



Department of Transportation  
Board of Directors - Construction Working Group  
Notice of Public Meeting  
1263 South Stewart Street  
Third Floor Conference Room  
Carson City, Nevada  
December 9, 2013

## AGENDA

1. Call to Order
2. Public Comment (Discussion Only) - No action may be taken upon a matter raised under this item of the agenda until the matter itself has been specifically included on an agenda as an item upon which action may be taken. Public comments are limited to 3 minutes unless the Committee elects to extend the comments for purposes of further discussion. Comments will not be restricted based on viewpoint.
3. Comments from Working Group (Discussion Only)
4. Approval of the Nevada Department of Transportation Board of Directors Construction Working Group Meeting minutes (Discussion/For Possible Action)
  - a. May 13, 2013
  - b. August 12, 2013
5. Report on the actual and estimated costs to self-perform Freeway Service Patrol activities in District 2. (Discussion Only).

*NDOT staff has prepared a report on the actual costs to perform Freeway Service Patrol activities in District 2 during a pilot study that occurred in 2013 contracts. This report discusses the actual costs and estimates of costs if the Department were to create a full time capability to deliver this program.*
6. Report on the evaluation of moving to monthly contractor payments. (Discussion/For Possible Action).

*NDOT staff has been conducting an evaluation of a possible change in procedure to make payments to our contractors on a monthly basis instead of paying biweekly.*
7. Discussion of change orders Change order. (Discussion Only).

*During the September 9, 2013 Transportation Board Meeting the topic of contract change orders was raised during the discussion of the agreement and contract approval matrix. This item provides background and continues the discussion.*
8. Old Business (Discussion Only)
  - A. CWG Task List
  - B. Requested Reports and Documents
9. Briefing on Status of Construction Projects (Discussion only)
  - A. Project Closeout Status
  - B. Summary of Projects Closed
  - C. Status of Active Projects
10. Public Comment (Discussion Only) - No action may be taken upon a matter raised under this item of the agenda until the matter itself has been specifically included on an agenda as an item upon which action may be taken. Public comments are limited to 3 minutes unless the Committee elects to extend the comments for purposes of further discussion. Comments will not be restricted based on viewpoint.
11. Closed session to receive information from counsel regarding potential or existing litigation (Discussion Only)
12. Adjournment (Possible Action)

**Notes:**

- Items on the agenda may be taken out of order.
- The Board may combine two or more agenda items for consideration
- The Board may remove an item from the agenda or delay discussion relating to an item on the agenda at any time.
- Reasonable efforts will be made to assist and accommodate physically handicapped persons desiring to attend the meeting. Requests for auxiliary aids or services to assist individuals with disabilities or limited English proficiency should be made with as much advance notice as possible to the Department of Transportation at (775) 888-7440.
- This meeting is also expected to be available via video-conferencing, but is at least available via teleconferencing, at the Nevada Department of Transportation District One Office located at 123 East Washington, Las Vegas, Nevada in the Conference Room.
- Copies of non-confidential supporting materials provided to the Board are available upon request.

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Len Savage  
Kim Wallin  
Frank Martin  
Rick Nelson  
Yvonne Schuman  
Jeff Shapiro  
Megan Sizelove  
John Terry  
Rudy Malfabon  
Mary Martini  
Tracy Larkin  
Thor Dyson  
Sharon Foerschler  
Paul Schneider  
Pierre Gezelin  
Denise Inda  
Bill Wheldon  
Dennis Gallagher  
Bill Hoffman  
Claudia Castillo

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Savage: Madam Controller is remote from the telephone here. So let's go ahead and get started with Agenda Item No. 1, public comment. Is there any public comment here in Carson City?

Nelson: I guess there's a couple of announcements to make. I think -- Rick Nelson for the record. You'll notice that Lucy isn't here taking Minutes. Lucy was promoted, and so she's no longer in the Director's office. She's working in administrative services. And we have Claudia here, and she'll be filling in. Actually she'll be assuming Lucy's duties with the Construction Working Group. And also we'd like to point out that Todd Montgomery who was Assistant Chief Construction Engineer of Southern Nevada has retired, and we're in the process of recruiting for his position. So hopefully by the time the Construction Working Group meets again, we'll have his replacement and we'll be able to introduce that individual to the Construction Working Group.

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- Savage: Thank you, Mr. Nelson, and welcome Claudia.
- Claudia: Thank you.
- Savage: There's a seat right here. Any public comment in Las Vegas?
- Martin: No, sir.
- Savage: Elko, Nevada?
- Kevin: No. Thanks.
- Savage: Okay. Moving onto Agenda Item No. 2, approval of the Minutes from March 11, Construction Working Group meeting. Are there any comments or discussions on the minutes? If not, I'll accept a motion for approval.
- Martin: Move for approval.
- Savage: First by Member Martin, and a second by Madam Controller. All in favor say aye.
- Group: Aye.
- Savage: We'll move onto Agenda Item No. 3, the legislative update.
- Nelson: For the record, this is Rick Nelson. What I've done is included the summary of live bills as they existed on May 1. The legislature is fairly dynamic environment, and bills are changing daily, but I did provide that summary in your packet, and of that, there's eight bills that I've been following that deal specific with construction-related issues. Some of them are making their way through the system, and some seem to be stalled out, but the -- I think the biggest one that's been of interest to us is the --
- Wallin: Excuse me, can you go speak where Member Savage is because you're breaking up, and I can hear him fine.
- Nelson: We're going to readjust the -- we'll readjust the phone here a little bit. Okay. Is this a little better?
- Wallin: That's a little better, yeah.
- Nelson: Okay. So of all the bills that we've been tracking in the legislature, there's eight bills that are construction related that I've been paying particularly close attention



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to, and the one that we're having the most discussion about is Assembly Bill 247, which is the Buy America Bill. And we've been tracking that fairly closely. What that bill would do is, it basically put the federal Buy America requirements for iron and steel on state-funded projects. While on one hand because we do deal with Buy America, with our federal -- on our federal projects, there are some unique elements to AB 247 that would make things a bit difficult for us, particularly the waiver process and that sort of thing. So we've been engaged and participating in the development of that bill as it makes its way through the system. It's been heard by the Assembly of Government Affairs, and it's been referred to Ways and Means. So there's 22 days left, and there's an awful lot of work to be done, so we'll continue to watch that bill.

There's also several assorted DBE, a bit of preference bills that are making their way through the system, and of course our concern is to make sure that if there are any laws passed that they don't conflict or complicate our receiving federal funds. So we will accept whatever they send our way, but we need to be sure we get all our federal funds and so we're monitoring those. So I don't know -- Rudy, do you have anything you'd like to add to that?

Malfabon: The only thing that I would add is that definitely we are trying to stay on top of the bills that are being heard, and if you look at -- at this time compared to previous sessions, they had a lot more passed and signed. So it's going to get very energetic over there to meet their deadlines. So we're definitely available. Sometimes we do our best to get there at a moment's notice, but we'll keep the Board apprised through those regular emails with Ed Wilson.

Savage: Thank you Mr. Director, and thank you Mr. Nelson. Any comments on Agenda Item No. 3? If not, we'll move onto to Agenda Item No. 4, a briefing on the civil rights programs.

Nelson: You know, through the course of the last year or so, we've been spending a lot of time talking about our process, and the different elements that are part of our construction program, and really, the remaining piece that really fits into the construction program has to do with civil rights, and we've asked Yvonne Schuman to be here to make a brief presentation about a few topics that are working their way through the system here at NDOT with respect to civil rights. So Yvonne, you want to come on up and -- yeah. Why don't you come a little farther up this way so the people can hear you.

Savage: Welcome, Yvonne.

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- Schuman: Thank you. And welcome Member Savage and Rick Nelson (inaudible). I'll be very brief, and just highlight some of the civil rights issues that we are working on and the relevance to them. I did include in your package however, a larger presentation and I think it's some good reference material that (inaudible).
- Nelson: And that might have been -- was that emailed out separately last week? Because it wasn't part of the packet.
- Savage: It was not emailed separate.
- Schuman: Okay. All right. I'll follow up on that and get it to you. So there are about three or four different things that we're working on. A disparity study, wages, the DBE program, and good faith effort initiative. On the disparity study, it got under way in September or October actually, and it's proceeding on schedule with the data collection, and the consultant expects to have a draft report for the board at the September meeting. After the September board meeting, it will then be released to the public for their public input, and then a final report would be issued in December sometime. And there is a website where you can keep up to date with what's happening with the disparity study in terms of data, news, anything that's really relevant to that study, and it's at [www.ndotdbe.com](http://www.ndotdbe.com), and you can go there and get lots of really useful real time information on what's happening with the disparity study, and I would encourage you to visit that when you have a moment.
- Malfabon: And this is Director Malfabon. Just to point out, the disparity study really is the defense that we need. It gives us all the data that's relative to our state and our department per contract unit and looking at disparities with minority-owned or (inaudible) . But when we get challenged on the DBE program, which is a federal requirement, we need this type of data to have an adequate defense, and it's based on findings -- rulings from other cases involving state DOTs that courts have said you have to have it narrowly tailored to your program. So that's why we do a disparity study, and we have to update it periodically. So the last one was from data up to 2006, and this disparity study that we're doing continues from that period of time from 2006 forward for I think last year.
- Schuman: That's correct. To September 2012. And to date there have been four meetings held with the consultant, two with our internal stakeholder group, and two with our external stakeholder group, and our next meeting with the internal stakeholder group is coming up soon. It will be June 18, and we anticipate that there will be two more meetings with the external group as well prior to the completion of the disparity study.

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On wages, not really a civil rights issue, but it is a compliance issue, and we're required to monitor several things as it relates to the Davis-Bacon Act, as well as prevailing wage laws. We need to ensure that contractors submit their certified payrolls in a timely manner, and when they don't, we need to take action to make sure that that does happen, and that involves us writing determination letters about the status of their submission that it was late, how late it was, how many employees were involved, and coming up with the statutory penalty for that. We also monitor to make sure that the correct wage classification was used for a particular job, that they use laborer when really what they should have used is cement mason. We make sure that that is correct and again, make a referral to the Labor Commissioner when we find that not to be correct. Same thing with the 410 rule. If there isn't compliance with the 410 rule, we'll also submit that to the Labor Commissioner for work.

And then the DBE program, all of you are fairly familiar with that. As you know we have a 10.48 percent annual goal, and that goal is one of the by-products of the disparity study. So we've had the 10.48 percent goal for the last three years. Fiscal year 11, 12, 13 is the final year of that goal. And we have never actually met that goal. The first year, fiscal year 11, we achieved 4.7 percent. The second year, fiscal year 12, we achieved 7 percent, and right now we're tracking at 7 for fiscal year 13. So we're making additional efforts to try to actually achieve our 10.48 percent goal because federal highway requires us to provide a letter that analyzes why we didn't meet the goal, and what steps we plan to take to actually meet the goal in the current year. So that's where we are now. And not meeting the goal could result in some sort of sanctions against NDOT, so we're working really hard and trying to communicate with the construction community that they should not be surprised to see higher goals because one of the reasons we didn't meet our goal (inaudible) is because our average goal sets -- goal amounts were between zero and five percent. And if you do the basic math, you can't get to 10.48 percent setting zero to five percent goals. So obviously we're going to have to set higher goals, but they will always be based on the work that is to be performed in the project, how much of that work is capable of being subcontracted out, and whether there are DBEs who can perform that subcontracting work. So we may need a 10 or 15 percent goal, but we won't just set one just because we need it. It has to be a situation where we believe that the data that we have indicates that it can be achieved. And that usually means that the goal that we set is 50 percent lower than what we think is actually achievable because we're not trying to set stretch goals, we're trying to set goals that are

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readily achievable and meet the requirements from the federal highway. In connection with the DBE program, when a contractor fails to meet the goal commitment, we look at their good faith effort to trying to achieve that goal, and as Rudy pointed out in the board meeting earlier today, there's no checklist, but there is a list of a lot of activities that we should look for when a contractor is (inaudible). And if you wanted to boil down the main essence of what good faith effort requires, is -- and this is from the rule that requires that the bidder actively and aggressively try to obtain the DBE participation sufficient to meet the DBE contract goal. The must have really tried to meet the goal. So simply putting an ad in a newspaper somewhere is not active, it's not aggressive, and hard to argue that too would be designed to actually meet the goal. Mere -- and again this is from the rule, mere (inaudible) efforts are not good faith efforts to meet the DBE contract requirements. So we're looking for examples of what did they do to really try to meet the goal, and it could be a lot of things, but it will almost never be one single thing. One single thing I think will fail to meet the active and aggressive requirements that are in the rule. And so we can provide, and have provided to a number of contractors a list of a variety of activities that they might undertake to try to demonstrate that they were trying to meet the goal. I guess I should back up for a second and just say we don't want them to look at these activities as a way to demonstrate that they tried to meet the goal, but to actually use them to try to meet the goal, and that in doing that that will provide their good faith effort.

Malfabon: And just to point out -- this is Director Malfabon -- that Yvonne has provided training to the contractor on (inaudible) what is it, what we look for, so that contractors can understand (inaudible) is. There's a perception that they must meet the goal or else we're never going to award it to them, and that's not accurate. We can see that everybody, you know, the current low bidder did a tremendous amount of effort and it's demonstrated and documented. We are willing to look at that in determining whether to award a project or not.

Schuman: And the last thing I'll say about good faith effort is that the federal highway has just completed a (inaudible) process review of how NDOT administers the good faith effort or requirement, and we expect to receive their findings soon, and I think that's all I have unless if you have questions I'd be happy to address any questions or concerns you have.

Savage: Are there any questions Member Martin or Madam Controller?

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- Martin: None here, sir.
- Savage: Madam Controller?
- Wallin: No. I don't have any either at this time, thank you.
- Savage: Anybody from staff (inaudible)? Thank you very much, Yvonne.
- Rudy Yvonne, could I ask that you send that power point presentation to all the Board members? Just send it to Claudia, and she'll get it to all the Board members. That way it'll be in advance of our formal presentation of an update to the Transportation Board probably next month on good faith effort on the update on the disparity study status.
- Schuman: Yeah. I think I sent it to Lucy.
- Rudy: She must have just started her new job and job forgot to...
- Schuman: Okay. Yes I'll be happy to do that.
- Savage: Okay. Moving onto Agenda No. 5, the CWG discussion regarding future direction and frequency of possible meetings and any other discussion pertaining to the Construction Work Group. Mr. Nelson.
- Nelson: Well, the -- we've been meeting for a bit over a year as a construction working group, and we've spent almost every meeting devoting a large portion of the meeting to presenting the ins and outs of how would do construction, the program. We've covered everything from the bid review analysis team, now all the way through the DBE program. And when the Construction Working Group was created, there were nine priorities that were listed that they came out of the Board meeting that spanned the Construction Working Group. And in going through those nine priorities, we've spent some time talking about each one of those, and I think it's probably an appropriate time for the Board to have some discussion about where you all would like to see us go. There were some really good and appropriate ideas that were listed in that list of nine priority topics that we really haven't rolled our sleeves up, if you will, and actually started tackling those. So really this Agenda item gives the Board an opportunity to discuss and deliberate on where you'd like to see us move so with that regard, it's really you're opportunity to discuss and debate where you'd like to see us progress.
- Savage: And as Chairman, I believe it's been very engaging with both the department and staff as well as the Board Members on trying to do something more efficient and

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hold people more accountable. I think that has been accomplished, and I really want to compliment everybody...

Wallin: Member Savage, can you move to where Rick's been speaking, please?

Nelson: I think she wants you to speak up, Mr. Chairman.

Savage: Anyway, I just wanted to start off, Madam Controller, that I personally believe that the CWG has been very positive, and I believe it's been very productive, and I know it's been a year, and I think we can roll our sleeves up a little bit more and engage further on some of the items that do come up, and I know we currently meet twice a quarter right now, and it's okay with myself to meet once a quarter if that is discussed by others. But I'm also here to work every other meeting as well. So I think depending on the workload as to what's out there and what's on the table, I'm very open to hear from both Madam Controller and Member Martin.

Wallin: Okay. I'll go. I tend to agree that, you know, I think that what we've done has been a great job. I think we really hit all the issues that we started out to hit. I think meeting every other month like we're doing right now is probably too much, probably once a quarter or, you know, make it once a quarter, or if we get a special project like if the EPA issue gets put into our work group, then I guess we'd be meeting a little bit more often. So that's my feeling on it. I tend to agree with you, Member Savage, that once a quarter is fine and be available if other projects come up.

Savage: Thank you, Madam Controller. Member Martin?

Martin: I'm good with meeting once a quarter as well, Len. I did have a couple of things that I wanted to kind of speak about. I met with Rick and I think we've done some -- made some differences and we've certainly improved the reporting and accountability. I just question if we've made any real change. In other words, we had talked about closeouts, we've talked about pay requests. When I do my math on closeouts, we've got about the same number of jobs open now as we had when we started a year ago, and the aging is about the same. And so I'm a little concerned is that one is -- did we really make any progress on it. We had talked once about the pay request being prepared by the contractor rather than the district -- or the resident engineer. We talked as well about paying once a month rather than twice a month. And so I just -- I wanted to kind of get a feeling from staff, and maybe from you Len and Madam Controller on where are they seeing us going from this point. We got a lot of good handy reports right now that tell us all

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the statuses, and all of which we didn't have when we started, which that's a great thing. Now where do we take it? Do we take it another step and make sure that this record on closeouts gets improved, that we take a positive look at the pay request deal. I got -- there's a couple of instances, four of them as a matter of fact where we overpaid, and -- by doing it the way we're doing it. And so I'm just kind of wondering what the next step -- the way that you guys are seeing it, would be for us. Should we stay involved in these things or depend on staff to carry out whatever we edict. I don't know.

Savage: Thank you, Member Martin. And I agree. I believe that we've been here a year and more work could be done, and I too thought for examples on the retention discuss, the once a month pay, I felt we were heading in the right direction, and low and behold, it wasn't discussed anymore, so myself, I went down the road thinking that we were going to proceed in that direction. And I think if we don't proceed in those directions, you know, Member Martin and myself, we're kind of on the same page there, I think there needs to be discussion and debate during these meetings so that the Board members can fully understand the direction of the department and why that direction is being taken. And I think there needs to be a good faith discussion on both sides on matters, for instance, of examples. But at the same token, the summaries, the printouts, we've come a long ways.

Martin: Yes, sir.

Savage: And I really compliment the Director and the staff and Mr. Nelson and Mr. Shapiro for getting where we are, but there's a lot of work to be done, and I thank Member Martin and Madam Controller. I agree with both of them.

Larkin: This is Tracy Larkin. I just want to be sure I'm not cutting someone else out. I just wanted to say on a couple things that we are working on, and I know that, Len, I've spoken to you about it, and certainly Rudy knows and Rick and Jeff. Not all the items, but we have started really looking at not only the change order requests, I mean, process -- the close out process, the preconstruction and the resolution conflict. Those are our four top priorities we're truly looking at. We've done work with our crews taking internal, there should be something out on the contractors' bulletin asking for some input this next week. And then also with other areas within the other division within the department so that we're truly taking a lot of the process and trying to find out where areas are systemic and where they're just isolated. And we'll be happy to share those results as we get them.

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Savage: That's great, Tracy. I think that's very informative and we'd like to see some of these surveys and reports from the Director's perspective. Any other comment from Mr. Director or Mr. Nelson or Shapiro on the...

Wallin: This is Kim again. Kind of following up on Member Martin's comment, one thing that I, you know, if we go to the quarterly meetings, which, you know, I agree we should do, but I think that we still have to keep our focus on, you know, where are we at with the closeouts, and continue to look at them and to see if there's progress, and comment whether or not there's progress being made as well. And then to his comment about yes, we've actually overpaid some people, that triggered something I remembered that I had asked for that at a previous Board meeting. We have these auditors that come in and audit contracts. Actually, they audit the consultant to see if they've been paid the right amount, and I know that I'd asked at a Board meeting, are we following up with these consultants to collect the money, and I had asked for a report of that, and I just realize that I never got that. So I think that this group, you know, needs to continue asking the questions and maybe Member Martin, you had gone through and looked at the percentage of contracts where we're at closing out and comparing where we were and was it the same. Well, maybe that should be something that is a number, a performance measure that we talk about each quarter as well, or every six months, but I think it's every quarter.

Savage: Thank you Madam Controller.

Malfabon: This is Director Malfabon. Just to clarify, Madam Controller, the report that you had requested...

Wallin: There was -- and it's been a while. I'd have to go back in my notes, but there was a report -- you guys had hired an outside auditing firm to go over contracts to make sure that contractors -- and these were more or less consultants that they were paid the proper amount, and there were cases of auditing firms, they were actually paid based on the number of contracts that -- it was a dollar amount on what they found that had been overpaid, and I had asked to see if we had gone out to collect these numbers and stuff, and I never recall getting that report.

Hoffman: Rudy, that was me. This is Bill Hoffman, Deputy...

Wallin: But I have to get back -- yeah. But I have to get back to my office to get you the details on that.



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- Hoffman: You want me to come over to the hot seat?
- Malfabon: Yeah. Bill Hoffman's got something to add.
- Hoffman: All right. So again, for the record, Bill Hoffman, Deputy Director. So Madam Controller, what I had done is I had forwarded you the internal audit report as we discussed and it did capture I think approximately \$743,000 that we felt was due back.
- Wallin: Right.
- Hoffman: And I did make several requests to our accounting division to find out how we go through that process of then billing the consultants for those dollar amounts, and I never received anything back. So I apologize. That...
- Wallin: Well, that's okay, and I'm -- shame on me for not staying on you.
- Hoffman: Well, we should have just -- we should have just gone ahead and compiled that report for you when you originally asked for it. So that's not on you, that's totally on me. So I apologize for that, but we'll get you that information.
- Wallin: Okay. Thank you. And then, I guess to follow up with Member Martin, what about these contractors that we've overpaid? Where are we at with getting the money from them as well?
- Shapiro: Madam Controller, this is Jeff Shapiro, construction division. We have to get that money back. That's not optional. Most -- so we will -- well, we deal in quantities, so we are working on that issue right now, but, you know, it's -- because...
- Malfabon: We've gotten paid from some.
- Shapiro: Yeah. We get them from -- we actually have gotten them from all. I know there's one on the close out list where I'm still working on, but we will get that money back. They get paid for what they do. We don't -- nothing more.
- Wallin: Yeah. But just to follow up, okay?
- Shapiro: Yeah. But it is -- I have to say, it's -- from my perspective it was a little bit embarrassing because we should be processing these payments accurately.
- Wallin: Yeah. I agree.

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- Savage: And I know during the last meeting Member Martin had talked about, I believe it was Contract 3290 or 3390.
- Shapiro: 3390, yes, sir.
- Savage: And there was a 600,000 overpayment on that and what was the contract...
- Shapiro: Oh, the 3290. That was Plant Mix. That's another job, yes.
- Savage: That was Plant Mix, okay. It was 3267 that the 400K had been paid...
- Shapiro: Correct.
- Savage: ... to I believe FHB.
- Shapiro: That's (inaudible) Highway Builders, yes sir. And that's the one that's in high court right now.
- Savage: But is there a reason that they haven't returned that money -- those monies in good faith?
- Shapiro: Some of it's under dispute, and we're trying to work through that right now. So that's basically the reason.
- Kaiser: One of the problems in that job was where they overpaid them was on the asphalt. So what they did in turn was they paid their asphalt supplier a certain dollar amount. So when they (inaudible) they're going to be out that money they paid their asphalt supplier.
- Savage: But in our world that happens, and...
- Kaiser: It does, but (inaudible)
- Savage: In our world, I mean, whether it's a wholesaler, they can always credit and debit in good faith. And if these contractors and suppliers are up-front, ethical people, I think it would be a real quick and easy...
- Shapiro: Right.
- Savage: ... credit to the department. So I think that that's a major concern on everybody's plate right now.
- Dyson: Well, I think time -- Thor Dyson, District Engineer for NDOT. I think time is a concern. I know this contract's been out there a while. Everything is closed up

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expect for the final payment issue. So that holding up the contract close out. Is there a certain time frame where that money becomes moot and we can't go get it?

Savage: Is there a statute of limitations that's involved on something like this?

Shapiro: Not that I'm aware of. Jeff Shapiro. Not that I'm aware of.

