<th>Item Code</th>
<th>Prop.Ls.</th>
<th>Item Type</th>
<th>Quantity Chg</th>
<th>Unit Price</th>
<th>Dollar Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>REMOVAL OF DROP INLET</td>
<td>2021040</td>
<td>0025</td>
<td>ORIGINAL EACH</td>
<td>-1,000</td>
<td>$700.00</td>
<td>$-700.00</td>
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<td>Reason: Drop inlet staying in place.</td>
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<td></td>
<td></td>
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<tr>
<td>STRUCTURE EXCAVATION</td>
<td>2000110</td>
<td>0045</td>
<td>ORIGINAL CUYD</td>
<td>29.100</td>
<td>$50.0000</td>
<td>$1,450.00</td>
</tr>
<tr>
<td>Reason: Added drop inlet and pipe crossing.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>GRANULAR BACKFILL</td>
<td>2070110</td>
<td>0020</td>
<td>ORIGINAL CUYD</td>
<td>17.400</td>
<td>$50.0000</td>
<td>$1,160.20</td>
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<td>Reason: Added drop inlet and pipe crossing.</td>
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<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>TYPE 2 DRAIN BACKFILL</td>
<td>2090110</td>
<td>0020</td>
<td>ORIGINAL CUYD</td>
<td>1.000</td>
<td>$50.0000</td>
<td>$50.00</td>
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<td>Reason: Added drop inlet.</td>
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<td></td>
<td></td>
<td></td>
<td></td>
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</tr>
</tbody>
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Figure 3-3: Example of a FieldManager Contract Modification Body
Contract Modification

State of Nevada Department of Transportation
Documentation Manual
January 2019

Figure 3-4: Example of a FieldManager Contract Modification Body (Cont.)

<table>
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<tr>
<th>Item Description</th>
<th>Item Code</th>
<th>Prop. Ln.</th>
<th>Item Type</th>
<th>Unit</th>
<th>Quantity Chg.</th>
<th>Unit Price</th>
<th>Dollar Value</th>
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</thead>
<tbody>
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<td>3020140</td>
<td>0985</td>
<td>ORIGINAL</td>
<td>CUYD</td>
<td>7.660</td>
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</tr>
<tr>
<td>PLANT MIXING MISCELLANEOUS AREAS</td>
<td>4020100</td>
<td>0990</td>
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<td>SQYD</td>
<td>23.800</td>
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<tr>
<td>PLANT MIX SURFACING (TYPE 2)(WET)</td>
<td>4020160</td>
<td>0100</td>
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<td>11.620</td>
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<tr>
<td>12 - INCH HIGH DENSITY POLYETHYLENE PIPE, TYPE S</td>
<td>6050140</td>
<td>0150</td>
<td>ORIGINAL</td>
<td>LFT</td>
<td>61.000</td>
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<tr>
<td>EPOXY PAVEMENT STRIPING (DOUBLE SOLID YELLOW)</td>
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<td>0320</td>
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<td>LFT</td>
<td>5.000</td>
<td>0.000000</td>
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Subtotal for Category 01: $11,442.75
Subtotal for Project 7363SC1C: $11,442.75
## Contract Modification

**QSD CONSTRUCTION INC**

<table>
<thead>
<tr>
<th>Date</th>
<th>Signature</th>
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<tbody>
<tr>
<td>10/5/2016</td>
<td>Kurt Matzoll</td>
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**Chief Road Design Engineer**

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<tr>
<th>Date</th>
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<td>10/10/2016</td>
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**Resident Engineer**

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<th>Date</th>
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<tbody>
<tr>
<td>10/4/2016</td>
<td>John Angel</td>
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**District Engineer**

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<th>Signature</th>
</tr>
</thead>
<tbody>
<tr>
<td>10/6/2016</td>
<td>Thor Dyson</td>
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**Chief Construction Engineer**