Gezlin: The statute of limitations is six years on a written contract, and I don't know when this substantial completion was done.

Dyson: 2008.

Shapiro: Yeah. It's getting old.

Dyson: So we're at five.

Malfabon: This is Director Malfabon. We have to be aware of that and take appropriate actions just to...

Shapiro: 2009. (Inaudible)

Malfabon: ...make sure it doesn't lapse as far as the statute of limitations on that.

Wallin: Well, (inaudible) debt offset if they're doing other work we just hold the check for their other job.

Shapiro: Madam Controller, we can do that. There's a little bit of a process involved with that, and basically we'd have to get them the opportunity to pay, and if they refuse to pay then we can garnish their wages so to speak. But...

Wallin: Right. Yeah. Our office does that with vendors all the time. We give them so many days to pay and then we hold the check.

Shapiro: But they are -- they are not -- they're not disputing that they -- we overpaid them, but like Mr. Kaiser said, when we paid them, they paid the money to somebody else, and now it's -- now they've got to go back and get that when we send them the bill. But they are disputing some other aspects of the total overpayment. And they'll still be writing us a check, it just won't be as big as the \$400,000 one. They'll be writing us a check for 150,000. But we need to reopen some claims issues in regards to traffic control and stuff like that.

Wallin: Okay.

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- Martin: Don't you guys go after their payment and performance bond? I mean, it's been, what, four or five years. At what point do you just say, okay, this is it. We're going to -- one, we're not going to accept any more bids from you, and two, we're going to go after your payment and performance bond. That's what happens in my world.
- Shapiro: Well, part of the problem, Member Martin, is, for lack of a better phrase, NDOT's caused the problem. So I don't know how we can go after their -- because we're the ones that made the mistake to be quite -- to be honest. I almost said frank, but anyways. No disrespect intended, sir.
- Martin: No, sir.
- Shapiro: So that's, you know, I in good conscious couldn't go after a bonding company when it was our -- we're the ones that caused it.
- Savage: But let me just say one thing, Mr. Shapiro. I think it takes two to dance, and I believe the contractor works with the department, and the department supports the contractor.
- Shapiro: Okay.
- Savage: And I believe that as a contractor, if we see an overpayment on a contract, we send up a red flag to whoever made that payment, and have a good ethical, open discussion. And I just believe that -- I know this has been discussed a lot, but I think it's both sides, and I really look and hope that that contractor can step up and get this resolved to the satisfaction of the department.
- Shapiro: Mm-hmm. No, Chairman Savage, I agree. Some contractors are better than others in our industry as to letting you know when you screw up if you overpay them. And this contractor is, I think, an honest contractor, it's just been one of those things with bad economy and, you know, there's all kinds of -- I don't want to say excuses, but there's all kinds of issues here that are complicating this mess. Plus, it was old when we got it. So it's just something we're working through right now.
- Savage: Thank you, Mr. Shapiro. So moving forward, is there someone at these meetings that will take these issues and document as to what's to be responded to the Board? Do we have an ongoing list? For instance, I remember the letter that Jeff was going to send Rudy that Member Martin had requested regarding closeouts, and we wanted to see a copy of that letter. And this wasn't just construction

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closeouts. This is all federal closeouts on how the department was doing, and I think it would just be proactive for someone to maintain a running list of items that we talk about during these meetings that the Board members requested. Because there's a lot discussed, and I just think we need to be consistent in responding to some of those requests. And it's only a few that get lost, because the majority of the time things are responded to.

Shapiro: Chairman Savage, you're just basically asking for an action item list or something like that?

Savage: Absolutely. Absolutely. Yes.

Nelson: Well certainly -- we'll formalize that that list so we know what's on there and check them off when we've done them. So we'll make an action item list to do that.

Savage: The first one is that the contractor is going to payback that \$400,000. Okay?

Shapiro: I will -- not to promise anything, but I'll make sure that -- I'll get that -- I'll put that up a notch. We'll get that going.

Savage: Thank you. Mr. Director?

Malfabon: I was just going to add we'll do a better job with that with this action list, but we kind of keep the list from the Transportation Board meetings we do that. So typically we'll just have to document it better and make sure we check those off as we respond. I wanted to also mention, based on the discussion at the Transportation Board meeting earlier, I think that we wanted -- I suggested that we have this stone water compliance issue and the EPA audit issue discussed at this meeting. It's construction related, but it's also maintenance related and designer related as far as how we're going to address the audit findings. But I would say that we'll have it kind of as a standing item of discussion at these meetings.

Savage: As a future Agenda item I think is what you're saying.

Malfabon: Yes. Yes.

Savage: Consistently until (inaudible).

Nelson: This is Rick Nelson. I guess a question that I would have for Dennis, when we formed the Construction Working Group, it was my understanding that the

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Board's intent was to keep it construction related, and so as we've gone through our Agendas here, we've tried to keep it somewhat focused on construction related issues. Now, if the CWG starts to branch out into more operational issues, do we need to have some clarification from the full Transportation Board, or can the Construction Working Group sort of go where they, dare I say, want to go, but -- because of course they can, but should there be some clarification back to the full Transportation Board with respect to meeting frequencies and if we want to broaden the scope a little bit to include some of these other operational areas?

Gallagher: For the record, Dennis Gallagher from the Attorney General's office. The committee -- the working group (inaudible) Transportation Board. The Transportation Board requested this committee cover certain matters. If the committee is not comfortable with its authority at this point, it should go back to the full Transportation Board. If the committee feels its area of inquiry are related to construction, they don't need to go back for it. But if they felt uncomfortable, like they're branching out into a new area boldly going where no man has gone before, or whatever the case may be, again, they could go back and should go back for a grant of additional authority. But, you know, without knowing more of the details between construction activity and maintenance activity regarding the federal audit that has been discussed earlier, I'm somewhat hesitant to say no, they don't need to go back, or yes they do need to go back. But if there is a colorful discussion that one can have that says all the activities related to this federal EPA audit are construction related, then this committee does not need to go back to the full Board.

Nelson: I just want to be sure we don't get haywire with any open meeting laws or intent from the Board or anything like that.

Gallagher: The Board, as well as this committee, for purposes of the open meeting law is required to publish in a timely fashion an agenda with sufficient detail of the items to be discussed. The scope of this particular committee's activities were directed by the full entire Transportation Board. Now, I would just offer this observation. Perhaps this is something many of you have already thought of. I suspect if this committee wants to go look at something that's related to the Department of Transportation, the full Board is going to back them up a hundred percent, and wish them well on their endeavors, and look forward to the committee's report back.

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- Savage: I think too, from a member standpoint, if we don't have a comfort level of something, I know I would be the first one to say something, and I appreciate Member Martin and Madam Controller's input as well, but I don't think any one of us wants to get outside of our box.
- Shapiro: Chairman Savage, if I may. Jeff Shapiro. As a chief construction engineer, we're responsible for the construction program for NDOT. This EPA audit involved both construction and our facilities and our maintenance folks, and some of those activity. We're more than happy to help out and look into the issue, but we would really need to bring in some other folks, the chief of maintenance and asset management, and some of those other folks, because there's a lot of other -- the district engineers. There's a lot of other players involved. But other than that, we're more than happy to help. But it's much more than a construction-related issue.
- Savage: But I think so as the Director had mentioned, I think this is a good format to engage in some of the preliminary EPA concerns regarding the construction maintenance facilities. Like Member Martin had said, he has a lot of experience from the general contracting side on the vertical side, and I would look forward to some preliminary presentation.
- Terry: For the record, John Terry. We simply don't want to be limited. If we're going to deal with the issue, we don't want to be limited to construction, because really the findings in construction were probably less than the findings in other areas. So just to be clear, if we're going to deal with this issue, we don't want to deal with only our construction contracts. We need to go beyond that, because that's where the issues are. This group is appropriate to deal with it, but I'm saying the bigger issues are more in the training, the maintenance, the other areas. Not in the -- not just in construction. It wouldn't be productive to only deal with the construction issues of that audit.
- Savage: And I agree Mr. Terry. So I would have to defer to the Director.
- Malfabon: We just thought that it was a good forum for discussion of the details of the audit findings and the details of how NDOT has taken steps to respond to those. And as John Terry mentioned, it goes beyond construction and program level activities of mapping watersheds and what waters feed into these streams, or dry washes, and the things that we're doing in different programs other than construction, but in the design phase too, and how we're implementing some of these audit findings. We think that we're going in the right direction, but it will be good to

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bounce these activity that we're doing before just bringing them to this formal group just for discussion and definitely we will be getting direction from our Transportation Board on that, but it definitely is a lot larger issue than the construction, even larger than construction and maintenance. It's several program activities that are under consideration here at NDOT to respond to the EPA audit. And we'll get into the details later, but definitely the report that was sent out late last week had a lot of information and we expect that it's going to take you a couple of weeks just to read through that and digest it and have your questions prepared for us so that when we -- I would say at the next Construction Working Group meeting, we'll kind of give you an overview of the findings and what we're doing, and then get some interaction and discussion going and receive some direction that we can take back to the formal Transportation Board meeting for definite direction from our board on what to do.

Savage: Okay. Very good. So I think before we leave this Agenda item though, there will have to be a discussion or maybe a motion as to when and how often we're going to meet. Member Martin or Madam Controller?

Wallin: I was on mute, sorry. I make a motion that we meet on a quarterly basis going forward unless a special project comes up that we need to meet more frequently.

Martin: And I second that.

Savage: Thank you. All in favor say aye.

Group: Aye.

Wallin: You said aye, we said aye.

Savage: Thank you. So we'll meet on a quarterly basis unless the project (inaudible). Moving onto to Agenda Item No. 6, old business.

Nelson: I guess, if I could indulge you a little bit to go back to item number five again for a second. One of the things that Member Martin talked about were these four items that were of particular interest, and that's where the contractor prepares the pay estimate, paying twice a month, continued work with closeouts, and the retention item. I guess the question I would have is how would you like us to proceed in addressing those four specific topics? Do you have a sense that -- after the work that we had done with you Chairman Savage on the Freeway Service Patrol, there was quite a bit of staff interaction as we sort of hung meat on those bones as far as reporting out. Is that something you would like to see us continue



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with these four projects, maybe increase some staff time and start interacting with a member or two in getting feedback and that sort of thing before we present things before the CWG, or are those the four items that you really want us to kick in and work on from a priority point of view? I guess, where do you think the low hanging fruit might be to take the CWG and affect some positive impact on the department's operation?

Savage: Well, I think a lot of it has to do with timing. I know for instance, you know, we're too late for the legislature on some of the things that are dictated by the Nevada Revised Statutes, and I know retention is one of those. So that's really a moot discussion at this point. But I think engaging in other issues regarding payments and things, I think the Director has the authority to take a look at that, and I think a lot of these can be discussed in future meetings.

Nelson: Okay. Just wanted to get clear what our primary focus is going to be for the next few meetings. You know, we have the list of the nine priority items, and we sort of worked our way through that, and want to be sure we're focusing our energies where you'd like to see us do that.

Savage: And I think that if you can reach out to Member Martin and Madam Controller, and I don't know if you have anything at this time, but if you can reach out individually and possibly discuss some of the items of concern then we can make an agenda for the next meeting. Thank you, Mr. Nelson. So now we'll move onto old business, Agenda Item No. 6.

Nelson: We meet quarterly with the construction industry, and we've made a commitment to get those Minutes into the hands of the Construction Working Group as quickly as possible. What we've attached to the packet for the CWG are the draft Minutes from our last meeting which was held on March 20. Tracy Larkin Thomason and (inaudible) co-chair that, and Tracy's there, so if there are any questions about what had taken place at the industry liaison meeting, I'm sure she would be happy to answer any questions you might have.

Savage: Member Martin or Madam Controller, any questions?

Wallin: I don't have any.

Martin: None for me right now, sir.

Savage: I too do not have any. So with that being said, I have a couple questions on the old business side, items of clarification. Back on Page 5 of last meeting Minutes,

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there was a discussion of the total cost for the three districts in construction to be 25 million, and I need some clarification on that.

Malfabon: This is Director Malfabon. What we've done in the past few years is allocate \$25 million of state funding for the districts who are -- they are very engaged in seeing what condition their -- the roads that they take care of are in, and they have a regular process of working with maintenance on chip seals and such, surface treatments, keeping the system together. But they also have other needs such as (inaudible) safety improvement such as extending pipes or extending box culverts for safety purposes, and so flattening projects. They have -- each district has maintenance personnel that are in charge of bridge maintenance. So we have people that go out and inspect the bridges, come up with recommendations on repairs, and the districts have the people that can work with those divisions and headquarters to develop those contracts to basically do bridge maintenance projects. So it's a combination of working with the headquarters divisions and maintenance, bridge, roadway, or using their staff at the district that can help in designing of smaller maintenance projects. And we used to -- what we do is there's \$25 million that has to be expended in the fiscal year, but we -- maintenance and asset management division keeps track of what's in the works already, when's it going to -- when are those bills going to become due, basically those payments, so they're -- it's a constant flow of information between the districts and maintenance and asset management for tracking that \$25 million as a target. There's -- the idea is to do the projects that are submitted by the districts. Some of them are done using state forces like a flush seal project, and the \$25 million is more the contract side -- construction contracts. So we're trying to do more with contractors for our maintenance program, but it's really to address the maintenance needs within the district, and that \$25 million is -- it used to be somewhat flexible, but now that we're watching our cash flow, it's very stringent that we stick within that budget target so we don't exceed our goal of \$25 million. We track what's in the pipeline, what's going to be paid and what fiscal year it's going to hit in.

Savage: Very good. Thank you very much for the clarification.

Malfabon: We could also -- we'll bring to the -- as part of the work program approvals, the Transportation Board does get basically our work program, so those projects are included in that work program.

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- Savage: Okay. Okay. Very good. Thanks for the clarification, and another old business item that -- I know Tracy was kind enough to stop by the office and give me a survey from the RE responses. I don't know if the other members have received any of those survey responses or not, from the RE meetings.
- Martin: I had not got it, sir.
- Savage: You had not received anything, Member Martin?
- Martin: No. Tracy and I were just talking about that, and we'll get a time set up for her and I to get together to review it.
- Savage: Madam Controller, have you had a chance to review any of those survey items on the RE?
- Wallin: No, I haven't. No, I haven't.
- Savage: So maybe we...
- Wallin: And I don't recall seeing them.
- Savage: ... can have -- at the next meeting we can have an Agenda item regarding some of the responses from the REs to some of the surveys conducted at the (inaudible) and what action management has taken, and what discussion the REs have had. That would be helpful. Because I know one of the concerns was the plans not meeting the expectations of the REs or the contractors, and I know that that's a statement that's made by a lot of contractors and a lot of engineers, and I know nothing is perfect, but again, I just want to revisit that at some point.
- Larkin: Member Savage, I was hope -- this is Tracy Larkin, Deputy Director in South. The next meeting would be good, because we have met with all three districts following up on that initial -- what with all the RE -- each of the three districts, following up on that initial survey to get specific on questions on that, and there has been some discussion with other divisions. But I also want to be fair to them that they also have their side of the story out there so to speak.
- Savage: Yes.
- Larkin: So they have input. So in another -- if we're doing it once a quarter, so in other three months, that would be a good -- that's a good time frame for me to get the rest of the feedback.

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- Savage: Very good. Thank you, Tracy. And as an old business item regarding CMAR projects, the GMP amount that the contractor is -- has bid and submitted, are there any cost savings back to the department historically on either a cost plus fixed fee project, or a GMP project? Have there been any cost savings (inaudible), and is there a specification standard saying is it a 60/40 or 70/30 shared savings. Is there any savings come back to the department on any of these GMP projects?
- Malfabon: This is Director Malfabon. Now, you would be asking if, let's say, a contractor came up with a value of engineering proposal on a CMAR project and there's a split or...
- Savage: No.
- Malfabon: I don't know how we would get money back other than contractor comes up with an idea after the design is done and has a savings that we want to participate in.
- Savage: No. It's not so much the value of engineering. It's a -- we have a GMP contract that's for example a million dollars, and the contractor has a reimbursable list with a fixed fee to bill against on a monthly basis. Sometimes they won't reach that amount, and are those dollars returned through a change order to the department?
- Terry: If I could, John Terry for the record. Now, I think you had two parts to that question. The designer, say that's part of a construction contract that went CMAR.
- Savage: Mm-hmm.
- Terry: We would pay the designer actual hours worked, actual costs. Then at the very end, we would pay him his entire fixed fee. If he does not spend all of his money, and his hours worked, we just never pay him that, and we close out the agreement that way. There's no payback. I'm not a hundred percent sure, maybe somebody else knows, a contractor is hired on a similar basis. In other words they're a cost plus fixed fee in the GMP -- in the design portion when we hire them. So it would be the same way. They get a cost plus a fixed fee. If they finish their work for under that cost, we just don't pay them for the rest of it, and it's audited and closed out, but we would pay all of the fixed fee. So say it's a million dollar contract, and he has -- yeah. A hundred thousand dollar contract with a contractor to review our work and progress through that, and he only spends 80 thousand of it, and 10,000 is fixed fee. We would only pay him the 80 plus the 10 fixed fee. The other ten would just never be billed to us, and it would be audited and closed

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out. Most of our contracts are cost plus fixed fee with an amount not to exceed. They can't go over the amount, but if they don't get to the amount, we just don't pay them.

Malfabon: This is Director Malfabon. I guess -- I think Len's question is if -- are you paying on a CMA project by bid item that you're tracking...

Terry: That's the design phase. Now, if we get into the construction phase, now they're just paid on quantities like any other construction contract. The only way we wouldn't pay them the full amount is if the quantities come in under what the estimated quantities are. Turn that over to Jeff or somebody, but they could to over too. That's not a not-too-exceed amount. That's a...

Shapiro: But basically these contracts, my understanding, the way they're set up, and the project management division is involved with this as well, but they're basically -- I don't -- plan quantity is not the proper term, but it's very similar to that. They do -- we still monitor quantities, but there should be no fluctuation in the quantities when it's all said and done, because they work that stuff out in the -- during the design process. Now if they hit something and there's a huge underrun, I know they would make that adjustment, and there's also a risk reserve if there's something that they hit that's unforeseen. But it's very similar -- to my understanding, it's very similar to a lump sum type contract.

Terry: But you're paid as you proceed.

Shapiro: But you're paid as you proceed, correct. Right.

Savage: But the guaranteed maximum price, the GMP price on the CMAR projects, cannot be exceeded because the risk is on the contractor, and...

Terry: Well formal written approval (inaudible).

Shapiro: Right. Correct. Correct.

Savage: Exactly. Exactly. That's my question for clarification. And there are no shared savings clauses for something that a portion of dollars that are saved could be split.

Shapiro: Not my understanding, no.

Savage: (Inaudible). Okay.

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- Shapiro: So, for example, if they don't use the risk reserve per se, it just comes back to us. Never paid, yeah. It's never paid.
- Savage: It'd be nice to hear those good things is what I'm trying to say sometimes. When you hear some of these contractors doing these CMAR projects, it's always, hey, they just said \$250,000 to the department.
- Terry: And maybe moving forward as we start closing out some of these CMARS, maybe this group, and maybe later even the Transportation Board would like to hear a summary, you know, of where we ended up on some of the CMAR contracts.
- Savage: Exactly. I think that would be very informative. Thank you, Mr. Terry.
- Martin: I have one other comment on that matter. On the Carlin Tunnel Project, we awarded today the CMAR at 28,834,000 or something along those lines, and 2.8 million last -- in the last session. I was just going back to my previous board meeting. When did we originally award the CMAR to Q&D; do you recall, Rick?
- Nelson: I don't -- I do not recall.
- Terry: This is John Terry. I'd guess six to eight months ago.
- Martin: Okay. And how did that -- how did the two -- the \$28 million number that we awarded today match up with their projected number last (inaudible) award?
- Terry: This is John Terry. I can partially answer that question. NDOT set up a budget originally. When we hire the contractor in the design phase, the only real costs that are in that phase are some of their overhead costs and their preliminary costs. So say they had a budget of say, \$30 million that they submitted to us when they originally were on the project, wouldn't be accurate, because we don't really ask for that when they're assisting in the design phase. This project did go a little bit over -- a significant amount over NDOT's original programming amount for the job, but that was similar to what we would do with any design project as it evolved, and in this case, the original assumption was that the bridge decks would only be treated -- kind of overlaid with a polymer type overlay for protection, and as we got further into the design, two of the bridges, the decks were determined to be a such a condition that we added in a total replacement of the deck. That's a similar thing that we would have done in a regular design job. They submitted to the front office and said we want to change the scope, here's why, here's why it's going to cost much money, and we addressed it. Other than that, the scope in the

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budget for the project was established by us not by them. So to say they went over their original one wouldn't be fair. We as a group went over our original budget for a legitimate reason, but other than that, once they assign the GMP, then they're held to that one, and I don't know if I answered his question.

Martin: Yes, you did. Thank you.

Savage: Madam Controller, do you have any questions or comments? Madam Controller?

Wallin: Sorry. I was muted and somebody was trying to call me, and I was trying to not get them and unmute. So I don't have any comments. I was listening to you and Frank. You guys are asking the questions that I had.

Savage: Okay. Thank you, Madam Controller. And just one other question on the ICE. Is the department satisfied with the ICE work to date on the Carlin Tunnel Project? I know in reading some of the documents they had -- I believe they were -- it was around a \$250,000 contract that they had had to perform independent estimates for the Carlin Tunnel project, and I just didn't know if there was any feedback from department staff as to how they had been performing.

Terry: John Terry again. I can say that we like the ICE process. In fact, we would like some of their assistance to help us do more bottom up type estimates than the type of estimates we have done in the past. But I will have to get back to you on the performance of the ICE in terms of their budget, and what we originally budgeted and how they're doing on that. I'd have to get back to you. But we do like the ICE process, and we like having comparable contractor type estimates.

Malfabon: This is Director Malfabon. One thing that I've asked John Terry to look at is the amount of the fixed fee on the ICE contract. I didn't feel that they were as much at risk. Like remember at a previous Transportation Board meeting, the question came up, do they have to build it if they, you know, if they're the low bidder. No, they don't. It's just a good check based on using the same method of labor, equipment, and materials, the same way a contractor has to bid it based on productivity. The ICE does it the same way. So it's a good check on the contractor's guaranteed maximum price, but I didn't feel that there was much at risk, similar to a designer. A designer is at risk because they have their errors and omissions insurance that we can call on if they mess up the design and it costs us during construction. But the ICE doesn't have that same amount of risk, so I asked John to look into that and determine what's appropriate level of fixed fee on

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these, and most likely we're going to lower that percentage compared to previous contracts for the ICE contractor.

Shapiro: Chairman Savage, Jeff Shapiro, construction division. Our staff, the constructability section is very involved in that process because we're basically taking it over from the consultant that was doing it before. And I'll double check with them, but as far as I know, everybody's been pretty happy with what we've seen so far, and the meetings that I've been involved where we're talking production-based estimating which is what they're -- how they're doing it versus we're historical quantity based. So it's a little -- it's kind of apples and oranges. But from what I've seen in the meetings I've been involved with, it seems to be a pretty good process. But I'll double check with our staff and report that.

Savage: Okay. Very good. Thank you, Mr. Shapiro. Thank you, Mr. Malfabon. Okay. If there's no more discussion with the old business, Agenda Item 6, we'll move onto Agenda Item No. 7, briefing on the status of construction projects.

Nelson: So in your packet, we have the standard reports that we usually provide with respective closeout of projects and status of projects. The first attachment here is the list of projects that we've closed out since the last CWG meeting, and that totals nine. Nine contracts have been closed out, and I believe Megan sent out the summary sheets for each one of the projects. I'm hoping that you have those. We'd be happy to answer any questions that you might have with respect to any of those projects that have closed out. I do know when I was meeting with Mr. Martin, he asked a question about overpayments, and the question was well, how would we know if there ever was one. And when we were meeting, I'm afraid I didn't have a very satisfactory answer for him, but when I got back I saw the summary sheets, and there's in fact a little asterisk marked there, and that's how we put you on notice that there has been an overpayment. So we'd be happy to take any questions that you might have on these nine projects that have been closed out since the last CWG meeting.

If there aren't any, the second attachment shows the status of contract closeouts. That's dated April 24. Now, this list is a little misleading because as a project gets closer to completion, we add it to this list to begin tracking. Right now there's 48 projects that are listed on Attachment B, but of those 24 -- or of those 48, only 24 have been accepted and are really ready to be closed out. The rest are in various states of completedness. Just so we get them on our list and we start having those monthly meetings with the resident engineers to get them scheduled. As a little



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historical statistic, in 2011, we closed out 27 contracts. In 2012 we closed out 37, and so far in 2013 we've closed out 17, which averages about a contract a month or so, a little better than a contract a month. So we're on track to close out more projects than we had in the last year. So I think as a trend, we're seeing the pace pick up on contract closeouts.

Savage: Absolutely. Because if I remember right, annually it was around 16 or 17. (All speaking at once). So the progress has been substantial.

Sizelove: And right now, looking at the information, we're at about 11. It's taking us on average about 11 months to close a contract based on what we've done this year so far.

Savage: Good. Thank you. Thank you, Mr. Nelson. Mr. Nelson, I had a couple questions on the contracts -- on three contracts, and this is on the ones that have been closed out. 3467 and summary. It looks like there was approximately 50 percent contract value -- almost 60 percent, 59 percent contract value in changes, and I'm looking at this sheet here that was received by email actually. This one here. That was on the (inaudible) Lake Tahoe Bike Traffic Safety. The final contract amount was 709, bid price was 446.

[ All speaking at once ]

Foerschler: Good afternoon. This is Sharon Foerschler for the record, Chairman.

Savage: Good afternoon, Sharon.

Foerschler: This was a project that we went on with a design plan to retrofit the drop inlets along Highway 50 and 28 to pull them out of the travel lane for the bicyclists. Unfortunately, the plans that went out, we couldn't build them per plan, so there was a bunch of field adjustments that had to be made. It's a fairly low cost contract when it went out, but all these little changes, and it was all along 28 and 50 coming down around the lake. So that added to the increase in cost.

Savage: So who was the engineer of record on that?

Foerschler: That was...

Shapiro: I believe that was us, wasn't it?

Foerschler: ...in-house, I believe.

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- Shapiro: Yeah. That's an in-house.
- Foerschler: Yeah. It was an NDOT design.
- Savage: Okay. And the next question I have is contract 3473. Again it's a substantial amount, almost 70 percent of additional dollars paid over and above the original bid price, up to 341,000.
- Nelson: You said 3473, Chairman?
- Savage: 3473.
- Shapiro: I don't know the specifics. Chairman Savage, this is Jeff Shapiro. I could get back to you on that, but this is a retrofit type project. No. That's District 3, right. I know, I'm not wearing my glasses either.
- Kevin: This is Kevin in Elko, and it appears that 3473 is very close to budget. So I'm just not sure in the information's adding up.
- Foerschler: We're only 3,000...
- Shapiro: Yeah. I'm not seeing the 70 -- you said 70 percent?
- Martin: Well, I think I'm looking at exactly what Len was looking at. You got a bid price of 341,000. You guys are using apples and oranges in the way the contractors do accounting. You're saying your final contract value is \$580,000 versus an engineer's estimates of 443, but yet according to this you had a bid price of 341. So you ended up paying 240 grand more than the bid price. And I think what Len is wanting to know is why you did that.
- Shapiro: There's a mathematical error on this sheet I think. Well, we're going to need to look at the detail sheet, because I believe there's a mathematical error on this particular sheet.
- Kevin: Yeah. This is Kevin in District 3 in Elko, and I show a final contract of \$344,123.
- Shapiro: That's what I'm seeing. Yeah. That's what I'm seeing too on the spreadsheet, Kevin. So that might not match up with the project detail, and I apologize for that. We can fix -- we'll look into that.
- Savage: That's good news though.

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- Shapiro: Because the sheet -- Attachment A is showing that it came in at 86 percent of budget.
- Savage: I hope the next one is good news as well. I believe it is, but I just want to check. Item 3478 -- or contract 3478. It looked like there was a cost savings of around \$700,000.
- Shapiro: Correct.
- Savage: That's good news confirmed. That's all I have. Any other questions from Board members? Madam Controller or Member Martin?
- Wallin: I don't have any.
- Martin: I don't know what the appropriate time to bring up the overpayments, but in looking at the overpayments, there was a paid consultant called CM Work, who is a subcontractor to CEA, that overpaid on two separate jobs. I guess my question would be do we still use CM Works?
- Nelson: Do we have active contracts with them?
- Shapiro: Well, yeah. Member Martin, this is Jeff Shapiro, construction division. We don't have any new contracts to give any consultants. You know, we definitely need to talk to that consultant, and it's not, you know, it's just like our guys making that mistake. That's not acceptable, but I don't know if in their defense if I should say that. That was their first project with us, and some of these projects we went to some new firms to give them some experience per se, and it just, you know, it is what it is. What happened was they actually overpaid on one and underpaid on another. They had two contracts that were adjacent to each other, and they got confused as to what contract was what for a certain point in time. But still, it's not acceptable. We need to talk to them about it.
- Savage: I have a question on the overpayment too on a legal question. Is there a trigger of sort that can be noticed to the contractor that's been overpaid that we can have the monies returned?
- Gezelin: Well, this is Pierre (inaudible). Yeah. A letter should go out to the contractor identifying the overpayment and the reasons that we know about for the overpayment demand reimbursement, and follow up if there is no reimbursement with attempted collection of that amount. But there should be -- there should be a notice given to them in writing as to, you know, make a demand on them, a

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demand letter, demanding return of the money, and then attempt to collect if there is no response, or try to negotiate something.

Savage: And I hope it doesn't get to that level.

Nelson: Could I clarify...

Gezelin: Exactly. We don't want to get -- you don't want to get to my desk.

Nelson: Now, in this case, we had a consultant resident engineer that was making payments on behalf of NDOT, and so they -- that firm, CM Works, they never realized any overpayment, but they made an overpayment to a separate contractor on NDOT's behalf. So is that -- so -- so could we go back to the -- it's like an errors and omissions on a design type of contract where...

Gezelin: Well, I think you make the demand on the consultant, and tell them that, you know, they have made a mistake. Because under the contract they're obligated -- I mean, under the consultant contract to make proper payments, and to represent NDOT on their behalf, and so, you know, any overpayment that they make, they're going to be responsible for.

Nelson: I guess, Chairman Savage, what I'd like to do in this one, is spend some time with the Attorney General's office and develop a plan, if you will, a strategy for dealing with this particular case as opposed to putting them on the spot to make a decision with about five seconds worth of discussion. Does that sound fair?

Savage: Very good.

Shapiro: But I would -- Chairman Savage, I would like to point out that in this particular situation, the net was not an overpayment overall between the two contracts. It was just a misallocation. I mean, it's still unacceptable. It was just a misallocation of funds from one to the other basically. So -- and actually it was the same contractor. You had adjacent projects, same contractor. They -- just for whatever reason they got confused. Still, we need to talk to them about it. But we didn't -- we did not overpay the contractor per say. We just paid them on the wrong job a little bit. No. We ended up writing four grand more. So we still need to have accurate accounting measures when we pay. Period.

Savage: Agreed. So I think that's all we have on Agenda Item No. 7. We'll move to agenda Item No. 8. Is there's any further public comment, either here in Carson City, Las Vegas, or Elko.

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- Martin: None here, sir.
- Savage: Elko?
- Kevin: No, thanks.
- Savage: Nobody up there, Kevin. Thank you. Okay.
- Wellman: You know, maybe we should make that one of our agenda items at our next board meeting (inaudible). I'll speak loud.
- Savage: Please speak up. Can you identify yourself?
- Wellman: Bill Wellman, Las Vegas Paving. I think we just need to make that as an Agenda Item at our next working group meeting if you will, or (inaudible) meeting, and let's talk about that. Because we just got hit with one too, and by the time I found -- this is a project that's eight months ago is the last we did any work on it, and I find out about it. And now I found out how it happened, and there's really nobody to blame, it just -- it's just the process, if you will, when it goes too far, but maybe we need to find a better way to do that. So I'm sure this wasn't our first one.
- Shapiro: No, it wasn't. And actually, it was a Las Vegas Paving job. Jeff Shapiro for the record.
- Wellman: Oh, it was.
- Shapiro: Yeah. Yes, it was. That's the one we were just talking about, yes.
- Wellman: When you said back to back, there's not very many contractors that get back to back jobs, but...
- Shapiro: But for what it's worth, the construction division supports going to some sort of pay application process. I think that would help if the contractors were basically invoicing us like they do under NRS 338. That's not the way we currently do it, and if the working group would like us to look into that, we would support that, because I think that would help.
- Savage: I've always assumed that they invoiced you, so that's how much I know.
- Shapiro: What we do is pretty common to other DOTs I've worked for. The DOT employees, good, bad, or otherwise, prepare the pay estimates and submit them. I mean, a good project manager will be talking to his contractor to make sure that, you know, we're covering the cash flow issues and all that kind of stuff, and

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they're getting paid for the work they actually did, but it's pretty common, at least in my experience with DOTs, that the DOT employees prepared and processed the pay estimates without an invoice from the contractor.

Dyson: Thor Dyson, district engineer. On our jobs in district two, the REs, the inspectors, they will sit down at pay estimate a lot of times and they will review what they're prepared for the contractor to take a look at, and say, you know, does this make sense what you've done the last two weeks, because this is the invoice we're going to -- the pay estimate we're going to submit to construction division for payment to the contractor. And that's the correct partnering thing to do since that's the process we have to live by right now.

Savage: But is that industry standard throughout the nation, or, I mean, with RTC, with other CalTrans, ADOT?

Shapiro: With Departments of Transportation as far as I know, Chairman Savage. Not with the RTC. They're NRS 338, and the law specifically says, you know, the contractor will invoice and the owner has, what, 30 days to pay on that invoice -- to review it and pay it. So that's the difference between 408 versus 338.

Schneider: This Paul Schneider, Federal Highway Administration for the record. That's common throughout the United States. That is the practice that's done everywhere, all states.

Savage: Thank you, Paul. So back to Mr. Wellman.

Wellman: Again, Bill Wellman for the record. Paul is that -- do they do it on two-week intervals? Is that pretty common through DOTs?

Schneider: Very common.

Wellman: Okay. Because in our industry with the locals if you will, Clark County generates a pay estimate and then sends it to us. So we have the same issues at times, and it can go both ways. Sometimes we don't get paid what we should get paid, it just, you know, where some of the problems I see, and I certainly don't want to rant on this by any means. We've talked about this before. When you're talking every two weeks, you know, you're looking at -- by the time you're getting to the doing the numbers, it's a week later, and now you're looking at what did you produce, and when was the cutoff date, you know. It's the pluses and minuses. It's never going to be that perfect world if you will. On a 30-day cycle you take some of that out of it, if you will. Now, I'll give you an example of one that I -- and I don't

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know which one you were talking about. I don't remember the job numbers, but it was a Lake Mead out in Henderson. It was \$145,000, and it just came back as a negative to us because we paid it -- paid it back, but how I -- the result of that was, was they decided to add some additional box culvert in a drainage issue that happened to be the same size as some other that was a pay item, and they used the pay items themselves to pay for it through the process because the change order doesn't get completed, it rolls back into, you know, the chicken or the egg type thing. Do you do a change order before you do the work, but you can't stop the job to do those particular things. So they rolled that and they paid these particular items, and some were towards the end of the project. They processed a change order for those quantities and it just got paid again as a change order. And then through an audit apparently, that's where it got found out, you know. And keep in mind that it's field staff that's doing these pay estimates, which is fine. They can do them while they're there, but once they move off the job and the job's completed and the change order is processed, you know, it may get lost without being in an audit. So there may need to be -- there's got to be a letter way to look at it, I guess, and see. And that's why I'm suggesting (inaudible) get a few other contractors involved.

Schneider: No, I agree.

Savage: So the next liaison meeting is in June, I believe, the 20th of June. So your proposal, Bill, is to take it to that level first (inaudible) CWG after that.

Wellman: It's my suggestion, just -- and let the contractors and NDOT try to air it out a little bit. This is not one that we've talked about.

Dyson: Thor Dyson, district engineer. Jeff, is electronic documentation moving...

Shapiro: We are still moving forward with that, yes.

Dyson: So is electronic documentation going to be successful in assisting in some of the these issues with payment of quantities and pay estimates?

Shapiro: Jeff Shapiro. Well, some of this is going to be my opinion. I know it's going to help out with the close out process, because the computer is going to do all the mathematical work. In theory it should reduce some of the human error elements because humans are really only touching it once. But as Member Martin pointed out several months -- or several meetings ago when we were talking about this, the information -- the process is only good as the information that people input

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into the system. So whether it's a paper-based system or a computer system, garbage in is still garbage out. So that's something, you know, you need to...

Dyson: But the mere fact of handling once as opposed to multiple times will certainly reduce those kind of issues.

Shapiro: The good thing about the system that we were implementing right now is it has a - it won't allow to pay past plan quantity without some sort of override system. Our current system isn't quite that restrictive.

Sizelove: Sophisticated.

Shapiro: No. I don't want to use the word sophisticated. Our current system will pay whatever you put into it pretty much. This new system won't let you pay over plan quantity without an override.

Dyson: And how old is our current system?

Shapiro: 1999-ish. I was told it started -- that's when I started -- yeah. It's pretty old. So, I mean, parts of it will still exist, but -- well, the paper-based system is much older than that. But anyways, you know, so I think it's going to get better, but we still got to make sure we stress upon everybody accuracy is key, and if you, you know, you got to put in those quantities accurately.

Savage: Okay. Is there any other public comment here in Carson City? Okay. Then we'll take a motion to move to a closed session. Do we have a motion?

Martin: So moved, Chairman.

Wallin: Make a motion to moved to closed session.

Savage: We have a second, Madam Controller. All in favor, say aye.

Group: Aye.

Gallagher: Mr. Chairman, while you're still on the record, just for the public to note that the closed session is solely for the purpose of the committee (inaudible) from counsel regarding threatened on actual litigation, that there will be no decisions made during the closed session. It is for receipt of information only, and that after the end of the closed session, the committee will come back into public session for the sole purpose of adjourning.



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Savage: Thank you, Mr. Gallagher. And I will take a motion to adjourn the CWG meeting for May 13, 2013.

Martin: So moved, Chairman.

Savage: Do we have a second?

Wallin: Second.

Savage: All in favor?

Group: Aye.

Savage: Meeting adjourned. Thank you.

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Chairman Len Savage  
Bill Hoffman  
Anita Bush  
John Terry  
Rick Nelson  
Felicia Denney  
Tracy Larkin  
Frank Martin  
Sharon Foerschler  
Paul Schneider  
Jeff Shapiro  
Megan Sizelove  
Reid Kaiser  
Bill Wellman

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Savage: Member Martin, I had noticed the same, and I think we just have to reassure the Department to maintain the accountability of the outside consultants and look forward to further follow-up and Tracy at future meetings. Does anyone around the table have any comments or input they would like to...

Hoffman: Chairman Savage, I'll make a few comments. This is Bill Hoffman, Deputy Director. I do believe that those comments, going back to what Member Martin was talking about, I think internally there is this perception that, you know, it is a little bit more difficult with outside consultants just in terms of knowing the NDOT internal business in terms of design. But as I mentioned this morning in the Board meeting, there is very serious concerns and we are taking steps in the direction of trying to do a better job with engineering estimates within the Department.

Now, as John Terry mentioned this morning with the chip seal projects, that's a tough project to estimate when you have all that mobilization. You have separate roadways, separate road segments that the contractor is going to have to travel to. So we are very much aware of this. Not quite sure how we then go about reporting back, as you're talking about, but we are certainly aware of it and are very interested in trying to improve that discrepancy that you guys are noticing between the engineer's estimate and the actual bid amounts too.

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But one thing to consider, another thing that we're trying to capture is the total construction cost for the projects too. So there is an engineer's estimate and there is a low bid that is presented in a lot of these projects, but it's not necessarily total construction cost when all is said and done and the contractor moves off site. So those are some things that we certainly need to balance and keep track of as we move forward to try to hone in on this accurate total construction cost.

There's a lot of moving parts. It's a little bit more complex than just, "Hey, why aren't you hitting the target?" But we're very aware of that and we are taking steps to try to improve that internally.

Savage: Yes. Thank you, Mr. Hoffman. But for clarity purposes, when we see the engineer's estimate...

Hoffman: Mm-hmm.

Savage: ...that is for construction estimate purposes only. That doesn't have to do with any other engineering services or in-house costs. That is not the total.

Hoffman: That is correct. That is correct. That is only for...

Savage: The construction.

Hoffman: Did I -- well, it's for bidding purposes mainly.

Savage: Yes.

Hoffman: Yes.

Savage: For that specific scope of work...

Hoffman: Exactly.

Savage: ...only.

Hoffman: Yes, sir. That's correct.

Martin: The other thing, I think, that was unclear today, especially in that chip seal estimate, we all know how oil prices can fluctuate very rapidly. What's the average timeframe between when the engineer estimate -- provides his estimate to when the job is actually bid? In this case, was it six months? Was it three months? Four days? Or what's the average timeframe between the engineer's estimate and the bid date?

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Unidentified Male: Six weeks.

Hoffman: Yeah, six weeks. Well, this...

Bush: Well, it's -- this is Anita Bush, Chief Maintenance and Asset Management Engineer. And we have put a lot of chip seal contracts together prior to the Design Division taking over putting these contracts together. But what happens is we look at, in your database, whatever was the current price for those chip seals. And then also we have an open term contract for our State forces where we purchase these oils.

Savage: Mm-hmm.

Bush: So we make an estimate based on those numbers. However, if the contract goes out in July, we have to think about that they are going to be constructed in the next season and the oil prices fluctuate so much that, you know, the contractor has to put some kind of a risk factor to compensate, you know, how much it is going to go up or go down. What we have the study doing is -- recently that we are putting an escalation cost in for (inaudible) and that's new. That Department is -- that's a new step that the Department is taking to avoid that risk factor, so, you know, because it increases our prices most likely.

Savage: Mm-hmm.

Bush: So we are doing that. So everything that has over 500 (inaudible), now we are going to put the escalation in there. Because, once again, you know, if you advertise now, those contracts are going to be most likely started next construction season.

And also since we are talking about this topic, I wanted to give a heads up on Contract 3548, and that's a rubberized chip seal that you're going to see on your Agenda next time coming around. Because the estimate was \$691,000 and the lowest bid was \$1,147,000. And since it's a rubberized chip seal and, again, it went out late in the season and there were two new items in that contract that we really didn't have any basis to estimate on. That's -- and, you know, there was a lot of discussion if we should award or not award. But finally we made a recommendation with District 1 that we should award, after talking to the contracting community to try to find out the reasons why our estimate was so far off. And we found that really we didn't really have a good estimate. The Department didn't have a good

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estimate and just again because it's a new process. This is -- you know, we have never had the rubberized chip seal bid out before.

So you will see that on your Agenda. I just wanted to give you a heads up, because you will see that. And since we are discussing that, I didn't want you to be caught off guard that, you know, again, there is another contract that that happened.

Savage: I thank you. And I think there needs to be come clarification because 338 is different than the 408 guidelines that the Department runs under. And the 338 does have a threshold 10 percent accountability for projects for -- or for Public Works projects, and 408 does not have that 10 percent. I wanted to make that clear if the -- if everyone is in agreement to that comment.

Terry: We do have...

Martin: That's a great point, Len.

Terry: ...(inaudible) the ability to reject a bid if it's over...

Nelson: You need to announce yourself.

Terry: ...a certain percentage over. But we don't -- that doesn't mean we do. It just gives us the right...

Nelson: You need to announce yourself, John.

Terry: John Terry.

Nelson: You just come up as an Unidentified Male in the minutes.

Hoffman: He likes it that way.

Terry: John Terry, Assistant Director of Engineering. So we do have an amount in there, but it is -- you're right, it's not legislated...

Savage: Yes.

Terry: ...that we have to do it. And frankly often, even though the engineer -- the bids come in over the engineer's estimate, we still award. We have the right not to, but it's pretty rare that we don't.

Savage: Mm-hmm.

Terry: But we do look at it...

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- Savage: Mm-hmm.
- Terry: ...much more seriously when the bids are over the engineer's estimate.
- Savage: Thank you, Mr. Terry. Any other comments from staff or administration? Thank you, Tracy. So we will move to Agenda Item No. 5, biweekly versus monthly payments to the contractors update.
- Nelson: You know, this is Rick Nelson, you know, we had this on our Agenda for quite some time. And this sort of stems back to the discussion between NRS338 and NRS408 and how we go about the process of paying our contractors. Six months ago, maybe a little longer, Felicia Denney from Financial Management came and made a presentation to the Construction Working Group regarding the impact that monthly payments versus biweekly payments, which is the way we normally -- we traditionally have paid our contractors, the impact that would have on our cash flow as you look at things through the course of the month. And she can talk to that a little bit.
- But based on that, what we've done is we've put a small taskforce together, if you will, to look at what kinds of impacts there really would be to the Department and contracting community if we were to switch to a monthly payment cycle, which 408 allows, and what kind of impacts that would have to the contracting community. So this is an opportunity for them to sort of brief on their progress so far. We've asked for that recommendation by the end of the year of whether to move forward with a monthly payment or not based on the evidence that they've uncovered. And so maybe, Felicia, you would like to start just a little bit and then share. And then Megan can sort of fill in the gaps.
- Denney: Sure. Felicia Denney, Chief of Financial Management Division here at NDOT. And what we did is real quickly we looked at fiscal year '12 and looked at the week end cash balance for the whole highway fund and tried to do a little study to determine what would happen if we paid monthly versus...
- Savage: Mm-hmm.
- Denney: ...every two weeks as we currently do. One big factor to consider is that when you pay every two weeks, you are making 26 payments a year. So that means two months out of the year you're doing three contractor

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payments in those months. And then, also, thanks to our efficiencies we have internally in accounting and the Federal Highway Administration, we receive our federal reimbursement on any federal project, a portion of that, about four days after contractor payment. So that is a pretty smooth process. It really doesn't impact cash flow a lot.

However, probably some of the biggest deposits into the Highway Fund come from collections that the Department of Motor Vehicles receives. We have driver's license, vehicle registration, motor carrier, special fuel and gas tax, with special fuel and gas tax being the bulk of the deposit. Every month we receive about 35 million into the Highway Fund from those sources. And we receive about 7 million in the first half of the month and the bulk of the remainder, 28 million, at the end of the month, and sometimes not until the last day of the month. In past years, there were even months where we didn't receive it until the prior month, due to computer glitches or things happening.

So when we looked at the data, paying it month end, we have already received our DMV deposits. And so that was a plus to us. The only negative impact was you would wait longer to get your federal reimbursement until maybe the next month. But, again, you're talking four days, so it's not a big deal.

So on average when we looked at the week end cash balance, it would average about \$17 million higher each month. And there was one month, probably a three contractor payment, where we would actually have a balance of \$53 million higher in that month. And then when we also looked at our minimum balance over the month, paying once a month, we have on average of \$12 million more, with the biggest fluctuation being about \$36 million more. So it definitely smooths out our cash flow.

We also looked at if we were to transition, when the best point would be. And we figured that you would want to do that in the winter months, because the contractors are being paid less. They would have less of a painful transition and then also it would be easier on NDOT, because we're making lower contractor payments. So that was pretty much what we uncovered in our study.

Savage:

Thank you, Felicia. And that's from the accounting side. Has anyone talked to the RE's and the contractors regarding how much time it takes

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currently to process these payments from both sides versus just, again, getting back to putting the road in?

Nelson: Well...

Savage: Percentage. Just a rough percentage of a 30-day time line per month. Are they spending 20 percent time or 25 percent of the time? Is there any order of magnitude that anyone can guess at as to what...

Foerschler: Sharon Forschler, for the record, Assistant Construction Engineer and I am kind of spearheading this task. We have not looked at those details yet. We kind of broke our task down to have a deliverable to the group by the November meeting. We looked at internal processes and what that would do to the Department internally. Our next phase is to go out and talk to the external stakeholders so the contractors, the controllers within the contractors, et cetera.

What we found in-house was that we are perfectly within our rights. It's allowed by NRS. It's already in our silver book. My thoughts are right now we process payments biweekly, so you are going to take that level of effort out of the internal work, if you will. Externally, I'm not sure because we haven't gone into that detail with the contractors yet. That's our next step. My guess would be, in our office -- and I have some of that information in here for you. But just my opinion, of course, so it was taken out, it would probably cut down our workload in the admin section of the construction office, which are the ones that actually push the buttons to pay the contractors, if you will. It's going to decrease that timeframe. And they spend two weeks out of every month preparing contractor payments. So in my opinion, you're going to save 50 percent of that level of effort. That's not their only job duty though.