<table>
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<th>Date</th>
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</tr>
</thead>
<tbody>
<tr>
<td>10/7/2016</td>
<td>Sharon Foersch</td>
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</tbody>
</table>

Assistant Director, Nevada Department of Transportation

<table>
<thead>
<tr>
<th>Date</th>
<th>Signature</th>
</tr>
</thead>
<tbody>
<tr>
<td>10/14/2016</td>
<td>Reid G. Kaiser</td>
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**FEDERAL PARTICIPATION - ACTION BY F.I.W.A.**

<table>
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<tr>
<th>Approved</th>
<th>Not Eligible</th>
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<td>_________</td>
<td>_______</td>
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**Third Party**

**Federal Aid Coordinator**

<table>
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<th>Signature</th>
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<tbody>
<tr>
<td></td>
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Figure 3-5: Example of a FieldManager Contract Modification Signature Page
Figure 3-6: Example of a Contract Modification Updated Plan Sheet
Figure 3-7: Example of a Contract Modification Updated Plan Sheet (Cont.)
MEMORANDUM

Roadway Design Division

August 24, 2016

TO: Sharon Foerschler, Chief Construction Engineer
FROM: Paul Frost, Chief Road Design Engineer
SUBJECT: Change Order Request

PIN: 73653 & 73948
Project: SPF-050-1(040) & SPF-050-1(049)
PCEMS: 2-05115 & 2-05124
Location: US 50 from Cave Rock to SR 28 Spooner Junction
Milepost limits: DO 6.794 to 7.378 & DO 6.440 to 11.120
Scope: Extend westbound tunnel and construct water quality and erosion control improvements

Please initiate a Change Order for the above referenced project (Contract 3627).

The change order consists of adjustment in quantities presented in the Table below. This change order includes the following plan sheets (Sheet 13 & 56).

It has been decided that an existing drop inlet at station "L2" 339+58, 27.3’ LT will be left in place and will not replaced. To address problematic bypass flows recently identified by maintenance, an additional drop inlet at "L2" 334+84, 26.74’ LT is proposed. It will be connected to an existing sediment can at Station "L2" 334+77, 34.6’ RT.

<table>
<thead>
<tr>
<th>Item No.</th>
<th>Unit</th>
<th>Items</th>
<th>Contract Quantity</th>
<th>Proposed Quantity</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>2020475</td>
<td>LINFT</td>
<td>REMOVAL OF GUARDRAIL</td>
<td>464</td>
<td>464.00</td>
<td>0.00</td>
</tr>
<tr>
<td>2021040</td>
<td>EACH</td>
<td>REMOVAL OF DROP INLET</td>
<td>7.00</td>
<td>6.00</td>
<td>-1.00</td>
</tr>
<tr>
<td>2061100</td>
<td>CUYD</td>
<td>STRUCTURE EXCAVATION</td>
<td>1660.7</td>
<td>1689.88</td>
<td>29.18</td>
</tr>
<tr>
<td>2070110</td>
<td>CUYD</td>
<td>GRANULAR BACKFILL</td>
<td>400.2</td>
<td>417.65</td>
<td>17.45</td>
</tr>
<tr>
<td>2090130</td>
<td>CUYD</td>
<td>TYPE 2 DRAIN BACKFILL</td>
<td>55</td>
<td>57.00</td>
<td>2.00</td>
</tr>
<tr>
<td>3020140</td>
<td>CUYD</td>
<td>TYPE 1 CLASS B AGGREGATE BASE</td>
<td>2578.8</td>
<td>2586.46</td>
<td>7.66</td>
</tr>
<tr>
<td>4020100</td>
<td>SQYD</td>
<td>PLANTMIXING MISCELLANEOUS AREA</td>
<td>627.2</td>
<td>651.00</td>
<td>23.80</td>
</tr>
</tbody>
</table>