Savage: No, absolutely.

Foerschler: So...

Savage: And you have more oversight...

Foerschler: Right.

Savage: ...when you have more time.

Foerschler: Right.



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Savage: And that's a good thing.

Foerschler: Right. I do know we brought this up at the last AGC meeting, which was roughly one month or so ago. And it wasn't overwhelmingly received. Yes, we'd love it. We heard some grumblings. They don't say too much at those meetings, but afterwards heard some grumblings that they may not like that. So that's our next phase. We can certainly report at the next meeting. You know, we'll have a full report actually for you guys with recommendations and then how the group wants to move forward from there. So that's kind of where we're at.

Nelson: Again, Rick Nelson. I think some of the interesting things that are spinning up out of this, you know, when we go to a monthly contractor pay, you know, if the contractors are used to being paid biweekly, of course, this is going to impact their cash flow, just like it impacts our cash flow. And that is certainly something that we need to consider and be aware of as we make this decision. You know, we've got a lot of stakeholders, external stakeholders out there as well. And I think how we impact their operation is going to be a really important thing for us to consider, not just our own internal cash flow. And we're going to dive into that.

One of the things I asked Jeff Shapiro to do as we were getting ready just to sort of see how we stack up against the other state DOT's. And he put together a very small survey, Survey Monkey, that's included in your packet and asked just three straight-up questions. The first one was, "How often does your State DOT process pay estimates to its contractors?" And we sort of thought the split was going to be a little different, but almost half of the states that responded -- we had 37 states respond. Not quite half of them said they pay monthly. So it's not really out of bounds to sort of be thinking about that.

The second piece to this, and when you talk about the time and energy it takes to process a pay estimate, a lot of that comes in documenting the amount of work, reconciling differences between the contractor and the state and, you know, the amount of bid item work that was accomplished. In looking at NRS408, it talks about the ability to pay the contractors based on an invoice. And what that implies is that the contractor would give us the source document or the payment and we would verify that, as opposed to the way we do it now where we create the source document and the contractor can verify it.

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When we asked this to our other states out there in the union, it was pretty resounding that the state provides the source document. They don't go based off of an invoice that was provided. So that's just -- you know, that's something to think about. And of course, the third question was, "Do you represent a state?" And of course, all of them did, because that's who we asked. So we got 100 percent on that one.

So clearly it can sort of go either way whether you pay monthly or biweekly, but there's almost unanimous consensus out there that the State generates that source document. So we are going to see -- it takes us -- I have asked them to look at how the other local units of government bill and pay, so we don't get way out of bounds with respect to how the rest of the State goes about that process. We don't want to come up with anything that is going to be, you know, onerous or, you know, that's widely different from the kind of industry standard that they see with the rest of their owners within the State. So is there anything else you would like to add to that, Megan or Sharon?

Sizelove: No. I just thought this, meaning essentially was just -- our goal was just to announce kind of our findings internally, which Sharon went over (inaudible) as well. That internally there doesn't seem to be a lot of concern about moving forward with researching the option. Now it's just focusing on outside.

Larkin: This is Tracy Larkin. I've had just some general conversations with AGC and some construction firms. Basically, the once a month for the firms was not really a big deal. One area of concern that came up though was how it might affect DBE's and smaller businesses, particularly in the rural areas. My understanding, if I am interpreting it correctly, is that the prime or the general would have to carry, basically, the DBE's or the SBE's particularly in the rural areas, that most of them would not have sufficient cash flow to do a large job or a job for the month. So that's one area of concern. That's really about the only area of concern I've heard back, and I don't know how much that applies. And I'm sure that Sharon and Megan will find more as they investigate it, but that is the one thing that's come back and pretty consistently.

Foerschler: Yeah, Sharon Foerschler, for the record. We found the same. And all the NRS's and as far as pretty much to state that the subs should get paid 15 days within payment to the (inaudible). So you could be looking at --

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depending how the pay cycles work, you could be cutting off your monthly estimate, if you will, a week before they're actually done with the work -- they finish the work. So they're looking 45 days maybe from day 1 of their work until they actually receive payment. So we are concerned with some of the smaller firms that that would have a negative impact on their cash flow. And we have heard -- I have heard the same. I don't know that I have anything else to add. Like I said, we just kind of went internally, but you should have a whole load of information at the next meeting, so...

Savage: Thank you, Sharon. Thank you, Megan. Tracy, just to comment from the outside perspective, I'm going to be very interested to see what other State entities do the invoicing rather than the contractor or the buyer, which standardly does the invoicing and what we're used to. I'm going to be interested to see if any other State departments or entities that do their invoicing like the Department of Transportation does.

Foerschler: Well, I can tell you -- Sharon Foerschler. Based on the survey, we had 37 responses, only one has the contractor provide an invoice. But we will be looking further into that.

Savage: That was one state.

Foerschler: One state, right.

Savage: But I'm talking about the state -- I'm talking about within the State of Nevada.

Foerschler: Oh, within the state. Got you.

Savage: Within the State of Nevada, I think it's common practice that the purchasing entity, whoever that might be, sends an invoice to the State, Public Works, for example, or Purchasing or Department of Prisons or whatever it might be. But I would be interested to see how that comes out.

Foerschler: Well, and Sharon Foerschler again. We are pleased with the progression of our electronic documentation. With electronic documentation comes a platform for the contractors to be able to go in on a daily basis and see what we're entering for payment.

Savage: Mm-hmm.

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Foerschler: So we're hoping to go live with that towards the end of the year, contract by contract. But that will allow us if, you know, a contractor wants to see. Right now we have a lot of concern -- or there is concern, I should say, in how we document things versus how the contractor documents things. And when you come up with your discrepancies and quantities...

Savage: Mm-hmm.

Foerschler: ...if you will, well, with our new electronic documentation, they can see at a snapshot at any particular point in time exactly what we're documenting.

Savage: Mm-hmm.

Foerschler: So we're hoping with that process that will flush a lot of this out. But we will definitely look too.

Savage: Yeah, I think the e-documentation is going to be very advantageous once it's online. And secondly, I would be curious, when you're talking to the general contractors, as to whether or not the subcontractors and the vendors are being paid biweekly as they currently are now. I would bet that they are not, but that would be an interesting fact to hear. Thank you, Sharon. Member Martin, Las Vegas.

Martin: Oh, man, you know me, Len, I love this subject. First of all, Rick, I have an utmost amount of respect for you, but you're being way too soft and fuzzy on this deal. We've been working on this for a year and we haven't gotten anywhere with it yet. It's within the NRS statutes to do it. I don't know why we haven't done it already. And to have the contractor fill out his pay request form, I have worked from Louisiana all the way to the Pacific Ocean, and there is nobody I have worked for in any one state, and that goes all the way up into Montana and Wyoming, that the state fills out the pay request form.

As far as the minority guys and so on, I work on jobs where I have to have 70 percent small business. I have a \$50 million contract, and \$35 million of that are certified small businesses. We get paid once a month, period. And everything seems to work just fine. Do I have to help one of them once in a while? Absolutely. But that's the rules of the game that I have learned to play by.

And so like I said, Rick, I love most everything you do, but you are being way too soft and fuzzy here, as far as I'm concerned. We need to take a

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stand and do what's best for NDOT and what's best for the State of Nevada. And I think paying once a month -- we already heard from the Finance people what a change it makes in our cash flow. And if it works for the federal government and it works for every other department in the State that I have worked for anyway and every county, I don't know why we're refusing to be the -- or why we're trying to be the last bastion of doing it the way we've always done it for 25 years.

As far as all the other states filling it out, maybe Nevada needs to -- filling out the pay request, maybe Nevada needs to step up and be an industry leader for a change instead of doing what everybody else does. We're not going to lose any contractors over this, guys. We are not. And I just go off of my industry which, of course, is vertical. But we all play by the same rules. When we know what the rules are, you have to adjust. And so is Las Vegas Paving going to stop bidding one of your jobs or Aggregate Industries or Granite or any of the rest of them? No, not a chance.

So I would encourage you to get this thing going and let's get something decided. It may well be that the Board decides to stay with the way it is, and that's fine. We just got to get it off the table. We've been talking about it too doggone long. That's all I got, Len.

Savage: Thank you, Frank. I appreciate your passion on the matter. Mr. Nelson, any comments?

Nelson: Well, I guess the -- with respect to moving forward, you know, there was discussion that, you know, this is how we've done it for a long time. And there's this big machine with lots of gears. One of the advantages -- not advantages. One of the tasks that Sharon and Megan are facing right now is to go through and find out exactly all the parts and pieces that would have to change in order to switch to a monthly payment. And so this exercise that we're going through here between now and December isn't waste of time, because as they engage financial management and accounting and the field crews and the contractors, I think it's important we know all the different places that we're going to have to touch to make this change. And we will put Member Martin down as a definite yes for the recommendation to move forward. But that's really part of the process that they're tasked with right now is to just go sure and -- go through and make sure that everybody that has a part to play in this, you know, that we understand what it is they do and when they...

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- Savage: The cause and effect.
- Nelson: ...why they do it. Because one thing I have discovered is every solution has a problem, and we want to try to get those all sorted out on the front end as best we can.
- Savage: Okay. Thank you, Mr. Nelson. Any other comments from administration or from staff on this issue? Okay. Then we will move on to Agenda Item No. 6, old business. Beginning with the Construction Working Group task list.
- Nelson: Yes. It came through loud and clear during the last meeting that there was concern with respect to follow through on different tasks and assignments and that sort of thing. So in order to add some clarity to this and some accountability, I've created the Construction Working Group task list, which is Attachment A under Tab 6. And what I did was I went through the last three Construction Working Group meeting minutes and tried to identify all of the different promises and commitments that we had made and put them into an Outlook task list. And there are several on here. I would say if I have forgotten or neglected to put something on, please let me know. Because this is the document by which we will go through and make sure that we do follow through.
- So just to take a real quick pace, a real quick step through here, if that's okay, I would like to talk about each one of these a little bit. I know Jeff is on the phone and one of these has to do with overpayments, and he does have a presentation he would like to make with that, so...
- Savage: I thank you, Mr. Nelson. But I think it would be a good idea if we go down each task and get a current status of where we're at.
- Nelson: That's what I was hopeful to do.
- Savage: Okay. Well, we'll go to Jeff. Mr. Shapiro?
- Nelson: Well, no. Let's just start at the top of the list and work our way through. At the last CWG meeting, Yvonne, who runs our DBE program, mentioned that FHWA conducted a process review of our good faith effort. I don't know if Yvonne is here today to talk about that, but we promised we would get that to you. Do you know where we might be with the status of that?
- Savage: It's enclosed.

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- Nelson: Well, no. That's something different.
- Schneider: We are in the process of developing the draft document. Our process with -- Paul Schneider, for the record. Our process with NDOT is when we agree with them on a program to review to make sure it's meeting federal requirements, our staff meets with their staff. We go through reviewing the information that we need to review to make that determination. Then we send a draft document to Rudy's office. And then we meet at his leadership team. We come up with resolutions to any findings that we have, and then we submit it to final. And then we follow through on the resolution. So right now we're in process of developing that draft document. Well, before the next CWG meeting for sure, but, hopefully, before the next Board meeting we will have submitted the draft document with our initial recommendations to Rudy's office by that point in time.
- Savage: And for clarity purposes, Paul, this is other than construction as well.
- Schneider: Kind of. It's primarily construction. There are good faith efforts on consultant contracts. I don't know if NDOT has set them at this point in time. So the crux of the -- or the major portion, probably all of this review was simply on good faith efforts on construction contracts only. I think we also reviewed information as far as what NDOT is doing to track the utilization of DBE's during construction of contract after it's awarded. So it has both of those components.
- Savage: Okay. Thank you, Paul. Mr. Nelson.
- Nelson: So the second on the Agenda or on the task list has to do with the distribution of the RE survey results. That was a request that the CWG...
- Savage: Yes.
- Nelson: ...had and that was distributed as part of Item No. 4 in the Agenda. So we will mark that off as done.
- Savage: Yes, that's done.
- Nelson: The next one, monthly contractor pay, again, that's on the task list as something we're working on. Briefing was just done there, so that was Item No. 5.
- Savage: We should itemize these numbers too.

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- Nelson: Yeah, I'll put numbers on these next so we can -- there was a response to the question on consultant audits. This was a question that the Controller had posed. Mr. Hoffman responded to that by email, and that's the next attachment, Attachment D in your binder. It was an email to Controller Wallin. I don't know if you had a chance -- if you had any questions about that or not.
- Savage: I did not.
- Martin: I do. This is from City of Henderson. I thought that this item that we were talking about was consultants.
- Hoffman: Chairman Savage, if I may?
- Savage: Mr. Hoffman.
- Hoffman: For the record, our internal audit division, they audit all of the agreements, or I would say the majority of the agreements, not necessarily contracts, but agreements that NDOT enters into with local agencies, consultants, service providers. This just happened to be one of those agreements with the local public agency. So of the 740,000, I believe, 740...
- Savage: 770.
- Hoffman: 770. Thank you. That was the only portion left that you saw of -- I think it was 132,000. I don't have the -- I don't have that email right in front of me. But we had collected all but that portion and we were working very hard to do so. But it does -- it would include some consultant agreements, or the vast majority of the consultant agreements that we would have audited in that fiscal year, Member Martin.
- Martin: Okay. I got you now. I'm sorry, Bill.
- Hoffman: Oh, that's okay.
- Savage: But this memo does not incorporate the contractor overpayments, reimbursables. No, that's a separate issue.
- Hoffman: Yes.
- Savage: Okay.
- Nelson: And that brings us to Item No. 5, which is the report on contract overpayments. Jeff, are you still there?



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- Shapiro: Yeah, I'm still here. Can you hear me?
- Savage: Yeah, it's your turn.
- Savage: Before we go to Mr. Shapiro, I would just like to leave the prior item open so Madam Controller Wallin would have the opportunity to comment. I'm sorry, Mr. Shapiro. Go ahead.
- Shapiro: Chairman Savage, thanks. Jeff Shapiro, for the record. I did have a little bit of a brief presentation. This is kind of a challenge though over the phone because I can't see facial expressions, so I can't tell if I'm putting anybody to sleep or not. I did not want to rehash what was in the memo. There's a memo in the packet where I try to discuss or where we try to discuss contract overpayments. Now, the bottom line in an audit, if we identify an overpayment of quantities, we bring those quantities back at the final pay. So that's the bottom line.
- Now, attached to the memo that includes a couple of fairly recent examples is a copy of a final balance report for Contract 3462 -- listing the quantities of cycle column, you'll see 1800 across from the (inaudible) milling with a minus sign behind it and then the plant mix (inaudible). It's hard for -- it's hard to see because it's a copy. There's 1,959.3 tons with a minus behind it. That's the final balance report subtracting those overpayments out of the system. And in this particular case, it's unfortunate, but what it does is it generates a negative estimate if you look on the last sheet of \$201,885, I believe, is what it says. The print is kind of small.
- So, you know, the bottom line is we do -- when we identify those, it's unfortunate, but we do get those quantities back. And I wasn't sure if the Board and group members had any questions on what I wrote in the memo per se about the recent examples. Those are all ones we're getting quantities back on.
- Martin: And, Jeff, just to be clear, this include -- does this include -- I can't remember the contract number where our outside consultant authorized overpayments of, I don't know, was it 87,000 or something like that to a contractor who had already been closed out?
- Shapiro: No. That's -- Member Martin, no. That's the 3462 is the contract you're referring to. It was a -- misallocation isn't the right word. He paid for the wrong plant mix on the wrong contract. That's basically what it was.

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- Savage: Are you sure it was 3462?
- Shapiro: There were two contracts. One was 3460 and one was 3462. That's my recollection, yes, sir.
- Savage: I thought it was 3267.
- Shapiro: No. 3267 was our own in-house staff. That was a similar issue with an overpayment, double payment of plant mix. I did not make a copy of that final balance report because it's a little bit bigger than the one I included. I was trying not to -- but it's in there. It's listed as one of the examples. That was not a consultant job. That was an in-house NDOT administered contract.
- Savage: But I might be confused here. I thought we were talking upwards of 400 to \$600,000 on one of those contracts. Maybe I'm wrong.
- Shapiro: Chairman Savage, Jeff Shapiro again. At the time we were -- and that was just the overpayment. That doesn't include -- we were talking about that specifically. Now, when we do a final, final payment on these contracts, we audit the entire contract. And sometimes there's subtraction, sometimes there are additions with amount due. And then the net is, you know, as in the example, the net is, in this case, \$200,000.
- Savage: Because I know...
- Shapiro: But the net on this Contract 3267 was \$149,000.
- Savage: But with the magnitude of the dollars of the 400,000, the 600,000 of the overpayment, there was one project that was close to the statute of limitations, I believe, that we discussed and...
- Shapiro: That's 3267, yes, sir.
- Savage: Yes. And where do -- what's the status on that contract for getting reimbursed to the State of Nevada?
- Shapiro: I don't know. The admin section might now. I don't know if we received a final check, but that contract has been closed out and they've been sent a bill for \$149,000 and change. But they knew it was my coming. It was my understanding RHB was going to write us a check.

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Savage: Excuse me for my ignorance here, Jeff. I am confused between the 400K and the 150K.

Shapiro: Chairman Savage, my recommendation would be that next time we have a Construction Working Group meeting or we can meeting separately too, I need to show you the final balance report and some of the documents that go with it. Because I know a lot of people were talking about a specific double payment on a specific item, but there were other factors involved with that final estimate that balanced it out to a certain degree. And the end result was a net of 149,000 and change.

Savage: I think that would be beneficial if you could take time between this meeting and our next meeting to possibly stop by the office and we can go over a couple of those issues. That would be helpful.

Shapiro: I would be more than happy to do that. But other than that, you know, there's -- I can go upon my own personal experience, because I had personally overpaid a contractor myself. I don't know if the Working Group would find that valuable or not. It's kind of a speculation for me to talk about a lot of other contracts, other than when we find them in auditing, we take the quantities back, as I show in the memo here. But part of it has to do with our paper-based system, which Megan hopefully or somebody has an example of what I used when I was -- we were making presentations to the steering committees on our technology investment request for electronic documentation. And those are documents from a Reno project. Megan, are you there with that stuff?

Sizelove: I am. I'm making (inaudible).

Shapiro: And that -- yeah, that pile represents one contract on one pay estimate. And, you know, the bottom line, the Cliffs notes version of this is the paper-based system with the -- we transcribe -- we write numbers in the one book, then transcribe it into summary sheets and then transcribe it into a turnaround document and then enter it into a computer. There's just numerous opportunities for error. And it's also one of the reasons why it's so labor intensive right now.

And we're seeing there's a lot of things we can do to fix that and minimize those opportunities for error. But one of the things I'm really excited about is the electronic documentation system that we're implementing, the ASTRO field manger system, I'm one of the testers and I'm literally trying

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to make it overpay and you -- we are tightening -- you can tighten the controls down where it's almost impossible to do it. So it's -- you know, that's one of the things that I think is going to help us in this overpayment issue. And, you know, like Sharon mentioned, the transparency. The contractors are going to be able to see on the system too what's being paid, what's being not.

There's a lot of opportunities as I mentioned in my memo. Training, you know, we do a good job of training the technical aspects of preparing estimates. But I don't -- you know, when I think back about it, I don't know if we really train our managers on some of the things that can influence estimates. One, you know, staff changes, working on projects with multiple shifts. When an inspector calls in sick, what do you do? Sometimes -- I have learned from the hard way, sometimes staff changes can mess up your books, for lack of a better phrase. And I don't think we really -- we can do a better job of training the managers to keep that in mind whenever inspectors are moving around and whatnot. But other than that, that's my interpretation.

Savage: Thank you, Jeff. And I thank your staff as well. I know it's been a concern of the CWG. And I think it's important to clarify there is a sentence in here that there were only eight contracts, which related to four percent over the last five years, that there was overpayment on the project. So we're talking about a four percent total. And I think that everyone is well aware of the transparency and the payments and I remain positive in moving forward, so thank you.

Shapiro: Right. Unfortunately though four of those eight contracts seemed to have popped up in the last year, so it's something that we're going to do better at.

Savage: Yeah, I think we're back on the game. And are there any other comments from around the table, any input statements or questions from any -- no. Okay. Thank you again, Jeff and Megan. I appreciate your help. Thank you.

Nelson: Okay. So, again, Rick Nelson, No. 6 on the list was the PowerPoint presentation that Yvonne spoke from during the last meeting. We thought we had transmitted it right after the meeting, but there was some question of whether or not it actually made it out to everyone. So we included it in the packet. Unfortunately, she is not here to answer any questions that you may

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have from this presentation. But if you do, we can either put it back on the Agenda or...

Savage: She actually -- she gave the presentation...

Nelson: ...just leave it on the list. She did give the presentation. Yes.

Savage: ...in the May meeting. And this paper copy was for record purposes.

Nelson: We just didn't have the slides. Okay.

Savage: So I think we're okay, Mr. Nelson.

Nelson: Okay. No. 7 was distribute the minutes from the RE meeting, which was done during Tracy's presentation on Item No. 4. Item No. 8 on the task list had to do with the FHWA program review on project closeouts and inactive funds. That's been done and it's been included in your packet. Mr. Schneider from FHWA is here, if maybe you want to just give a quick little recap or if there's questions associated with the report. I know it's 35 pages of great reading.

Schneider: Paul Schneider, for the record. Thank you, but no thank you. If the Construction Working Group wants a summarization of it, FHWA did release it and we did provide it to the Nevada Department of Transportation. FHWA leadership hasn't taken any action on the recommendations that are included in the report. But we would be glad, at the next CWG meeting, to give a little overview of what the findings were. I forget what -- six dates, I think, were reviewed in it, at least.

Group: Yes.

Schneider: And it's got, you know, it's got findings. Of course, we whitewashed it so there's no discussion of what we found in any particular state, like, State A, we found...

Unidentified Male: Yeah.

Schneider: ...this. But there were recommendations as far as regulatory changes to be made, policy changes to be made to help all of us get our projects closed out more quickly. So if you want a specific presentation on that, believe it or not, I read it in May and, you know, it's not right at the tip of my tongue anymore what the findings were in there and what the specific...

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- Nelson: Well, and I think the important thing that you mentioned is this is a national project closeout review, not an NDOT specific.
- Schneider: Mm-hmm. Right.
- Nelson: So while, you know, when I read through it, while you may think, oh, I think you're talking about us, well, maybe not, it doesn't really specifically call things out. And I think as far as guidance goes about how we can do, it's kind of if the shoe fits, wear it.
- Schneider: Right
- Nelson: Here's what you can do. So anyway, the CWG had asked for that.
- Schneider: Mm-hmm.
- Nelson: And so here it is.
- Savage: Thank you, Mr. Schneider. Personally, I think that we have the copy. I think that the obligation has been fulfilled and I am satisfied...
- Schneider: Okay.
- Savage: ...to this point. And we can always refer back to this report if we need to. Member Martin, do you feel there's any need to have a presentation at the next meeting?
- Martin: No, sir, I don't.
- Savage: Okay. So you're off the hook there, Mr. Schneider.
- Schneider: All right. We'll follow up. If FHWA leadership makes any final decisions on policy, that they will be provided nationally to the states or whatever, we'll follow up and give you that information.
- Savage: Thank you.
- Nelson: Okay. Item No. 9 was a question that was asked regarding residency requirements. And that rests with our AG representative. I don't know if we can expect anything in writing or just some discussion about it. They don't like to put things in writing and we don't like them to, because then we have to live by it, so...