Figure 3-8: Example of a Contract Modification Request Memo
<table>
<thead>
<tr>
<th>Item</th>
<th>Unit</th>
<th>Description</th>
<th>Quantity 1</th>
<th>Quantity 2</th>
<th>Percent Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>4020130</td>
<td>LINFT</td>
<td>PLANTMIX BITUMINOUS SHOULDER DIKES</td>
<td>205.00</td>
<td>205.00</td>
<td>0.00</td>
</tr>
<tr>
<td>4020180</td>
<td>TONS</td>
<td>PLANTMIX SURFACING (TYPE 2) (WET)</td>
<td>2932.00</td>
<td>2943.62</td>
<td>11.62</td>
</tr>
<tr>
<td>5020750</td>
<td>CUYD</td>
<td>CLASS AA CONCRETE (MINOR)</td>
<td>74.33</td>
<td>74.33</td>
<td>0.00</td>
</tr>
<tr>
<td>5050100</td>
<td>LBS</td>
<td>REINFORCING STEEL</td>
<td>6041.00</td>
<td>6041.00</td>
<td>0.00</td>
</tr>
<tr>
<td>6050140</td>
<td>LINFT</td>
<td>12-INCH HIGH DENSITY POLYETHYLENE PIPE, TYPES</td>
<td>322.00</td>
<td>383.00</td>
<td>61.00</td>
</tr>
<tr>
<td>6091040</td>
<td>LBS</td>
<td>STRUCTURAL STEEL GRATES</td>
<td>8393.00</td>
<td>8393.00</td>
<td>0.00</td>
</tr>
<tr>
<td>6100050</td>
<td>SQYD</td>
<td>GEOTEXTILE (CLASS1)</td>
<td>2296.00</td>
<td>2296.00</td>
<td>0.00</td>
</tr>
<tr>
<td>6180600</td>
<td>LINFT</td>
<td>RECONSTRUCT GLAVANIZED GUARDRAIL</td>
<td>288.00</td>
<td>288.00</td>
<td>0.00</td>
</tr>
<tr>
<td>6321070</td>
<td>LINFT</td>
<td>EPOXY PAVEMENT STRIPING (DOUBBLE SOLID YELLOW)</td>
<td>120.00</td>
<td>125.00</td>
<td>5.00</td>
</tr>
</tbody>
</table>

This change order has been discussed with and agreed upon by the Resident Engineer John Angel, Matt Nussbaumer with Hydraulics and Paul Frost from Roadway Design.

Copies to: Rick Bosch, Assistant District Engineer, Construction  
John Angel, Resident Engineer Crew 911  
Jerry Vredenburg, Supervisor III, Crew 911  
Shawn Howard, Principal Road Design Engineer  
Charles Wolf, Chief Hydraulic Engineer  
Matt Nussbaumer, Hydraulics  
Devin Cartwright, Designer  
Sarah Vido, Roadway Design  
Michael Griswold, Materials—Geotech  
File (2 copies)

Figure 3-9: Example of a Contract Modification Request Memo (Cont.)
Figure 3-10: Example of a Contract Modification Construction Division Concurrence Email
Figure 3-11: Example of a Contract Modification Construction Division Concurrence Email (Cont.)

Refer to Contract Modification Examples in the Construction Crew Portal of the Construction Division SharePoint for various examples of completed Contract Modifications.
LETTERS OF AUTHORIZATION (LOA)

Occasionally minor construction items, not anticipated in the original scope of a contract, must be completed on a project. These minor construction items are incidental construction items, which do not have bid items, and is a means to compensate the contractor for incidental construction items. The Resident Engineer can pay for these incidental construction items with a Letter of Authorization (LOA).

The following are the Resident Engineer’s limitations on Letters of Authorization:

- The spending limit per incident is set at $15,000.
- The cumulative total of incidental construction items cannot exceed the amount programmed for the contract.
- Multiple LOAs cannot be written to cover the same issue, (i.e., the same thing multiple times or multiple LOAs to achieve one goal).