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- Gallagher: Actually, it is in writing in this particular case, but it suffers from OMD, on my desk. It should be to the members of the committee here within the next couple of days.
- Savage: And what that pertains to, if I can just elaborate a little bit, it was noticed that in Lander County, the Lander County Courthouse was out to bid on a Public Works project. And it required that the architectural firm be staffed from the State of Nevada and owned by a Nevada resident. And that's the clarity that we can look forward to. Thank you, Mr. Gallagher.
- Nelson: Last on the list, in reviewing the minutes, there was some discussion at a past CWG meeting about getting our payments to prime contractors posted on the web. I don't know, Jeff, if you want to talk about that or if Megan -- oh, Megan raised her finger, so you're off the hook.
- Sizelove: Megan Sizelove, Construction Division. I can give a positive report here. We're currently in the testing phase of being able to upload -- automatically upload the contractor pay report. Internally, we know that (inaudible) report and posting it on the website so that the contractors and subs can get in, filter through by contract number and find out what the status is of those payments every two weeks.
- Savage: And was this discussed at the industry liaison meeting?
- Sizelove: I'm not sure if it was.
- Nelson: I don't know if there was a specific item or not with respect to that at the liaison meeting, but I do know it's been talked about to go into a set of minutes and find out what meeting it was. I don't know that I could do that. But it seems to me we have been talking about this for a while as a way to help payments to subs and some of the other pay issues that pop up.
- Sizelove: And I would imagine, by the end of the month, we'll be done with the phasing -- the testing phase and be able to move forward with...
- Savage: Okay. Very good. Thank you, Megan. Mr. Nelson.
- Nelson: To wrap this up, we sort of have some standing task list items. One is forwarding on the minutes of our meetings with the AGC. And the last tab in the book is the Agenda and the minutes from our last AGC NDOT Committee meeting, which occurred on the 12<sup>th</sup> of July. The minutes of the

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April meeting are attached to that as well. As these come up, we will pass them on to the Construction Working Group.

One of the other standing items has to do with training and meetings and so on. We just recently hosted the AASHTO subcommittee on materials meeting at Lake Tahoe. Reid posted that on behalf of NDOT. And the Controller, who is a member of the CWG, made some opening remarks at that meeting. Reid, would you like to give a comment or anything about...

Kaiser: Sure. Reid Kaiser, Materials Engineer at NDOT. We had representatives from across the nation, all the 50 states, up at Lake Tahoe at Harrah's and had our subcommittee of materials meeting. We went over the test methods. Really exciting discussions. But it was a good event. Everybody enjoyed Tahoe and had 250-plus people there, so it was a good event.

Savage: That's great.

Kaiser: Yeah.

Nelson: And the Controller was gracious enough to make the opening remarks for the event.

Kaiser: And Mr. Schneider.

Nelson: Well received, thank you.

Kaiser: Yeah, you're welcome.

Nelson: Moving down the old business list, 6B is an e-bidding update. Do we have an update on e-bidding?

Unidentified Female: E-bidding?

Nelson: E-bidding.

Unidentified Female: (Inaudible).

Nelson: No, it was e-bidding. And I think there was an item on the Agenda this morning with respect to the e-bidding agreement, to make some corrections and so on. But to the best of my knowledge, we haven't had any glitches in the e-bidding system since we applied the fixes a while back. So I think that's going along -- that's going along just fine. So if we can put Robert on the spot, but he's only been here a week, so I'm not sure he would...



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Savage: He's still on his grace period.

Unidentified Male: It's going great, yeah, great.

Unidentified Male: He's still on that grace period.

Savage: Was that grace period in days or minutes?

Nelson: He came back after the weekend, his first weekend. 6C, the Construction Working Group asked for an update on what the CMAR bill actually ended up looking like coming out of the legislative session. And I don't know if Bill or John, do you want to take that one?

Terry: I'll sit up here where they can hear me.

Savage: You can come up here, John.

Terry: Once again, John Terry, Assistant Director of Engineering. I was given the task of tracking our CMAR bill through the legislature, which became kind of an ugly process. We went to legislature of course just (audio skips) of our CMAR legislation, which was to have expired this past July 1. Our bill then got incorporated into what turned out to be 8283, which was a more overriding CMAR bill, which eventually passed. But I think every step of the way it did it on the very last day or the very last session to get out of each committee, but it did make it through. Impacts to us, small, but -- well, the biggest thing is it extended the deadline for CMAR to 2017. But that's for everybody. That's not just our deadline now.

Had some other smaller impacts to us. It got into specifying the size of the review committee, for instance. It got into things like minimum percentages of self-performed work. It got into some other areas like that, none of which we think are going to create big problems for us. We are going to modify our pioneer program documents which, you know, takes us through CMAR projects. And I would think within a few months we will have that updated. We have some other things we need to update in there anyway.

It also added reporting requirements, that we have to report to the legislature yearly on certain activities to CMAR. And we didn't see that as too onerous, just another task that we got to kind of check off that the legislature is requiring us to do.

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So the bottom line is they got into our business on CMAR. They make us report more. They specify some things about minimum contractor, self-performed work and some other things. But we didn't see any of them as being a big issue. The other thing they added was smaller entities (inaudible) Clark or Washoe County are limited on the number of CMAR projects, but we are exempt from that. So if we were to, say, to do a project in Lander County, those restrictions wouldn't apply to us as a statewide agency. It's just if those smaller entities put out a CMAR job, they are limited to the number they can do a year.

To me, the bigger impact is, and Assemblyman Daly made this quite clear, as did other members of the legislature, this is just a continuing step. They are clearly going to bring this up in the next legislature and the one after that, that it is going to continue to evolve. I, and I think many other people who were there, were somewhat taken aback at how opposed to the CMAR process certain elements of our industry were. It was an eye-opener that, you know, they initially -- Assemblyman Daly's bill would have had far more impact on us and the AGC and others through many, many meetings were able to whittle it down. But I'm not so sure some of those issues might come back up. But there's a feeling in the legislature and in other parts of our industry to very much restrict the use of CMAR, that really I don't think got into the bill that much. But it's out there. I think that's the bigger impact, that they are going to open it up again at the next legislature. But in terms of this bill, we think we can comply with it. We can update our procedures and move forward, and now we're good to go until 2017.

Savage: Thank you, Mr. Terry. A couple questions. You said they had changed the size of the review committees?

Terry: They specified it had to be a certain number of people. Again, they are -- I don't remember right off the top. It has to be three to seven. Part of their concern is, especially in some of these smaller areas...

Savage: Mm-hmm.

Terry: ...is that -- if the committee sizes were too small, one powerful person picks his brother-in-law or, you know, kind of thing. So they wanted a size of a committee. And they also talked about some had to be not family agency. But the requirements that they ended up with just gave a board size that we could quite easily meet.

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- Savage: And currently we are at -- for the Department, we are at five or seven? I like the seven number, because you throw the low out, you throw the high out, then you have the five...
- Terry: I don't know for sure. Those of you that have been on the committees, I'm not 100 percent sure what we have done in the past.
- Unidentified Male: All been seven.
- Terry: They have all been seven.
- Savage: All been seven and...
- Terry: We're okay with seven. If we stay with seven, we're okay.
- Savage: Yeah, because there have been other instances with other entities on CMAR delivery. And I am a pro CMAR delivery guy. But there have been things I believe the Department can learn from on some of the other issues that have occurred most recently in other areas of the State, whether it be county level or (inaudible) level or different entities. So it's something, I think, that we need to be aware of and ensure that our reviews are objective rather than subjective to the point that we're holding our procedures and processes current.
- Terry: And clearly establish evaluation criteria, and that stuff was clearly in the bill. That's all stuff we have, we're doing anyway.
- Savage: Okay.
- Terry: The other area I have a concern is this bill sort of tied us a little bit more into 338, which we like to operate under 408 almost exclusively.
- Savage: Mm-hmm.
- Terry: It dragged us a little bit more into 338. And people at NDOT got to be more aware of 338, because we're doing CMAR under 338. So that is kind of a -- not a direct impact, but sort of an indirect impact of that bill was that it is under 338. It gives us authority to do CMAR under 338. The other element, they went to lengths to try and describe horizontal versus vertical construction, because they have different terms as to how they apply the percentages and stuff between horizontal and vertical. It didn't affect us much. We hardly do anything that would ever be classified as vertical construction. But they spent a lot of time on that and really had a lot of

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push-back from, like, the airport authorities and some of that, because they kind of do both.

Savage: So let me get clear on -- the Department of Transportation has to comply with 338 under the CMAR delivery?

Terry: Yes. That's what...

Savage: Do we have an option of utilizing the 408?

Terry: We get authority to do CMAR under 338. So we have to do -- follow everything that's in the CMAR bill. Obviously, we have to refer to 408, and I believe there are places that allow us to do that within that bill. And we can use 408. We got to be aware of all the things in 338.

I'll give you an example. The Federal Highway Administration and the CFR-23 requires for highway construction that the prime do a minimum of 30 percent of the work self-performed. And they exclude specialty items, which on some of our contracts can be a pretty significant chunk of the contract. We at NDOT have typically used 50 percent. And, of course, you can always go beyond the federal requirement. The CMAR bill, they put 25 percent self-performed. But they don't exclude specialties, even though we tried to add that in. But, again, that would be mixing highways with other areas that don't do that specialty exemption. So we're going to have to write our contracts that say if you're using federal money, which the vast majority of our contracts, we can't say we're exceeding the federal requirement. We're going to have to put both. We're going to have to put you have to do 25 percent of the work yourself, but you have to do a minimum of 30 percent without these specialty items. There's no other way to meet both requirements. That's kind of an example of how they're dragging us into 338. In doing CMAR, we have to follow that. But all our other work is in 408. I don't know if that makes sense.

We tried to get them to change that, but the reason they didn't want to change it is there's other people that highways that are under their horizontal construction area. But I think the bottom line is we're okay with this bill. We didn't get everything we wanted, but it got mellowed out as time went by, and the final product was a lot more acceptable to us than (inaudible) introduced.

Savage: Thank you, Mr. Terry. Member Martin, any comments or questions?

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- Martin: No, sir. I thank him. He kept track of that thing really, really closely. I could tell from some of his updates. It was a difficult process. I don't know if you followed it all, Len, or not, but it was a difficult deal.
- Savage: Yeah, very difficult and it sounds like we're being very proactive and very aware of what's going on around us. And I think that's very wise. It's imperative that we're as clear as we can be. I thank you, Mr. Terry. Thank you, Member Martin. Any other comments or questions on the CMAR item? If not, let's move on to 6D. Mr. Nelson.
- Nelson: Yeah, the -- again, Rick Nelson, for the record. The requested reports and documents, I covered those when we went through the CWG task force. Those were those routine standing documents, the AGC meetings and that sort of thing.
- Savage: So that closes out Item No. 6.
- Nelson: Yes, sir.
- Savage: We'll move to Agenda Item No. 7, briefing and status on construction projects.
- Nelson: So these -- this is standing item that we have on the CWG Agenda for projects that are closed out since our last meeting in May. We closed out six projects. They're highlighted in yellow. And Sharon and Megan would be more than happy to answer any questions that you might have about those, if you had any questions about those.
- I think we are -- we continue to make good progress getting these closed out and off the books. We continue to have the monthly meetings with the resident engineers and the districts to make sure that we're staying on top of the projects that need to be closed out. There are individual project-specific sheets for each one of those six projects also.
- Martin: Hey, Rick, are we talking about the sheet that says -- that's labeled Department of Transportation construction contract closeout status, July 25, 2013?
- Nelson: Actually, Member Martin, I was looking at the big 11x17 sheet that's dated January through August '13, NDOT construction contracts closed out January through August of '13.

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- Martin: Okay. I'm trying to find it here.
- Nelson: Oh, I see. A few pages back.
- Savage: We're on Agenda Item No. 7.
- Martin: Yes, sir.
- Nelson: Yes. There's the closeout status sheet, that's dated July 25 of '13.
- Martin: Okay.
- Nelson: That's the one that has all the projects that are due to be closed out. And the contractors that are pretty close to being finished, those are all listed there. I'm sorry I jumped over those.
- Martin: Rick, I found your yellow highlighted sheet now. My apologies. I had Agenda Item No. 7A, I found it under 7B. Okay.
- Nelson: Okay.
- Savage: So we're all looking at Attachment A under project closeout Agenda Item No. 7.
- Nelson: Right.
- Savage: I do not have any questions personally. Member Martin?
- Martin: No, sir, I don't either.
- Nelson: Okay. Then we will continue to keep the -- try to keep the heat up to get these things wrapped up.
- Savage: At the same time, Mr. Nelson, I want to compliment the Department, because the delivery and the formatting is very legible, it's very clear, it's easy to read and it's quick reading. So I thank you.
- Nelson: Okay. So then we get to Attachment B, and those are the six projects that we have completed the closeout on.
- Martin: So, Rick, are we closing out projects faster than we're finishing them now?
- Nelson: I would like to say yes, because the last couple of Board meetings, we haven't been awarding projects over 5 million, but we've been closing them out.

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Savage: We haven't been starting enough because of the federal funding, but it is what it is and we're closing them out.

Nelson: We have been wrapping them up.

Savage: That's good.

Nelson: And then Attachment C is the active contract status. Again, I think Jeff is still on the phone. Sharon is here if you had any questions about a specific contract. I would like to remind the CWG that we do have some ongoing litigation. We do have some active claims. So if the questions get into strategy and things that might be privileged, I would ask that we would hold those questions until later.

Savage: I don't have any questions. Member Martin, do you have any questions?

Martin: No, sir, we're good here.

Savage: Okay. Thank you, Mr. Nelson. So at this time...

Unidentified Male: Public comment?

Savage: Public comment. Any public comment for Item No. 8 here in Reno? Any public comment?

Wellman: I guess I have to. Bill Wellman from Las Vegas Paving. On the monthly pay estimates, we do support that for a variety of reasons. One of the main reasons is your overpayment issues that you have too. So it kind of fixes a few things, we believe. We are cognizant of the issues with subcontractors and minorities, as Member Martin had eluded to. We do have to deal with those regularly regardless biweekly payments, and we're okay with that. But, Member Savage, you brought up a percentage, I was going to use 40. I think Sharon said something about 50 percent. There's still a variety of things that still have to overlap and be done. Given the opportunity for these guys in the field to have to do it one time per month is huge, I think, from both the sides.

As for the -- whether the contractor gives you an invoice or the RE, it kind of goes both ways with most of the local entities. They typically sit down and work together, come up with the numbers that they both agree to first and then we create an invoice so appropriately. But at the same time, majority has to be satisfied with it. So for us just to send you an invoice and

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then for them to spend the next two weeks trying to figure out whether it's correct or not and battle back and forth, I think there's a huge value in your RE first and foremost doing that. That allows you to release that money at the end of the 30-day period so it can move forward. And it's just the discrepancy can be made up in the following months rather than we send you an invoice and then your RE can't agree with it, then it's held up indefinitely, quite frankly, which holds up money and pay to these subcontractors as well as us.

So I think if you go and follow suit with just monthly payments and an RE staying with his focus on that and us approving his work in reality is the best of all worlds for all, including the subcontractors and minorities.

Savage: Thank you, Mr. Wellman. Any other public comment here in Carson City? Las Vegas?

Martin: None here, sir.

Savage: Okay. Thank you. Then that will -- help me with the verbiage here, Mr. Gallagher, if you could, please.

Gallagher: For the record, Dennis Gallagher. I think the Chairman would entertain a motion to go into closed session.

Savage: Yes. Thank you, Mr. Gallagher. Do I have a motion to go to closed session?

Martin: I would make a motion that we go into closed session at this point.

Savage: And I will second that motion. All in favor?

Group: Aye.

Savage: Session closed.

Martin: Member Savage...

Savage: But we got to open the door first. Hang on.

Unidentified Male: (Inaudible) waiting.

Savage: Nobody's waiting. So we have a motion by Member Martin and a second by Member Savage to close the meeting.



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Unidentified Male: Adjourn.

Savage: Adjourn the meeting. Adjourn the meeting of August 12, 2013. Thank you, everyone. Thank you, Frank.

Martin: Looks like Rick's ready to leave.

Nelson: I was just checking to make sure there was nobody out there. I promise to come back.

Martin: Okay.

Savage: Thank you.



1263 South Stewart Street  
Carson City, Nevada 89712  
Phone: (775) 888-7440  
Fax: (775) 888-7201

## MEMORANDUM

December 2, 2013

**TO:** Department of Transportation Board of Directors,  
Construction Working Group

**FROM:** Richard Nelson, Assistant Director, Operations

**SUBJECT:** December 9, 2013 Construction Working Group Meeting  
Item # 5: Discussion of Freeway Service Patrol Costs to Self-Perform the Service –  
Discussion Only.

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### **Summary:**

The purpose of this item is to provide the Construction Working Group with the cost information gathered during the pilot delivery of service in District 2. A cost estimate was also prepared to determine the agency costs if the FSP was to be created and delivered in District 2 utilizing agency staff and resources.

### **Background:**

During the process of soliciting and securing a contractor to provide Freeway Service Patrol services NDOT conducted a pilot delivery in District 2 (Reno-Sparks) in order to collect cost data and refine the program parameters. In order to deliver this program service in an expedited manner, existing resources from the Equipment Division were re-tasked to perform these duties. These resources did not represent an optimal configuration whose costs calculated \$97.53 per van hour. This was substantially higher than the contractor's bid of \$65.00 per van hour.

### **Analysis:**

An estimate to self-perform the activities of this program in District 2 was prepared based on the assumptions that the "right sized" resources would be secured. This included obtaining additional staff of a more appropriate grade and dedicated equipment. This analysis shows that the FSP in District 2 could be delivered for \$53.23 - \$64.10 per van hour depending on the grade and step of the employees. This cost is more consistent with the cost obtained by the contractor. Obtaining these resources would require legislative action in order to obtain the necessary personnel.

### **List of Attachments:**

- a. Memo from Chief Traffic Operations Engineer with actual costs
- b. Spreadsheet of estimated operations costs prepared by NDOT Equipment Division

### **Prepared by:**

Richard Nelson, Assistant Director, Operations




Attachment A  
1263 South Stewart Street  
Carson City, Nevada 89712  
Phone: (775) 888-7440  
Fax: (775) 888-7201  
(Use Local Information)

## MEMORANDUM

### Traffic Operations Division

September 30, 2013

**To:** Richard J. Nelson, P.E., Assistant Director  
**From:** Denise Inda, P.E., Chief Traffic Operations Engineer   
**Subject:** Analysis of NDOT Self-Performed Freeway Service Patrol Pilot Project, Reno, Nevada

---

The Traffic Operations Division has prepared the attached analysis of the self-performed Freeway Service Patrol Pilot project to provide an overview of performance measures related to costs and units of service provided for comparison with similar services provided by contractor, Samaritania.

The pilot project was performed by the NDOT Equipment Division in cooperation with District II Northern Nevada Road Operations Center, District II Maintenance, NHP, and the Traffic Operations Division. Modifications in the service hours of operation and routes were implemented at the beginning of the pilot project based on an analysis of traffic volume and crash records on I-80 and on I-580 in Reno. For the purpose of comparison with the contractor provided service and costs, the service data was normalized to produce costs and units of service (assists) based on a "van-hour" defined as one FSP van for one hour of service.

The analysis indicated that self-performing the FSP service was not a cost-effective alternative to a contractor provided service.

**Analysis of NDOT Self-Performed Freeway Service Patrol Pilot Project  
In Reno, Nevada**

**Prepared by  
NDOT Traffic Operations Division  
September 30, 2013**

The NDOT Freeway Service Patrol (FSP) Pilot Project launched Monday, April 1, 2013, with two NDOT vehicles equipped to perform FSP functions on I-580 from Golden Valley Road to S. Virginia Street (Exit 61); and on I-80 from West McCarran Boulevard to Vista Boulevard. The program was launched in coordination with NDOT District II and the Nevada Department of Public Safety. NDOT's Equipment and Traffic Operations Divisions worked closely with the Northern Nevada Road Operation Center, NDOT District II Maintenance, and Nevada Highway Patrol to continually evaluate the program to safely and efficiently relieve congestion while ensuring the safety of the patrol drivers and the traveling public.

The following tables summarize the activities and performance analysis of the pilot project for the month of May 2013.

Table 1. NDOT (May 2013) Type of Incident Mitigation

<b>Incident Type</b>	<b>Number of Mitigations</b>	<b>% of Total</b>
Abandoned Vehicle	57	17.07
Debris	3	0.90
Accident	15	4.49
Disabled Vehicle	98	29.34
Stopped Vehicle	147	44.01
Lost Motorist	5	1.50
Other	9	2.69
<b>TOTAL</b>	<b>334</b>	100.00

Table 2. NDOT Pilot Project Performance Analysis

	<b>Units</b>	<b>Original Estimate</b>	<b>Actual</b>
Staff Pay Grade	N/A	33-1	33-8
Staff Costs	\$ / hour	\$26.24	\$40.68
Patrol Staff-Hours (Van-hours)	Hours	16	18.5
Vehicle Cost, Vehicle #DOT 1535	\$ / mile	\$1.66	\$1.61
Vehicle Cost, Vehicle #DOT 2888	\$ / mile	\$1.66	\$1.75
Patrol Mileage	Miles	400	610
Miscellaneous Supplies	\$ / day	\$20	\$20
Average Incident Mitigations / Day	Mitigation / day	N/A	14.5
Incident Mitigations / Van-hour	Mitigation / van-hour	N/A	0.78
Total Hourly Cost (per van-hour)	\$ / hour	\$68.94	\$97.53
Total Cost / Incident Mitigation	\$ / mitigation	N/A	\$124.43

## NOTES:

- 1) The higher staff pay grade used was due to staff availability.
- 2) The actual vehicle-miles driven totaled 610 per day and actual staff time totaled 18.5 hours per day as a result of adjustments to the routes and hours of operation to meet traffic congestion demands.

NDOT advertised for a new FSP contractor in early 2013 to replace the expiring agreements for the Reno and Las Vegas FSP services. At that time, NDOT had an opportunity and an interest in launching a self-performance pilot program to evaluate both service levels and costs. In order to complete the procurement process in time to process a new agreement, if required, the analysis of the self-performance pilot project was initiated with the beginning of the project and the May data analysis was reviewed in June 2013. This analysis was the basis for evaluating the self-performance service in the Reno area.

NDOT received a proposal with a proposed cost of \$65.00 per van-hour for the Reno area and \$61.50 per van-hour for the Las Vegas area. The analysis of the pilot program indicated that a self-performed program was not more cost effective than a contractor provided Freeway Service Patrol program. As a result, it was determined that the pilot program would be discontinued effective September 30, 2013, the earliest time possible to contract a new FSP service provider with allowances for new equipment procurement and mobilization time. The new contractor, United Towing, began providing FSP services in both Reno and Las Vegas on October 1, 2013.

**NDOT Equipment Division**  
**Variance in FSP Estimated to Actual Costs**  
**Based on April and May 2013 Actual Costs**

	Actual Costs	Original Estimate
Highway Equipment Mechanic 1	Average of Pay per hour of 4 drivers    \$    27.12 per hour	Paygrade 33-1            \$    17.49
Total overhead benefits @ 50% of Hourly Rate	13.56 per hour	8.75
<b>Total hourly labor rate</b>	<b>\$    40.68</b>	<b>\$    26.24</b>
Equipment Cost	Cost Per Mile	Per Mile
DOT 1535 - Service Truck - MCC 11F	1.61	DOT 1535            1.66
DOT 2888 - 3/4 Ton Pick Up - MCC 3	1.75	DOT 2888            1.66
(From Equip Mgmt System /M4 Unit Use Cost LTD Cost per mile at FYE 2013)		
	Hours      Av Miles	Hours      Av Miles
DOT 1535 Route 1	8.5          250 Per Day	DOT 1535 Route 1            8          200
DOT 2888 Route II	10.0         360 Per Day	DOT 2888 Route II         8          200
<b>Total</b>	<b>18.5          610</b>	<b>16          400</b>
(Used actual miles from April thru 9/26/13 Divided by 106 actual days of operation)		
Daily Operating Cost	Hours          Miles	Hours          Miles
Labor - (18.5 hours X 35.00 pay rate)	18.5                            \$    752.58	Daily Operating Cost    Labor                            16                            \$    419.84
DOT 1535 Route 1	250          402.50	DOT 1535 Route 1                            200                            332.00
DOT 2888 Route II	360          630.00	DOT 2888 Route II                            200                            332.00
(Av miles per day X Cost per mile)	1,032.50	664.00
Supply Expense \$5,000.00 per year	19.23	19.23
Actual Cost (5000/260days)		
<b>Total Daily Costs</b>	<b>\$ 1,804.31</b>	<b>\$ 1,103.07</b>
<b>Actual Per Hour Cost</b>	<b>\$    97.53</b>	<b>Estimated Per Hour Cost            \$    68.94</b>
Total cost divided by 18.5 hours per day		Total cost divided by 16 hours per day

**NOTES:**

"Original Estimate" equipment costs were based on FY 12 data within the M4 equipment inventory system. "Actual Costs" were based on FY 13 data. The costs were based on the maintenance class code (MCC) and generated for the specific units. The amount is based on the vehicle's total life costs and include maintenance (including labor), fuel, oil and depreciation.

The actual costs increased in the following areas:

- 1) Existing employees were at a higher step, resulting in an increased hourly rate.
- 2) Equipment costs varied from the original estimate that were based on FY 12 data. Actual costs were based on FY13 data.
- 3) Hours worked increased to cover the designated routes during peak traffic and crash periods.
- 4) Actual miles driven per route increased (vehicles continuously loop the routes for the shift).

**NDOT Equipment Division**  
**Estimated FSP Operation Costs (Self Performed)**  
 22-Nov-13

	Step 1	Step 10
* Fleet Service Worker III / Pay Grade 27	\$ 15.65 per hour	\$ 22.80 per hour
Total overhead benefits @ 52% of Hourly Rate	8.14 per hour	11.86 per hour
<b>Total hourly labor rate</b>	<b>\$ 23.79</b>	<b>\$ 34.66</b>
<b>Equipment Cost</b>		
<b>Annual Costs</b>		
** 2014 GMC 3/4 ton Cargo Van		
Purchase Price	19,000.00	
Cost per Year- 3 years	\$ 6,333.33	
Miles Traveled per Year	86,300	
Miles per gallon	15	
Cost per gallon	3.40	
Total Fuel Cost	19,561.33	
Tires	1,000.00	
Oil Change/Every 5000 mi. at \$100.00	1,700.00	
Vehicle Maintenance	2,500.00	
Insurance	250.00	
*** Overhead with Supervision Costs	26,610.00	
Miscellaneous Costs		
@ \$40.50 per Day @ 250 Days	10,125.00	
<b>Total Vehicle Cost per Year</b>	<b>68,079.67</b>	
Miles Traveled	86,300	
<b>Cost per Mile</b>	<b>0.79</b>	
Miles traveled per day	345	
Per Day Mileage Cost	272.32	
Hours of Vehicle Usage Per Day	9.25	
<b>Vehicle Cost Per Hour</b>	<b>29.44</b>	
<b>Vehicle Cost Per Hour</b>	<b>29.44</b>	<b>29.44</b>
<b>Personnel Cost/ From Above</b>	<b>23.79</b> Pay grade 27/1	<b>34.66</b> Pay grade 27/10
<b>Total Vehicle Cost per Hour</b>	<b>\$ 53.23</b>	<b>\$ 64.10</b>

\* Fleet Service Worker III class specification's required knowledge, skills and abilities are what is needed for this position.

\*\* Based on purchasing a new vehicle and replacing every 3 years; Program requires 3 vehicles.

\*\*\* Supplies, uniforms, 2hr/day supervision 25% of time.

**Note:** In order to provide service during the periods specified, a total of 5 permanent full time employees would be required to cover shifts, annual and sick leave.



1263 South Stewart Street  
Carson City, Nevada 89712  
Phone: (775) 888-7440  
Fax: (775) 888-7201

## MEMORANDUM

December 2, 2013

**TO:** Department of Transportation Board of Directors,  
Construction Working Group

**FROM:** Richard Nelson, Assistant Director, Operations

**SUBJECT:** December 9, 2013 Construction Working Group Meeting

**Item # 6:** Report on the evaluation of moving to monthly contractor payments –  
Discussion / For Possible Action.

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### **Summary:**

As a result of a period of unfavorable cash flow staff presented a report to the CWG at their August 2012 meeting on the benefits associated with making payments to contractors on a monthly schedule. NDOT created a team to study the feasibility and impacts associated with moving towards a monthly payment cycle for construction contracts.

### **Background:**

In November 2012 NDOT's cash balance reached historic lows, \$36.7M, during a time when an extraordinarily high number of State funded construction projects were underway in conjunction with an unusually mild winter which allowed continued progress to be made on projects. While reimbursements from FHWA occur shortly after payments are made to contractors the fact that gas tax and other revenues are deposited into the Highway Fund are made on a monthly basis placed an extreme strain on the daily Highway Fund cash balance. As a result we evaluated methods that would minimize the daily fluctuation in the cash balance. Paying on construction contracts on a monthly basis was the method that was evaluated.

NRS 408.383 allows NDOT to make payments to contractors at the end of the month; however, there are no restrictions on making payments more frequently. A multidisciplinary team was formed to identify and evaluate this impacts associated with moving to monthly payment on construction contracts. Public outreach was made to the construction industry through meetings and the creation of a unique email address where interested parties could make their comments. This email address was publicized through the NDOT Construction Bulletin.

### **Analysis:**

Staff has completed their evaluation of the impacts associated with paying construction contractors on a monthly basis and their report is attached as well as the public comment obtained through email. It was realized that the situation that lead to the concern was a very unique occurrence with a small likelihood of surfacing again. Their findings, in general, state that the positive benefit to NDOT is quite small while the adverse impact to the industry could be quite significant.



Staff recommendations to the NDOT Director are:

1. Continue with bi-weekly payments
2. Do not move toward contractor invoicing at this time and continue to prepare the source payment documents.

**List of Attachments:**

- a. Staff report and public comments

**Prepared by:**

Richard Nelson, Assistant Director, Operations

## NDOT's Contractor Bi-weekly v Monthly Payment Analysis November 25, 2013

In August of 2012 NDOT presented to the Construction Working Group the benefits to NDOT, from a cash flow perspective, of paying contractors once a month versus the current bi-weekly practice. The Construction Working Group requested NDOT to look in depth at the feasibility of monthly contractor payments. In addition, NDOT was tasked with determining the feasibility of basing payments on an invoice submitted by the contractor. A panel<sup>1</sup> was formed to research and document the findings of this request. The following document is the report summarizing the facts and findings regarding bi-weekly versus monthly contractor payments and contractor invoicing.

### INTRODUCTION

Currently NDOT processes contractor payments bi-weekly and has done so for a number of years. However, Nevada Revised Statutes (NRS) 408.383 states the Director *may* pay the contractor at the end of the month and NRS 338.510 states a Nevada public body *shall* pay the contractor within 30 days. NDOT Standard Specifications Section 109.06 states progress payments *will* be made once a month. NDOT is almost the only public entity in Nevada that processes payments bi-weekly; Nevada counties, Regional Transportation Commissions (RTCs) and cities all make payments monthly.

Regarding cash flow, 2012 was a particularly volatile year for NDOT. The work program was unusually large (\$715 million in capital expenditures in 2012, versus the current fiscal year 2014 budget of \$438 million), a mild winter extended the construction season, and roughly \$50 million of the construction program was state-funded projects (no federal reimbursement). In November 2012, this led to the Highway Fund cash balance falling to roughly \$36.7 million in mid-month with a month-end closing balance of \$53.9 million, significantly under the target for the minimum Highway Fund cash balance which is approximately \$90 million. What this translates to is NDOT struggling to make contractor payments and Highway Fund payroll which includes not only NDOT but Department of Motor Vehicles (DMV), Department of Public Safety (DPS) and a select few other state agencies as well. Because of this, NDOT took a look at how our cash flow might be affected by implementing monthly contractor payments.

### PROBLEM STATEMENT

#### *Cash Flow in 2012*

As stated above, the Highway Fund cash balance fell from the targeted \$90 million to \$36.7 million at the minimum point during the month of November 2012. The \$90 million target is calculated with the objective of retaining sufficient resources to cover one-and-one-half months of capital expenditures (primarily contractor payments) plus one month of non-capital expenditures. The capital portion of this calculation is set higher as capital expenditures tend to fluctuate significantly from month to month, making them difficult to project, while the non-capital program has more consistent

<sup>1</sup> Sharon Foerschler, Assistant Construction Engineer, Jeff Freeman, Assistant Construction Engineer, Megan Sizelove, Consultant Program Manager, Felicia Denney, Chief Financial Management, Gizachew Zewdu, Cash Flow Forecasting

monthly expenditures. In accordance with this formula, as Highway Fund expenditures rise, the minimum required balance rises as well. (Note: All Highway Fund expenditures, including expenditures by other agencies, primarily the DMV and DPS, are used in this calculation). With a cash balance of \$37 million, NDOT faces risks in covering expenditures particularly in months with large contractor payments or months with three contractor payments and/or three payrolls (twice a year) or peak seasons of construction.

## **ANALYSIS**

There are a number of elements and/or potential issues to take into consideration with NDOT changing to monthly contractor payments and contractor invoicing. The panel reviewed each of these areas identifying potential advantages and challenges.

### ***Reduced Fluctuation in NDOT Cash Flow***

As presented to the Construction Working Group in 2012, contractor payments at the end of the month lessen the volatility in the Highway Fund cash balance over the course of a given month. One factor is all DMV deposits would be received for the month prior to processing the contractor payments. DMV revenue deposited into the Highway Fund includes gas and special fuel taxes, plus driver's license, registration, and motor carrier fees. Approximately \$6.7M (half of the driver's license, registration, and motor carrier fees) is deposited into the Highway Fund by the 15<sup>th</sup> of the month, with the remainder of the revenue, approximately \$28.7M (including gas and special fuel taxes and the other half of the driver's license, registration and motor carrier fees) deposited by the end of the month. Federal reimbursement is another factor, projected to be approximately 75% of the total contractor payment, which is received four days after the contractor payment. Processing monthly contractor payments once the Highway Fund has been entirely replenished would provide a more even cash flow for NDOT, the fluctuations caused from biweekly contractor payments should stabilize. Distribution of the non-capital cash outlay would not change whether payment is biweekly or monthly; it is fairly consistent and should not negatively affect cash flow (primarily Highway Fund payroll). See attached graphs pages 8 and 9.

### ***Reduction in Resource Allocation for NDOT***

There would be a reduction in time spent by NDOT staff if contractor payments are made monthly. Currently there are 20 construction crews throughout the state and 2 headquarters Construction Division administrative personnel who are responsible for processing contractor payments. The time savings would be from personnel entering the payment into NDOT's financial system only once as opposed to twice a month. However, the same amount of time would be spent by the construction crews keeping up with the project documentation necessary for contractor payment whether payment is made biweekly or monthly. The crews would continue to review and update their field books weekly. It is pertinent to mention NDOT is currently in the testing phase of our new electronic documentation software (ASSHTO's Trns•port FieldManager<sup>®</sup>) for implementation next year on our construction projects. This should significantly

decrease the amount of time spent preparing the documentation needed for contractor payment.

The savings to the Department by reducing staff time is calculated at \$5,500 monthly or \$67K annually. This is based on the assumption each crew (20 people) would save 8 hours a month and headquarters Construction Division personnel would save 24 hours a month.

The panel researched other NDOT Divisions (Accounting, Financial Management, and Information Services) and it was determined there wouldn't be any measureable difference in their current processes or personnel time.

### ***NDOT Outreach Efforts - Identification of Industry Preference***

Other DOT's: A survey was sent out to all state DOT's to identify their timelines and method of basis for contractor payments. There were 37 responses to the survey and the following information was gathered:

- 57% of states pay more frequently than monthly and include bi-weekly, weekly or as the contractor requests
- 43% of states pay monthly
- 97% of states prepare payment based on the DOT's documentation, not a contractor invoice
- 3% of states require contractor to submit invoices

Contractors and Subcontractors: NDOT issued notices in 2 consecutive contractor bulletins requesting feedback to this potential change. There were 47 responses:

- 91.5% are not in favor of monthly contractor payments (43 respondents)
- 8.5% accept monthly contractor payments (4 respondents)

### ***Impact to Contractors***

Oil Supply: Asphalt suppliers typically mandate payment within 10 days of material delivery and some suppliers will not make delivery without payment up front. Paving and oil are large components of our construction contracts in the majority of our projects and the prompt payment requirement would place a significant financial burden on the contractors. The contractors have to pay for the oil before they are reimbursed from NDOT for performing the work. Monthly payments could mean millions of dollars in capital outlay from the contractors. Nine of the responses received from the contractor's state this as a major impact:

"On average and based on current market prices for asphalt oil, a contractor on and highway project can generate over \$200,000.00/Day in oil costs or approximately \$1,000,000.00/Week. The average contractor has a smaller line of credit with the oil companies than do the "larger" contractors, thus limiting their ability to cost effectively bid and perform on a project." (A&K Earth Movers)

"Payment from NDOT for jobs which carry a very high quantity of oil and material expenses up front are going to put contractor's at a disadvantage to the larger corporate giants who have much deeper pockets." (WWW Construction)

“Oil suppliers require payment very rapidly, usually 10 days after delivery of the material. Monthly payments by NDOT would cover oil/labor/equipment/material that was provided 45 days earlier. This lag time for payment will create great hardship to both the general contractor and the subcontractors and suppliers who need payment quickly to meet their organizational cash flow needs.” (Sierra Nevada Construction, Inc)

“Changing the payment terms we receive from NDOT will have a large negative impact on our business. The oil suppliers are very difficult to deal with and mandate strict payment terms. Autodraft out of our account and net 7 day terms are common. Currently if everything goes properly I only have to draw on my line of credit to cover the cost of the oil for 2-3 weeks. When there is an error on the payment quantities it is corrected on the next payment cycle and I’m drawing on the line for 4-5 weeks. If the payment terms are changed to once a month payments I could have to cover the cost of the oil, labor and equipment for over two months if the payment quantities are incorrect. This would place a huge burden on our company, limit the amount of work we could bid on, and require us to increase our prices.” (Q&D Construction, Inc.)

Cash Flow to Contractors and Subcontractors: Numerous contractors and subcontractors stated concerns over the potential negative effects monthly payments would have on their cash flow and operations. From material procurement to payroll of employees, cash flow has been an ongoing challenge and certainly has a larger impact on the smaller firms. The Davis-Bacon Act requires contractors and subcontractors performing work on federal contracts to pay their employees weekly. Numerous responses stated cash flow as a major concern:

“Acha Construction is a small DBE firm that would be greatly impacted by once a month payments. Our cash flow is heavily impacted by the prevailing wage rates and the purchase of materials. We would encourage NDOT to stay the course with biweekly pay requests.” (Acha Construction, LLC)

“With the high wage rates that you typically encounter on state projects it places a large burden on the contractor in the large payroll and tax numbers if the contractor has to finance that work month to month especially for a smaller company such as KWYK.” (Kwyk Construction, LLC)

“Cash flow is very important in our business, and, especially for smaller companies it is critical. It can be very difficult to fund a project for any longer than absolutely necessary. Labor and material bills must be paid when due, and often times must be funded by the contractor, prior to payment by the owner. Anything that prolongs that process imposes greater hardship on the smaller contractors; and in some cases may prevent them from being competitive for work that they might otherwise be interested in.” (Burdick Excavating Co., Inc)

“Currently, contractors are paid biweekly and the consideration is to reduce the cycle to monthly payments. I understand this could reduce a work load for the NDOT staffs, however, it would create potential hardships for most contractors,

subcontractors, vendors and particularly truckers. This also includes DBE's in these category's, who are generally not flush with cash. This will hurt cash flows and create challenges for most who provide construction services to NDOT, by making it difficult to fund the work and impact their ability to pay their labor, subcontractors and materials. As you understand, banks are not as willing today to fund many of those who we as general contractors hire as subcontractors, vendors and truckers. This change could create such a financial impact to some that they could go out of business." (Granite Construction)

### ***Impact to NDOT***

Potential for Increased Project Costs: Monthly contractor payments would force the contractors and subcontractors to cover the costs of materials, labor and equipment; in essence financing NDOT projects until their first payment is received. Currently their first payment is received within 10 days of their first estimate and then bi-weekly for the duration of the contract. If the change were made to monthly payments, the contractors would not receive their first payment for at least 45 days or longer depending on when the contract work began. For example, best case scenario is if work begins on the first day of the month and the payment is processed at the end of the month, then the contractor would be paid within 45 days. (NDOT typically needs 7 days to prepare the payment and another 7 days to enter the payment into IFS before the Controller's Office processes the payment).

Some of the potential increases to project costs could come from the contractor's front loading their bids in order to generate some money early in the contract or by increasing their unit costs to assist in their cash flow.

"If the payment terms are changed to once a month payments I could have to cover the cost of the oil, labor and equipment for over two months if the payment quantities are incorrect. This would place a huge burden on our company, limit the amount of work we could bid on, and require us to increase our prices." (Q&D Construction)

"This change will force a price increase for NDOT projects." (Nevada Barricade and Sign Company, Inc. NBSCO)

"As both a General and Subcontractor doing business with NDOT across Northern Nevada, the switch to a monthly payment schedule, on top of already reduced projects, would definitely impact our cash flow and potentially increase our cost of doing business. Our suppliers may be forced to add additional charges to account for the delay in payment." (Par Electrical Contractors)

"The larger firms can afford the longer term but most likely your proposed change will be a disadvantage for smaller firms especially when there's a discount for early pay involved which inherently places the smaller firms at a disadvantage to not be able to take advantage of early pay discounts due to lack of cash-flow that

would result in NDOT's change to a monthly progress payment schedule." (K.G. Walters Construction)

Impacts to DBE Firms: There is concern among a majority of the contractors and subcontractors on the negative effect monthly payments would have on the DBE firms in addition to the current difficulties in utilizing DBE's. If DBE firms are unable to weather the cash flow issue, it would become more difficult for DBE firms to perform work on NDOT contracts and pose more difficulty for NDOT to meet their DBE goals.

"Subcontractors/DBE's on highway projects will also be jeopardized should NDOT implement monthly pay estimates. Currently, subcontractors have been able to provide competitive pricing because they know that they will be paid on a bi-monthly basis thus eliminating the additional costs of having to wait thirty to forty-five days for payment. Here again, the smaller/average contractor/subcontractor is being pushed out of the competitive bidding process." (A&K Earth Movers)

"This change in policy would significantly affect our ability to bid and work on NDOT projects. The economic climate and this long recession recovery have taxed the already limited financial resources of small DBE companies. It would push us out of this work and be an additional disadvantage for the small business operation. This is not the time to change the payment policy of NDOT." (4MAC CONTRACTING, Women Owned DBE)

"We are very concerned as a small sub-contracting firm that NDOT will change the bi-weekly payments to contractors to monthly. It is very difficult for prime-contractor to have the investment needed to start a new job and/or keep a project running from month to month financially. It is even more difficult for a small sub-contractor to finance the work they perform. Most suppliers require payment in 30-days. By the time we have ordered our material and it is now time to install the 30-day period is up, so we are helping finance the project. We are a DBE firm and have been in business for 30 years but each year the business environment and new laws make it harder and harder for the small firms to survive. We are asking that you please not change how you pay contractors for their work." (Kelley Erosion Control, Inc)

FHWA Documentation Requirements Conflicts with Contractor Submitted Invoicing: NDOT currently tracks and documents pay items completed by the contractor in accordance with NDOT's Documentation Manual. The Documentation Manual was generated by NDOT and approved for use by FHWA as mandated by FHWA's Stewardship Agreement with NDOT. In addition, the following guidelines apply to NDOT as well:

Per FHWA's Contract Administration Core Curriculum Participant's Manual and Reference Guide 2006:

"Progress payments are compensation to the prime contractor for the value of work performed during a covered period. The AASHTO

recommends that progress payments be made at least once each month as the work progresses, and many STAs now pay even more frequently. Payments should be based on estimates, ***prepared by the engineer***, of the value of the work performed and materials delivered or stockpiled in accordance with the contract.”

Per 23 CFR 635.122

§635.123 Determination and documentation of pay quantities.(a) The STD shall have procedures in effect which will provide adequate assurance that the quantities of completed work are determined accurately and on a uniform basis throughout the State. All such determinations and all related source documents upon which payment is based shall be made a matter of record.

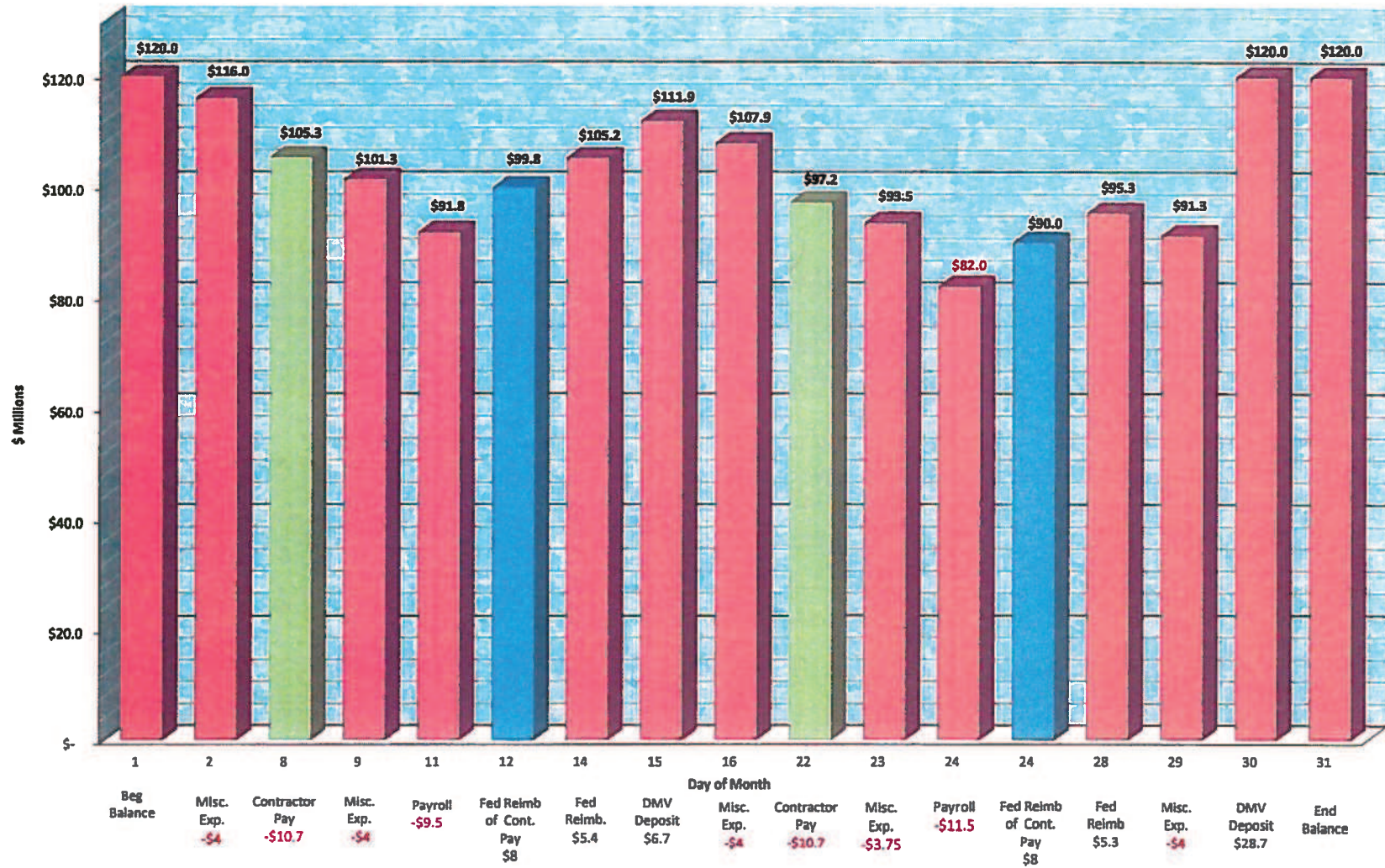
Although it may be feasible to have the contractors submit an invoice for payment, it does not relieve NDOT from their federally mandated requirements. NDOT would still need to continue documenting the contractors work and base payment on NDOT documentation. There would not be any resource savings for NDOT associated with contractor submitted invoices.