ESSENTIAL ELEMENTS OF AN LOA

The Letter of Authorization must contain the following information:

- Contract number and project number
- Letter of Authorization number (numbered consecutively beginning with 1)
- Date of authorization
- Reason for work
- Description of work
- Cost of work
  - Cost justification for work:
    - The Resident Engineer prepares an independent cost analysis of the contractor’s cost estimate and compares the two. Any significant differences are resolved with the contractor. Refer to the Cost Justification Section in this chapter for additional information on preparing a cost analysis.
    - Include the cumulative total of incidental funds used on project, expressed as a dollar amount and cumulative amount of incidental funds used compared to incidental funds budgeted, expressed as a percentage.
- Signature of contractor and Resident Engineer.

**Important:** The Resident Engineer and contractor must sign Letters of Authorization before the work begins.

LOA EXECUTION WORKFLOW

1. Complete LOA and all supporting documentation (e.g., Independent Cost Analysis, invoices).
2. Send to HQ Construction Admin Section, requesting a review.
3. Log on to DocuSign and create a NEW envelope. Upload the LOA and supporting documents. Route to the Resident Engineer and Contractor for signature.
4. Once the LOA has been routed through all required signers, the originator of the DocuSign envelope will receive an email from DocuSign. This email contains attached PDF files of the signed (executed) LOA and supporting documents. Save the LOA and all supporting documents in the appropriate EDOC Contract Files\Contract Files\Division No. 7 - Construction Pay Estimate and Related Data\7 # Incidental Construction (LOAs) directory.
5. The Resident Engineer sends copies of signed LOA and supporting documents to the District and Construction Division.
6. Create an IDR in FieldManager, Posting to item 7360040 - Incidental Construction, for the amount authorized in the LOA.

LOA AND SUPPORTING DOCUMENTATION EXAMPLE

The following is an example of an LOA and supporting documentation (Figure 3-12 through Figure 3-14):
STATE OF NEVADA
DEPARTMENT OF TRANSPORTATION
District III
705 E. Fourth St
Winnemucca, Nevada 89445
February 2, 2017

BRIAN SANDOVAL
DIRECTOR

ROAD AND HIGHWAY BUILDERS, LLC.
P.O. Box 70846
Reno, Nevada 89570

Attention: Colin Maher, Project Manager

Contract No. 3604-READV
LOA #2
Repair Luminance Lighting

Dear Sir,

Reference is made to Nevada Department of Transportation Contract 3604-READV, Project Number DM-060.3(063) and SP-060.3(032), on I-80 from 1.065 miles west of HUALA county line to the HUALA county line, I-80 from HUALA county line to 0.93 miles east of the East Battle Mountain Interchange, and SR 304, Allen Road from the cattle guard on the south side to the cattle guard on the north side of the West Battle Mountain Interchange in Lander and Humboldt Counties.

During repair of a wiring run for the MP 233 Interchange lighting (Eastbound) the contractor identified a previously damaged section of the run from the meter panel to the lighting that was crushed, bared (pull box) and inadequately fixed by others. To complete the repair work and activate the interchange lighting it became necessary for the contractor to remove a crushed and unnecessary pullbox (from the previous repair), install new conduit and conductor.

Payment will be in the amount of $4,780.00 as shown on the Cost Analysis and shall be considered full compensation for repair of the service run from –PE 159+30 to –PE 162+25.

Please signify your concurrence to perform this work at the lump sum unit price in the amount of $4,780.00 by signing below. No additional working days shall be allotted for the performance of this work.

APPROVED

[Signature]
[Printed Name: Donald C. Kalkovits, Asst. Resident Engr.
2/6/2017
DATE]

CONCUR

[Signature]
[Printed Name: Colin Maher, Project Engineer
2/6/2017
DATE]

AER No. 4
Increased Cost for this Letter of Authorization: $4,780.00
Cumulative Amount of Letters of Authorization to Date: $10,500.00
Percentage of Original Bid Price for Cumulative Amount to Date: 6.09%

cc: Sharon Feorschler, P.E., Chief Construction Engineer
Dave Lindeman, P.E., Asst. District Engineer

Figure 3-12: Example of an LOA
Figure 3-13: Example of an LOA Cost Analysis Form

<table>
<thead>
<tr>
<th>Classification</th>
<th>Hours</th>
<th>Pay Rate</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Electrician (Foreman)</td>
<td>12.0</td>
<td>57.65</td>
<td>691.80</td>
</tr>
<tr>
<td>Electrician (Wiremen)</td>
<td>12.0</td>
<td>53.79</td>
<td>645.48</td>
</tr>
<tr>
<td>Electrician (Wiremen)</td>
<td>8.0</td>
<td>53.79</td>
<td>430.32</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Description</th>
<th>Hours</th>
<th>Rate</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014F550 Diesel Conv. 4x2</td>
<td>12.0</td>
<td>15.0</td>
<td>180.0</td>
</tr>
<tr>
<td>2016F350 Diesel Crew 4x4</td>
<td>12.0</td>
<td>20.0</td>
<td>240.0</td>
</tr>
<tr>
<td>2016F350 Diesel Crew 4x4</td>
<td>8.0</td>
<td>20.0</td>
<td>160.0</td>
</tr>
<tr>
<td>Bobcat 418 Excavator</td>
<td>8.0</td>
<td>11.10</td>
<td>88.8</td>
</tr>
<tr>
<td>135C7M Compressor, Diesel</td>
<td>8.0</td>
<td>15.0</td>
<td>120.0</td>
</tr>
<tr>
<td>16' tandem axle trailer 3 ton</td>
<td>12.0</td>
<td>2.00</td>
<td>34.80</td>
</tr>
<tr>
<td>Telescopic crane, Boom truck</td>
<td>12.0</td>
<td>9.00</td>
<td>108.00</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Description</th>
<th>Inv/Quote</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>900 lfi Ft, 10 Conductor</td>
<td>401359</td>
<td>17.17</td>
</tr>
<tr>
<td>Additional items (Conduit &amp; bolts) to be paid under bid terms</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Classification</th>
<th>Hours</th>
<th>Pay Rate</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fringe Benefits @.......</td>
<td>/hr for hrs</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fringe Benefits @.......</td>
<td>/hr for hrs</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fringe Benefits @.......</td>
<td>/hr for hrs</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fringe Benefits @.......</td>
<td>/hr for hrs</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>TOTAL COSTS OF LABOR (A)</th>
<th>2,682.13</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>TOTAL COST OF EQUIPMENT (B)</th>
<th>1211.52</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales Tax = 7.75% x $17.17</td>
<td></td>
</tr>
<tr>
<td>Labor Surcharge @.................. 21.39%</td>
<td>376.09</td>
</tr>
<tr>
<td>Fringe Benefits @.......</td>
<td>/hr for hrs</td>
</tr>
<tr>
<td>Fringe Benefits @.......</td>
<td>/hr for hrs</td>
</tr>
<tr>
<td>Fringe Benefits @.......</td>
<td>/hr for hrs</td>
</tr>
<tr>
<td>Fringe Benefits @.......</td>
<td>/hr for hrs</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>TOTAL COST OF MATERIALS (C)</th>
<th>650.55</th>
</tr>
</thead>
<tbody>
<tr>
<td>GRAND TOTAL (A+B+C)</td>
<td>$4,554.18</td>
</tr>
<tr>
<td>Markup (5%)</td>
<td>$227.71</td>
</tr>
<tr>
<td>Use Agreed Price</td>
<td>$4,781.89</td>
</tr>
</tbody>
</table>
Figure 3-14: Example of an LOA Cost Justification Invoice

Refer to the Construction Administrative Services Document Resources area for an LOA template.