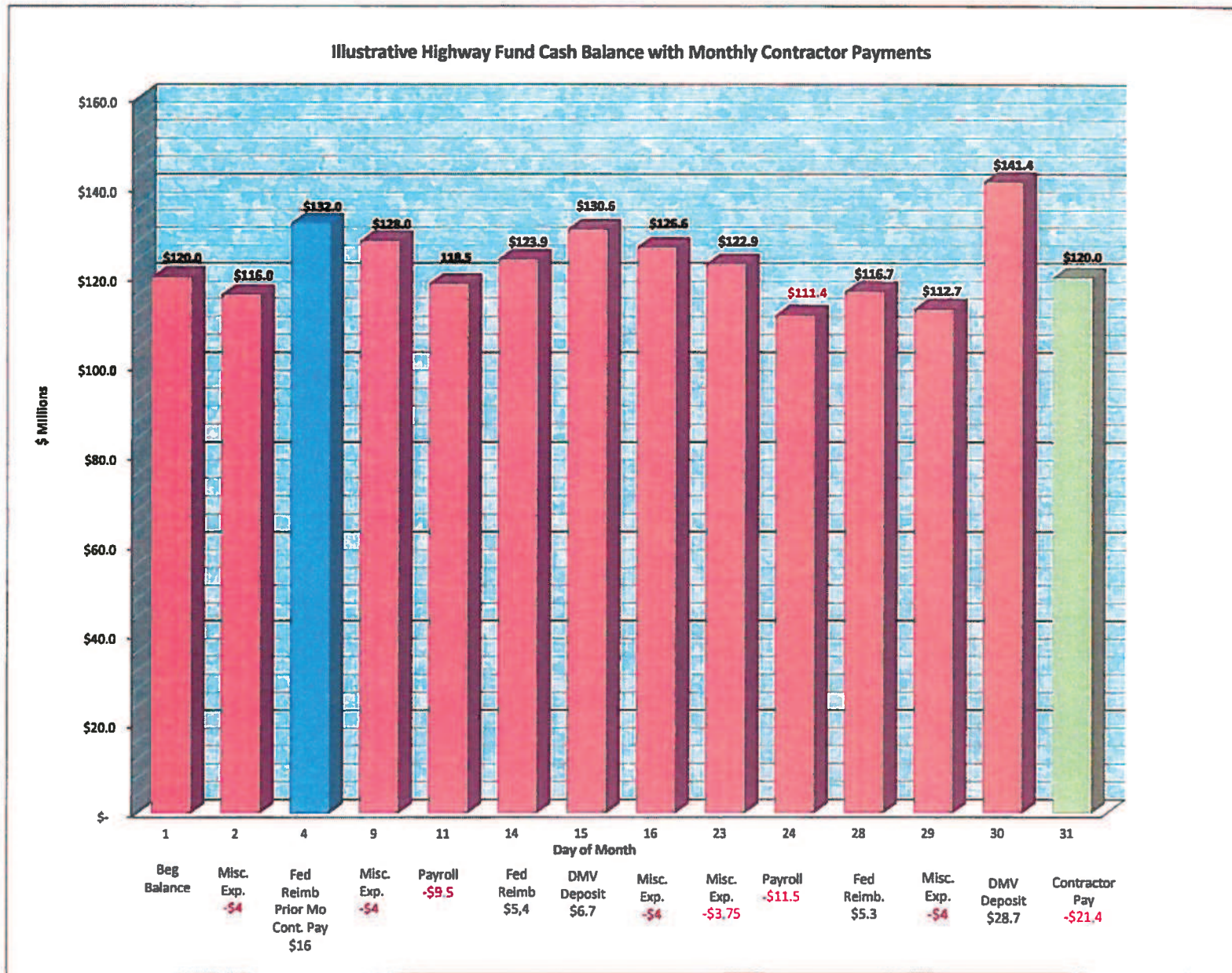
## **RECOMMENDATION**

- 1) Based on the feedback received from the contracting community and the minimal savings to NDOT, the panel recommends maintaining bi-weekly contractor payments.
- 2) Contractor invoicing for payment is feasible although uncommon among State DOT's. The panel does not recommend a unilateral change to this without industry feedback and FHWA concurrence.



Illustrative Highway Fund Cash Balance with Bi-Weekly Contractor Payments







**NEVADA DEPARTMENT OF TRANSPORTATION**  
**CONTRACTOR BULLETIN**

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**September 25, 2013**

Contractors desiring to bid on this work, if not already qualified under the State Law, shall file with the Department of Transportation at Carson City, Nevada, not later than five (5) days prior to the date of opening of bids, a complete application for qualification on forms furnished by the Department.

The right is reserved to reject any or all bids, or to accept the bid deemed best for the interest of the State of Nevada.

**CONTRACTS ADVERTISED FOR BIDS**

**Contract #3539-READY**

***DBE Goal: 12%.***

***Contract Cost Range: R28 (\$7,950,000.01 to \$9,550,000)***

Sealed proposals will be received by the Director of the Nevada Department of Transportation, Carson City Headquarters, located at 1263 South Stewart Street, Carson City, NV 89712, until and opened at **2:00:00 PM, PDT** on **October 31, 2013**, for Project No. SI-095-6(009), US 95, North of Winnemucca, from 1.446 Miles South of the Junction with SR 795 to 1.547 Miles North of SR 140, Humboldt County.

**SPECIFIC DESCRIPTION OF WORK:** Slope Flattening and Construct Passing Lanes.

\* \* \*

**WE WANT YOUR FEEDBACK – *NDOT Following NRS 338***

NDOT firmly believes in partnering with the contracting community. There have been discussions with members of the State Transportation Board regarding NDOT's bi-monthly payments to contractors. Pursuant to these conversations, we at NDOT are considering following Nevada Revised Statute (NRS) 338 - *and we want your direct feedback.*

***WHERE YOU COME IN...***

Whether a prime contractor or subcontractor, including DBE firms, we'd like to get your insight on how this change might impact your business and relationship with NDOT. We must be able to make the most informed decision regarding this potential change and would appreciate your honest and direct feedback about both the positives and negatives.

We have set up an email address for you to send any and all comments, and we hope you will take the time to drop us an email with your feedback. We would like to request that you include your name, title and firm so we may have open and transparent discussion with the members of the Transportation Board regarding this change and the potential impacts.

Please send your comments and/or concerns to: [NDOTConstruction@dot.state.nv.us](mailto:NDOTConstruction@dot.state.nv.us)

We know you are busy and we don't want to take up too much of your time. We would like to receive your feedback by Wednesday, October 16, 2013.

Thank you in advance for your participation!

NEVADA DEPARTMENT OF TRANSPORTATION  
**CONTRACTOR BULLETIN**

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October 3, 2013

## ***Special Notice***

Contractors desiring to bid on this work, if not already qualified under the State Law, shall file with the Department of Transportation at Carson City, Nevada, not later than five (5) days prior to the date of opening of bids, a complete application for qualification on forms furnished by the Department.

The right is reserved to reject any or all bids, or to accept the bid deemed best for the interest of the State of Nevada.

### **WE WANT YOUR FEEDBACK – *NDOT Following NRS 338***

NDOT firmly believes in working with our contracting community. Recently there has been discussion regarding NDOT's bi-weekly payments to contractors. Pursuant to these conversations, we at NDOT are considering making payments to contractors once a month in accordance with Nevada Revised Statute (NRS) 338 - *and we want your direct feedback.*

#### ***WHERE YOU COME IN***

Whether a prime contractor or subcontractor we'd like to get your comments on how this change might impact your business or relationship with NDOT. We would appreciate your thoughts regarding the positives and negatives of monthly payments. This feedback will greatly help NDOT in making the best decision on whether or not to change our contractor pay procedures.

We have set up an email address for you to send any and all comments, and we hope you will take the time to drop us an email with your feedback. We would like to request that you include your name, title and firm so we may have open and transparent discussion with the members of the Transportation Board regarding this change and the potential impacts.

Please send your comments and/or concerns to: [NDOTConstruction@dot.state.nv.us](mailto:NDOTConstruction@dot.state.nv.us)

Please send us your comments by Wednesday, October 16, 2013. Thank you in advance for your participation!

**Foerschler, Sharon L**

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**From:** Chuck Cook [ccook@qdconstruction.com]  
**Sent:** Friday, September 27, 2013 7:51 PM  
**To:** NDOTConstruction  
**Subject:** NRS 338

My name is Chuck Cook and I am the CFO for Q&D Construction, Inc. We have a great working relationship with NDOT and like the relationship with have with NDOT.

Changing the payment terms we receive from NDOT will have a large negative impact on our business. The oil suppliers are very difficult to deal with and mandate strict payment terms. Autodraft out of our account and net 7 day terms are common. Currently if everything goes properly I only have to draw on my line of credit to cover the cost of the oil for 2-3 weeks. When there is an error on the payment quantities it is corrected on the next payment cycle and I'm drawing on the line for 4-5 weeks. If the payment terms are changed to once a month payments I could have to cover the cost of the oil, labor and equipment for over two months if the payment quantities are incorrect. This would place a huge burden on our company, limit the amount of work we could bid on, and require us to increase our prices.

Please leave the payment terms the same and give our local contractors equal footing with the huge multi national contractors.

**Chuck Cook, CFO**  
Direct 775.353.7004 Cell 775.302.6591 Fax 866.910.2987  
[ccook@qdconstruction.com](mailto:ccook@qdconstruction.com)

**Q&D Construction, Inc.**  
1050 S. 21<sup>st</sup> Street  
Sparks, NV 89431  
Main 775.786.2677 Fax 775.786.5136  
[www.qdconstruction.com](http://www.qdconstruction.com)  
**Service. Integrity. Quality.**



**Q&D CONSTRUCTION, INC.**

**Foerschler, Sharon L**

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**From:** Sharon Ream [prairie3@msn.com]  
**Sent:** Monday, September 30, 2013 9:14 AM  
**To:** NDOTConstruction  
**Cc:** Scott Hiatt ; Kim Bell  
**Subject:** NDOT following NRS 338- Monthly payment system instead of bi weekly

Should NDOT elect to revise their current payment system (bi-monthly to monthly would grossly affect the competitive bidding process in the State of Nevada with regards to highway projects. The following are just a few examples of the hardships such a decision will have of the smaller contractors qualified to bid larger NDOT highway projects:

- On average and based on current market prices for asphalt oil, a contractor on and highway project can generate over \$200,000.00/Day in oil costs or approximately \$1,000,000.00/Week. The average contractor has a smaller line of credit with the oil companies than do the "larger" contractors, thus limiting their ability to cost effectively bid and perform on a project.
- While the "larger" contractors have the backing/support to carry not only the ever rising asphalt oil costs (\$4,000,000 to \$5,000,000/MO), the average contractor cannot, nor will the oil companies extend to the average contractor a higher credit limit allowing them to pay monthly.
- Subcontractors/DBE's on highway projects will also be jeopardized should NDOT implement monthly pay estimates. Currently, subcontractors have been able to provide competitive pricing because they know that they will be paid on a bi-monthly basis thus eliminating the additional costs of having to wait thirty to forty-five days for payment. Here again, the smaller/average contractor/subcontractor is being pushed out of the competitive bidding process.
- NDOT is not like any other agency/entity within the State. The size of their projects warrants the bi-monthly payment system



*Sharon J. Ream*

Sharon J. Ream  
 Chief Financial Officer  
 A & K Earth Movers, Inc.  
[prairie3@msn.com](mailto:prairie3@msn.com)

208-599-2777 Prairie Office  
 775-997-7222 Fallon Direct line

**Foerschler, Sharon L**

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**From:** Joel MCE [joel\_mce@hotmail.com]  
**Sent:** Thursday, October 03, 2013 10:09 AM  
**To:** NDOTConstruction  
**Subject:** Monthly payments

With prices going down it is ever increasingly more difficult to carry the cost of an ongoing project. If payments are made monthly rather than weekly it will put a huge burden on contractors to keep the projects flowing properly. I think monthly payments is a bad idea for the contractor, especially the smaller contractors.

Joel Stephens  
Multiple Concrete Enterprises  
Phone 801-737-2692  
Cell 801-540-5412  
Fax. 801-737-5320

**Foerschler, Sharon L**

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**From:** Todd Schwandt [acha.todd@gmail.com]  
**Sent:** Thursday, October 03, 2013 10:15 AM  
**To:** NDOTConstruction  
**Subject:** Bi weekly pay

Acha Construction is a small DBE firm that would be greatly impacted by once a month payments. Our cash flow is heavily impacted by the prevailing wage rates and the purchase of materials. We would encourage NDOT to stay the course with biweekly pay requests.

Thank You;

Todd Schwandt  
Acha Construction LLC  
1042 Commercial Street  
Elko, NV 89801  
775-777-3575 Office  
775-777-8290 Fax  
775-388-4222 Cell





**Foerschler, Sharon L**

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**From:** Rick Evans [kwyk@sbcglobal.net]  
**Sent:** Thursday, October 03, 2013 10:19 AM  
**To:** NDOTConstruction  
**Subject:** Bi-weekly pay estimates.

We here at KWYK Construction prefer to work with NDOT, more than any other entity, for several reasons. The quality of the NDOT personnel that we interact with on a daily basis, the type of work that NDOT generally administers and the bi-weekly pay schedule.

With the high wage rates that you typically encounter on state projects it places a large burden on the contractor in the large payroll and tax numbers if the contractor has to finance that work month to month especially for a smaller company such as KWYK.

KWYK Construction is licensed in California also but we will always be interested in bidding and doing NDOT work over Cal-Trans for the reasons listed above and the bi-weekly pay schedule is a large part of the equation.

Sincerely;

Please contact me with questions or concerns.

**Rick Evans**  
**Managing Member**  
**Kwyk Construction LLC**  
Fax: 775.823.5366  
Phone: 775.823.5353  
Cell: 775.750.1890  
Email: [kwyk@sbcglobal.net](mailto:kwyk@sbcglobal.net)

**Foerschler, Sharon L**

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**From:** Tom Hodges [Silverknolls@charter.net]  
**Sent:** Thursday, October 03, 2013 11:12 AM  
**To:** NDOTConstruction  
**Subject:** Payment process

Hello,

My thoughts.

Once a month would be fine on the smaller quotes that do not require retention being held out.

For the projects that do require retention to assure project completion make sure the project managers are well informed about the timeliness of processing the pay request. Reduce retention to 5% and then I think once a month billing would be doable for the contractor.

Respectfully

*Tom Hodges*  
**SILVER KNOLLS**  
  
**ELECTRIC**

Office 775-827-1077  
Fax 775-972-1747

**Foerschler, Sharon L**

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**From:** Robert Terril [RTerril@meadowvalley.com]  
**Sent:** Thursday, October 03, 2013 12:16 PM  
**To:** NDOTConstruction  
**Subject:** Bi weekly Pay

Monthly Pay Est. will be fine.

**Foerschler, Sharon L**

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**From:** Jim Fish [jfish@watersvacuum.com]  
**Sent:** Thursday, October 03, 2013 1:47 PM  
**To:** NDOTConstruction  
**Cc:** Jim Fish  
**Subject:** Monthly Payments

Monthly payments are acceptable to our company.

Best regards,

Jim Fish, General Manager  
Waters Vacuum Truck Service  
Member Full Circle Biofuels, LLC  
4275 Rewana Way  
Reno, NV 89502  
775-825-1595 Office  
775-690-4486 Mobile  
[www.watersvacuum.com](http://www.watersvacuum.com)

Recycle Your Liquid Waste Safely with Waters

**Foerschler, Sharon L**

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**From:** Mike Harmon [mharmon@titansupply.com]  
**Sent:** Thursday, October 03, 2013 3:01 PM  
**To:** NDOTConstruction  
**Subject:** change in payment schedule

To Whom it may Concern:

I recently became aware of a proposal by NDOT to possibly change their current payment schedule to general contractors from bi-weekly to a single monthly payment. As owner of a local supply company that does a significant amount of business with the general engineering contractors engaged in projects with NDOT I have reservations about this possible change. Being paid within our terms for products we supply on these projects directly impacts our ability to pay our vendors in a prompt manner, insuring timely shipment and delivery of additional products for these projects as well as others that we engage in throughout various Nevada construction markets. Too often we are given to many excuses unfortunately as to "why" certain invoices did not get paid or "missed" a payment schedule, I cringe to think what this schedule change would further do to our collection efforts.

Please consider the adverse effect that this change could have on mine, and other like businesses before you implement a "once a month" payment schedule.

Thank you for your time and consideration on this matter.

Sincerely,

**Mike Harmon**

**Titan Construction Supply Inc.**  
**250 Edison Way**  
**Reno, NV 89502**  
**775-336-6499**

Email: [mharmon@titansupply.com](mailto:mharmon@titansupply.com)

Web : <http://www.titansupply.com>

**Foerschler, Sharon L**

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**From:** Tom Massaro [TMassaro@DCCutting.com]  
**Sent:** Thursday, October 03, 2013 3:29 PM  
**To:** NDOTConstruction  
**Cc:** ashleys@nevadaagc.org  
**Subject:** payment schedule

To whom it may concern:

We, as a subcontractor, rely heavily on cash flow to keep our operation flowing. On most all projects throughout the US that we work including highway, airports and military, materials and labor are heavy burden to us, especially at the beginning of a project. We only have a couple items of work typically and its full out from day 1 with high costs. We pay labor for at least 2 months before we see any monies coming towards the work we have completed. Materials have been onsite and paid for prior to us getting paid as well.

Subcontractors have very high overhead compared to the volume of work they complete. The specialty type equipment we all need, the products that aren't available on your local shelves and having to follow and maintain all of the mandated guidelines required by all Federal and State Agencies is astronomical. Therefore any monies we can receive on a 2 week period compared to monthly hugely helps us maintain some positive cash flow.

Please do not change the existing criteria.

Respectfully,

*Tom Massaro*

Highway Manager

**Diversified Concrete Cutting, Inc.**

[tmassaro@dccutting.com](mailto:tmassaro@dccutting.com)

(775) 331-1411 Phone

(775) 331-1572 Fax

[www.diversifiedconcretecutting.com](http://www.diversifiedconcretecutting.com)

**Foerschler, Sharon L**

---

**From:** Ralph Kellogg [RKellogg@BurdickExc.com]  
**Sent:** Thursday, October 03, 2013 4:01 PM  
**To:** NDOTConstruction  
**Subject:** NRS 338

*Burdick Excavating Co., Inc*

PO Box 22330, Carson City NV 89721  
Ph. (775) 297-4566 Fx (775) 297-0974  
[RKellogg@BurdickExc.com](mailto:RKellogg@BurdickExc.com)

We would like to encourage NDOT to maintain their current payment policies.

Cash flow is very important in our business, and, especially for smaller companies it, it is critical. It can be very difficult to fund a project for any longer than absoluteley necessary. Labor and material bills must be paid when due, and often times must be funded by the contractor, prior to payment by the owner. Anything that prolongs that process imposes greater hardship on the smaller contractors, and in some cases may prevent them from being competetive for work that they might otherwise be interested in.

In the current contracting environment, with greater competition and lower margins, a lot of good companies are finding it difficult to compete.

I would hope that the Department would not intend to make it even harder.

Should you have any questions or comments on this, or any other matter, please do not hesitate to contact me.

Respectfully,

Ralph J. Kellogg  
Project Manager / Estimator

**Foerschler, Sharon L**

---

**From:** Sharon Ream [prairie3@msn.com]  
**Sent:** Friday, October 04, 2013 6:34 AM  
**To:** NDOTConstruction  
**Cc:** ashleys@nevadaagc.org  
**Subject:** NDOT CONSIDERING MONTHLY PAY SCHEDULE

Please take consideration of our position on NDOT transferring to a monthly pay schedule for work performed on NDOT Contracts- This would be absolutely devastating and terrible for our business. Most of the work we perform for NDOT by successful bid award contains huge amounts of Asphalt Oil. The asphalt oil companies have strict control of payment terms and will cut you off if you do not pay timely. The amounts of oil we have to purchase at a time FAR EXCEED our lines of credit, cash reserves and ability to pay timely if we do not receive bi-weekly payments from NDOT.

This changeover on the part of NDOT will reduce our ability to bid and receive contracts. This affects all smaller companies. It will greatly reduce the competitiveness of Nevada Based companies and will create yet another monopoly by Granite and the bigger companies who have deep pockets and strong backing.

A & K has performed well for NDOT and has never had any problems with our work performance, but this one change could eliminate our ability to do work for NDOT. That is huge for our business and would be a detriment to NDOT in receiving quality work by local contractors as well.

Please reconsider and do not change over to a monthly pay schedule.

Thank you.



*Sharon J. Ream*

Sharon J. Ream  
Chief Financial Officer  
A & K Earth Movers, Inc.  
[prairie3@msn.com](mailto:prairie3@msn.com)

208-599-2777 Prairie Office  
775-997-7222 Fallon Direct line



**Foerschler, Sharon L**

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**From:** William Winfield [wwwconstruction@gmail.com]  
**Sent:** Friday, October 04, 2013 8:36 AM  
**To:** NDOTConstruction  
**Subject:** [QUAR] MONTHLY PAYMENTS

**Importance:** Low

NDOT

As a both a Prime and as a Subcontractor on many of your projects I see nothing positive in NDOT changing to a monthly billing cycle.

I do see many NEGATIVE effects of such a move.

- 1) Payment from NDOT for jobs which carry a very high quantity of oil and material expenses up front are going to put contractor's at a disadvantage to the larger corporate giants who have much deeper pockets.
- 2) Payment from Prime contractor's to subcontractor's seldom happens on schedule with the current payment schedule and with a monthly billing cycle your plan would further cripple smaller companies and force them to wait 60 days or more to see any money trickle down. Let alone if you happen to be a tier 3 or lower subcontractor it could be even longer.

I could go on but hopefully you will reconsider this ill conceived plan as the construction industry in Nevada is extremely fragile with the current economic climate that our state is in and this will just further push the state backwards and help to send more Contractors to their demise.

Thanks  
Bill

--

**WWW Construction Inc.**  
*NV Lic. #67933/ CA Lic. #932146*  
PO Box 6688  
Reno, NV 89513  
P:(775) 324-4004  
F:(775) 324-4144

**Foerschler, Sharon L**

---

**From:** Jackie Ertel [Jackie@tiberti.com]  
**Sent:** Friday, October 04, 2013 12:20 PM  
**To:** NDOTConstruction  
**Subject:** FEEDBACK

As mostly a subcontractor I do not see this as a problem. NDOT is not known to be the fastest payer anyway. Once a month would be sufficient in my opinion.



Jackie Ertel  
THE TIBERTI COMPANY  
4975 Rogers Street  
Las Vegas, NV 89118  
Phone: 702-382-7070  
Fax: 702-220-7070  
Email: [jackie@tiberti.com](mailto:jackie@tiberti.com)

**Foerschler, Sharon L**

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**From:** Cooper, Rod [Rod.Cooper@gcinc.com]  
**Sent:** Friday, October 04, 2013 2:21 PM  
**To:** NDOTConstruction  
**Cc:** johnm@nevadaagc.org  
**Subject:** Progress Billing Schedule

To Whom it may concern;

I understand conversations are underway regarding a potential change to the progress payment cycle at NDOT. Currently, contractors are paid biweekly and the consideration is to reduce the cycle to monthly payments. I understand this could reduce a work load for the NDOT staffs, however, it would create potential hardships for most contractors, subcontractors, vendors and particularly truckers. This also includes DBE's in these category's, who are generally not flush with cash. This will hurt cash flows and create challenges for most who provide construction services to NDOT, by making it difficult to fund the work and impact their ability to pay their labor, subcontractors and materials. As you understand, banks are not as willing today to fund many of those who we as general contractors hire as subcontractors, vendors and truckers. This change could create such a financial impact to some that they could go out of business. We request that NDOT continue the process of paying their contractors biweekly.

I ask you to please consider my comments for the overall industry which supports your construction program.

Thank you,

**Rod Cooper**  
Vice President / Regional Manager  
Nevada Region  
775-358-8792 | Fax 775-355-3431  
[Rod.cooper@gcinc.com](mailto:Rod.cooper@gcinc.com) | [www.graniteconstruction.com](http://www.graniteconstruction.com)

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**Foerschler, Sharon L**

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**From:** Marc Markwell [mmarkwell@snc.biz]  
**Sent:** Monday, October 07, 2013 12:52 PM  
**To:** NDOTConstruction  
**Subject:** Biweekly Payments

I am writing this email in in protest of a possible new policy change to NDOT's payment cycle. Changing the payment cycle will have a negative effect on all general contractors and will trickle down hurting smaller subcontractors and suppliers. Currently, over 50% of the States that responded to NDOT's inquiry of payment cycles have a pay period of twice a month. Without doubt, the reason for these states payment cycle is to support the large amount of cash flow required by oil suppliers as well as the small subcontractors who are not in a financial position to "carry" a project for an extended period of time.

Oil suppliers require payment very rapidly, usually 10 days after delivery of the material. Monthly payments by NDOT would cover oil/labor/equipment/material that was provided 45 days earlier. This lag time for payment will create great hardship to both the general contractor and the subcontractors and suppliers who need payment quickly to meet their organizational cash flow needs. In some cases, the general contractors are paying the small subcontractors before payment is received from NDOT to help the subs/suppliers meet their minimum requirements like payroll. Smaller subcontractors and suppliers generally do not have enough assets to secure a line of credit so they are dependent upon help by the general contractors paying promptly and before payment is received from the State. If the general contractors are in a financial pinch, they will not be able to out the smaller suppliers and subcontractors.

Additionally, a change in the pay policy may curb competition in the highway construction market as cash flow could be a limiting barrier to entry. Large assets are required to secure credit lines to allow contractors to work on large projects where they have to "carry" the cost of a project. A new payment cycle could limit new subcontractors and contractors into the market place.

I urge you to consider the repercussions to the States' vendors and suppliers as the effects will be detrimental to the States future highway projects.

Thank you!

**Marc Markwell**  
*CFO*  
[mmarkwell@snc.biz](mailto:mmarkwell@snc.biz)

***SNC***  
**SIERRA NEVADA CONSTRUCTION, INC.**  
2055 E. Greg Street  
Sparks, NV 89435  
Office: 775•355•0420  
Fax: 775•355•0535

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**Foerschler, Sharon L**

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**From:** Fred Reeder [fred@renotahoeconst.com]  
**Sent:** Wednesday, October 09, 2013 8:50 AM  
**To:** NDOTConstruction  
**Subject:** NDOT pay schedule

I am writing in regards to NDOT's intention to move to a monthly pay schedule for their contractors. I am a smaller contractor who mainly performs public works projects. While I do not do much NDOT work I do understand the difficulties contractors today are facing due to slow pay by our public agencies.

Currently, on our public works projects that are guided by NRS 338 we are paid on a 30 day net cycle. The 30 day statement is a bit misleading because the reality is we are performing 30 days of work, then invoicing, then waiting another 30 days for payment, add in the 5 days of mail time the agencies take advantage of and we are always 65 days behind. Then if you are a subcontractor on that project you add in another ten days wait for payment from the General contractor. Then throw in the retention issue and it is a pretty tough market for us smaller contractors.

As a contractor we are held to prompt pay statutes and are required to pay our subcontractors within 10 days of receipt of payment from the owner. I support this statute but feel the public agencies should also be held to a similar standard.

In years past, we were able to rely on credit lines to pick up the payment slack but these days that is impossible. I do not know of many smaller contractors, and even the ones who have weathered the storm well, who are able to get a line of credit these days. I recently tried for a \$100,000 line at Heritage Bank and was denied the line. I was given the excuse that they are not writing any lines for any contractors at this time. I should mention that I have had an average balance in my money market account with Heritage of \$400,000 for the past year and a half and they still could not help me. Many banks have silently dropped contractors and most are trying to steer away from our business.

I know in my market I would be able to bring my prices down if the cash flow was better. I imagine the vendors and subcontractors I use would also be able to reduce their prices if the cash flow from me was also better.

Any savings NDOT feels they would save in modifying the pay schedule, in my opinion, will be offset by higher costs to the contractor that they will have to pass on to NDOT.

While the economy appears to be picking up, it is not the time to place another barrier in front of the few who have been able to weather this storm.

Thank you for taking my thoughts into consideration and please feel free to contact me should you have any questions.

Fred Reeder

President

[fred@renotahoeconst.com](mailto:fred@renotahoeconst.com)



**Reno-Tahoe Construction, Inc.**

2050 Kleppe Lane

Sparks, NV 89431

Ph 775-355-1300

Fax 775-355-1562

cel: 775-690-6186

[www.Renotahoeconst.com](http://www.Renotahoeconst.com)

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**Foerschler, Sharon L**

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**From:** Leslie Donatelli [leslied@capriaticonstruction.com]  
**Sent:** Wednesday, October 09, 2013 2:05 PM  
**To:** NDOTConstruction  
**Subject:** Response to NDOT's Special Notice re: change of payments  
**Attachments:** NDOT Change of Payments to Contractors response.pdf

Please see the attached letter representing our opinion of the change from bi-weekly to monthly payments.

*Leslie A Donatelli*  
EEO/DBE Officer  
Capriati Construction Corp.  
(702) 716-1117 cell  
[leslied@capriaticonstruction.com](mailto:leslied@capriaticonstruction.com)





● **Capriati Construction Corp.** ●

General Contractor - License # 43705A  
(702) 547-1182 Fax: (702) 547-0598

October 9, 2013

**RESPONSE TO NDOT'S SPECIAL NOTICE REGARDING CHANGE OF PAYMENTS TO CONTRACTORS FROM BI-WEEKLY TO MONTHLY**

Our opinion of this change is that it will have a negative impact on the bidding process and on the timeframes of completing projects on time especially if cash flow issues arise for contractors or subcontractors.

**ADVANTAGES** to the contractor of current **bi-weekly** payments:

- Promotes more consistent cash flow for the project.
- If items on a pay application are missed or under-reported, items can be re-submitted in 2 weeks on the next pay application.
- Subcontractors and material suppliers, especially smaller businesses and DBE firms are paid more often to maintain a positive cash flow, to maintain their payrolls and to fulfill their contract obligations.
- Knowing payments will be made every 2 weeks, estimators can be more aggressive in requesting and submitting lower costs on bid items since the turn around for payments will be more frequently.

**DISADVANTAGES** to contractors of **monthly** payments:

- Cash flow will be negatively impacted especially for smaller contractors and DBE's
- If items on a pay application are missed or under-reported, subcontractors and material suppliers will possibly have to wait up to 90 days to get paid for items.
- Contractors will have to use borrowed funds to support the start up costs for NDOT contracts therefore the bid totals will be higher to cover necessary financing.

Sincerely,

A handwritten signature in black ink, appearing to read "David M. Rocchio", written over a horizontal line.

David M. Rocchio  
President

1020 Wigwam Parkway, Henderson, NV 89074  
An Equal Opportunity Employer

**Foerschler, Sharon L**

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**From:** Pat Self [pself@4macinc.com]  
**Sent:** Friday, October 11, 2013 10:25 AM  
**To:** NDOTConstruction  
**Subject:** Feedback on NRS338 Bulletin

This change in policy would significantly affect our ability to bid and work on NDOT projects. The economic climate and this long recession recovery have taxed the already limited financial resources of small DBE companies. It would push us out of this work and be an additional disadvantage for the small business operation. This is not the time to change the payment policy of NDOT.

Respectfully,  
Pat Self, President/Owner  
4Mac Inc  
Woman Owned / DBE Certificate #NV00871UCPC

Pat Self



**4MAC CONTRACTING**  
PO Box 95816, Las Vegas, Nevada 89193  
702 270 6116 ofc  
702 270 3839 fax  
702 493 1993 cell  
[PSelf@4MacInc.com](mailto:PSelf@4MacInc.com)

**Foerschler, Sharon L**

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**From:** Gene Collins [genecollinslv@aol.com]  
**Sent:** Friday, October 11, 2013 1:12 PM  
**To:** mkd2@att.net; NDOTConstruction  
**Subject:** Re: NRS 338

In giving my opinion, this process would be very detrimental to a small business owner. The disadvantage to a small business is not being able to pay his or her bills on time. Bi-weekly income is much better than waiting for an entire month, especially now with our challenging income. I recognize this process would save N-Dot some money, but it would be nightmare in the making for a small business owner.

**Gene Collins**

**Direct Line:** 702 810-6342

**Business Fax:** 702 648-9482

**Email:** [genecollinslv@aol.com](mailto:genecollinslv@aol.com)

-----Original Message-----

**From:** mkd2 <mkd2@att.net>

**To:** pself <pself@4macinc.com>; tonyg <tonyg@7evenstar.com>; ajpaving2 <ajpaving2@aol.com>; paul <paul@acdike.com>; jtucker <jtucker@atrackout.com>; Betty <Betty@A1concretecutting.com>; acha.dina <acha.dina@gmail.com>; aaasealing96 <aaasealing96@yahoo.com>; fab5construction <fab5construction@yahoo.com>; antoniobarajas <antoniobarajas@barajasinc.com>; jessie <jessie@bsincus.com>; dcasas <dcasas@casaselectric.com>; creeksideelectric <creeksideelectric@charter.net>; stevecruz <stevecruz@gotsky.com>; dixontruck <dixontruck@oasisol.com>; dgarcia287 <dgarcia287@aol.com>; regunderson <regunderson@gundersonltd.com>; h\_teresa52 <h\_teresa52@hotmail.com>; kbtransport <kbtransport@sbcglobal.net>; carey <carey@mapcasurveys.com>; Tamara.Dethmers <Tamara.Dethmers@nbsco.com>; joelr <joelr@paradiserebar.com>; kpurcell <kpurcell@pkelectrical.com>; genecollinslv <genecollinslv@aol.com>; ttobey <ttobey@tobeywade.com>; topaz <topaz@clearwire.net>; rafterg <rafterg@hotmail.com>; workzonetraffic <workzonetraffic@aol.com>; tmurphy <tmurphy@strategicsolutionsnv.com>

**Sent:** Fri, Oct 11, 2013 10:00 am

**Subject:** NRS 338

All,

Please see the attached NDOT Bulletin. NDOT is asking for your feedback on NRS 338 which will change the way NDOT pays contractors. This change will effect us all and we strongly encourage you to respond the by October 16, 2013 to the email on the bulletin. If you should have any questions or require additional information or clarification please feel to call Michael Grock at our office (775) 246-1900 or cell (775) 315-2416.

Julie Sermeno

Projects Administrator

MKD Construction, Inc.

Phone: (775) 246-1900

Fax: (775) 246-1986

**Foerschler, Sharon L**

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**From:** Celina Di Marzio [cdimarzio@casaselectric.com]  
**Sent:** Friday, October 11, 2013 2:41 PM  
**To:** NDOTConstruction  
**Cc:** dcasas@casaselectric.com  
**Subject:** NDOT Payment Changes  
**Attachments:** NDOT Pmt Letter 101113.doc

Please review attached letter from the president of Casas Electric, Daniel Casas.

Thank you.

Sincerely,

Celina DiMarzio, Office Manager  
**Casas Electric, Inc.**  
2710 E. Patrick Lane, Suite 2  
Las Vegas, NV 89120  
Phone#: (702) 597-2093  
Fax#: (702) 454-0314  
E-mail: [cdimarzio@casaselectric.com](mailto:cdimarzio@casaselectric.com)

# CASAS ELECTRIC, INC.

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October 11, 2013

To: Governor Sandoval  
NDOT Board of Directors

I read your bulletin regarding proposed changes to the payment schedule from bi-monthly to one time per month.

As a DBE Contractor I have to say that this will greatly impact our company financially. We have to purchase supplies and pay our employees before we can even start a job. The bi-monthly payment schedule makes it possible for us to continue to seek NDOT jobs. We feel that this decision will be detrimental to small business and will eventually push the small guy out of contention for state contracts.

I hope you will rethink this decision and continue to pay on a bi-monthly basis.

With respect,

Daniel Casas  
President  
Casas Electric, Inc.  
2710 Patrick Lane, Ste. 2  
Las Vegas, NV 89120

**Foerschler, Sharon L**

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**From:** Terrence Tobey [ttobey@tobeywade.com]  
**Sent:** Saturday, October 12, 2013 3:49 PM  
**To:** NDOTConstruction  
**Subject:** NRS 338

I am not in favor of the proposed changes to the contractor payment schedule, especially in this poor economy.  
Regards,

**Terrence Tobey, P.E., S.E.**

Principal Structural Engineer

**tobeywade**

648 Lander Street

Reno, Nevada 89509

Tele: 775.324.7757

Fax: 775.324.7797

Email: [ttobey@tobeywade.com](mailto:ttobey@tobeywade.com)

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Please consider the environment - do you really need to print this Email?

**Foerschler, Sharon L**

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**From:** Wendy Rudder [secretarial@msn.com]  
**Sent:** Monday, October 14, 2013 8:29 AM  
**To:** NDOTConstruction  
**Subject:** NDOT Following NRS 338

NDOT

In response to your request for comments regarding changing to 30 day payments instead of bi monthly payments to contractors.....

This is a terrible idea to go to once a month payments. With the high cost of prevailing wage projects and out of pocket expenses incurred on behalf of NDOT, extending payment out to 30 days will create a huge impact on the small contractors bank account. If the intent is to make it so only the very largest companies can bid on and be awarded contracts with NDOT, then you will have succeeded in making that possible. In this economy, timely payments, and frequent payments sometimes makes the difference in a small company being able to succeed.

Do away with prevailing wage, and that would make a huge difference. Changing to 30 day payments would only succeed in making it harder for the small company to compete and succeed.

Wendy Rudder  
775-725-3774

**Foerschler, Sharon L**

---

**From:** Lee Smithson [lsmithson@tristateltd.com]  
**Sent:** Monday, October 14, 2013 9:34 AM  
**To:** NDOTConstruction  
**Subject:** NRS338

To whom it may concern:

I believe that changing the payment to Contractors from bi-weekly to once a month will put a hardship on the General Contractor because some of the materials and sub-contractor cost they incur. This could cause a financial problem for those General Contractors. Some of the cost they incur such as concrete and oil will be hard for them to front, the cost, until they get paid. I believe that it will cut out the small and medium size contractors from being able to submit bids for projects because they wouldn't be able to carry or cover some of their cost. This you me is not what is needed to try to get the construction industry working again. Your cutting out the small and medium size contractors will affect the subcontractors in this area that are supplying quotes to these General Contractors. Please consider leaving the process for payment as it currently is. Thank you.

Lee Smithson

Lee H. Smithson, P.L.S., W.R.S.  
Vice President  
Tri State Surveying, Ltd.  
1925 E. Prater Way  
Sparks, Nevada 89434-8938  
(775) 358-9491 X116 fax 358-3664

Cell 772-9493

email: [lsmithson@tristateltd.com](mailto:lsmithson@tristateltd.com)  
Web Site: [www.tristateltd.com](http://www.tristateltd.com)

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**Foerschler, Sharon L**

---

**From:** Joseph Monteiro [Joe@A1ConcreteCutting.com]  
**Sent:** Monday, October 14, 2013 10:21 AM  
**To:** NDOTConstruction  
**Subject:** change in payment to monthly

The reason NDOT receives such competitive bids is partially due to the quick pay schedule. There is an old saying, "don't fix it if isn't broken."

Today's economy warrants quick turnarounds for a positive cash flow.

Sincerely,

Joe Monteiro

**Foerschler, Sharon L**

---

**From:** Larry Ward [lward@harrisrebar.com]  
**Sent:** Tuesday, October 15, 2013 11:08 AM  
**To:** NDOTConstruction  
**Subject:** NDOT Following NRS 338

To whom it may concern.

In my opinion as a Subcontractor it would put a undue hardship on both the Prime and Subcontractor to reduce down to 1 billing a month for NDOT jobs. In an economy such as ours it would be Devastating to all concerned not to have the Billing cycle stay as it is now. I think in doing this it will be pushing both Prime and subcontractors away from bidding NDOT jobs.

Thank You for your time.

Have a great day.

Larry Ward  
Branch Manager

70 Linehan Road  
Carson City, NV 89706

775.246.8622 Office  
775.220.3650 Cell  
775.246.8624 Fax



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**Foerschler, Sharon L**

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**From:** Joe Bush [kbtransport@sbcglobal.net]  
**Sent:** Tuesday, October 15, 2013 11:43 AM  
**To:** NDOTConstruction  
**Cc:** joebush58@gmail.com  
**Subject:** NRS 338

To Whom it May Concern:

In response to the bulletin sent out on 10/9/201, NRS 338. I am a 2nd Tier subcontract and also a DBE, if the state decides to pay only once a month that would make it very difficult for me to do work with the state. Generally, projects that we are on require us to pay a prevailing wage every week, which in some districts it is in excess of \$45 per hour and if the job is out of town we also have to pay for hotels and meals., we do not have the capital to carry these jobs for 45- 60 days. We also have large fuel bills that are payable in 15 days. The trucking industry has very high operating costs, and the delay of payments would affect the cash flow negatively. I have been able to perform on several NDOT projects as a DBE and all of the primes that I have worked with have paid me very promptly.

Please feel free to contact me if you have any further questions.

Sincerely,

Trudi Bush  
K & B Transportation LLC  
775-331-5152

**Foerschler, Sharon L**

---

**From:** Gary Isaman [gisaman@remingtonconst.com]  
**Sent:** Tuesday, October 15, 2013 3:35 PM  
**To:** NDOTConstruction  
**Subject:** NRS 338

To whom it may concern,

As a past Vice President of Frehner Construction, a large construction company, and now an owner of Remington Construction, a smaller construction company, I am concerned that NDOT is considering changing the contractor payment schedule. For both large and small business owners, maintaining a "positive cash flow" is vital to staying in business.

Under the current bi-monthly pay schedule, a contractor receives their first payment within 30 days of the first pay estimate and then every 14 days thereafter until the final estimate. The 10% or \$50,000.00 in retention can take several months to several years to receive depending on the complexity of "closing out" the project. If NRS 338 is changed to pay contracts once a month, the contractor will not receive the first payment for 60 days and then every 30 days thereafter until the final estimate. It is my understanding retention would be released as described above.

It is not uncommon for NDOT construction projects to incur costs well into the millions of dollars prior to receiving the first payment. Such costs include but are not limited to mobilization of equipment, hot plant and crusher plant set up, marination plant set up, crushing cost for mix design submittal, bond costs, environmental permits, and payroll which is paid based on prevailing wage.

A change to NRS 338 (pay once a month in lieu of twice a month) will have a significant negative impact on all of NDOT's prime contractors. Above described costs would not be paid for an additional 30 days. Small contractors will have a greater negative impact than large contractors but the impacts will be industry wide. Prime contractors, subcontractors, suppliers, and vendors will all feel the financial devastation of such a change. Most subcontracts and suppliers payment terms are "net 30" some are "net 10," definitely not "net 60," which is what this change would imply for the prime contractor on the first pay estimate.

Further, this change will limit the number of contractors able to bid on NDOT contracts which will in turn limit competition and potentially cost NDOT money.

I strongly encourage the Board to interview all "Pre-approved" NDOT contractors before making a final decision.

Thank you,

Gary Isaman  
Vice President, Owner  
Remington Construction Co., LLC  
(775) 738-6001 office  
(775) 848-1448 cell  
(775) 738-6633 fax

**Foerschler, Sharon L**

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**From:** Monte Mason [Mmason@idahoasphalt.com]  
**Sent:** Wednesday, October 16, 2013 9:41 AM  
**To:** NDOTConstruction  
**Subject:** Proposed Payment Change

We disagree with the proposed one payment per month to the contractors performing work for NDOT. As a supplier, we cannot afford to carry the cost of the longer period between payments to the contractors.

We are requesting that NDOT keep their current payment schedule.

Thank you.

Monte Mason  
208-863-4897  
Sent from my iPhone

**Foerschler, Sharon L**

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**From:** Claudia Chambers [claudia@kelleyerosioncontrol.com]  
**Sent:** Wednesday, October 16, 2013 10:06 AM  
**To:** NDOTConstruction  
**Cc:** Michele Daugherty; Scott Hiatt; JohnM@NevadaAGC.org; Kym Kelley  
**Subject:** NRS 338 Payments to Contractors - Current Billing Process

To Whom It May Concern – We are very concerned as a small sub-contracting firm that NDOT will change the bi-weekly payments to contractors to monthly. It is very difficult for prime-contractor to have the investment needed to start a new job and/or keep a project running from month to month financially. It is even more difficult for a small sub-contractor to finance the work they perform. Most suppliers require payment in 30-days. By the time we have ordered our material and it is now time to install the 30-day period is up, so we are helping finance the project. We are a DBE firm and have been in business for 30 years but each year the business environment and new laws make it harder and harder for the small firms to survive. We are asking that you please not change how you pay contractors for their work. We are also very concerned with any increase in retention. Please feel free to call me at my office to further discuss the impacts to our business with any proposed changes.

I appreciate your time.

Thank you  
Claudia J. Chambers  
Secretary/Treasurer

Claudia J. Chambers CPESC, CISEC, QSP  
[claudia@kelleyerosioncontrol.com](mailto:claudia@kelleyerosioncontrol.com)



**KELLEY EROSION CONTROL, INC.**  
2395-B Tampa Street  
Reno, NV 89512  
(775) 322-7755 Fax (775) 322-6606 Cell (775) 741-8875

**Foerschler, Sharon L**

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**From:** Glenn, Shane [SGlenn@ParElectric.com]  
**Sent:** Wednesday, October 16, 2013 11:19 AM  
**To:** NDOTConstruction  
**Subject:** NDOT Monthly Payments

As we are all faced with having to find ways to be more efficient in today's economic state, we understand the idea of moving to a monthly payment schedule, but ask that you consider the impacts it will have to your local communities, contractors, and suppliers in each District across the State.

As both a General and Subcontractor doing business with NDOT across Northern Nevada, the switch to a monthly payment schedule, on top of already reduced projects, would definitely impact our cash flow and potentially increase our cost of doing business. Our suppliers may be forced to add additional charges to account for the delay in payment. Since the bulk of our costs are material, this will have a significant impact on us and potentially NDOT. Furthermore, as NDOT mandates DBE goals, it may be harder to find those small contractors and suppliers to meet those specific project goals

Shane Glenn  
Division Manager

PAR Electrical Contractors, Inc.  
1465 W. 4th Street  
Reno, NV. 89503  
(775) 329-0407 Office  
(775) 329-0478 Fax  
(775) 544-7556 Cell  
[sglenn@parelectric.com](mailto:sglenn@parelectric.com)

**Foerschler, Sharon L**

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**From:** Frazer, Matt [MFrazer@ParElectric.com]  
**Sent:** Wednesday, October 16, 2013 12:23 PM  
**To:** NDOTConstruction  
**Subject:** Change to NRS 338 on payment schedule

To Whom It Concerns

PAR Electric is, on occasion, both a General Contractor and Sub-Contractor on NDOT projects. As such we have been in the position of a Contractor depending on NDOT's pay-estimates coming out every two weeks in order to pay our suppliers and other service providers. We are very concerned with the draft plan to make payments only once every 30 days and, perhaps more important, increasing the retention percentage from five to ten percent (and eliminating the \$50K limitation). As everyone is aware, ten percent is more often than not more than the contractor's total profit on a job. When coupled with the time it takes to close out a job, sometimes more than a year after the last physical work is completed, the small contractor cannot withstand that type of negative cash flow. The small contractor could be forced out of the highway infrastructure market. This will result in less competition for NDOT projects, driving prices upward.

Please take our concern's into consideration as the NDOT Board evaluates this change.

Matt Frazer, Regional Program Director  
PAR Electrical Contractors, Inc.

Sent from my iPad



**Foerschler, Sharon L**

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**From:** Stacey Lindburg [stacey@candscoinc.com]  
**Sent:** Wednesday, October 16, 2013 1:03 PM  
**To:** NDOTConstruction  
**Subject:** NRS 338

To Whom It May Concern:

A change in NRS 338 would greatly affect C and S Company, an NDOT DBE contractor. The ability to receive payment every 2 weeks to the general contractor, as a subcontractor they pay the subs 10 to 15 days after receiving payment which make my payments minimum of 24 days. Which is still a fast turn for a sub contractor? 30 days of work and 30 days to pay the general 10 to 15 days to pay the sub is 75 day money. As a small business cash flow is so important and I price my NDOT project with a lower percentage knowing I will get my money faster then most projects.

Stacey Lindburg  
President

C and S Company, Inc

**Foerschler, Sharon L**

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**From:** mkd2@att.net  
**Sent:** Wednesday, October 16, 2013 1:15 PM  
**To:** NDOTConstruction  
**Subject:** Response to NRS 338  
**Attachments:** RESPONSE TO NRS 338.pdf

Please see attached response to NDOT Bulletins sent out regarding NRS 338.

Michael J. Grock  
President  
MKD Construction, Inc.  
Phone: (775) 246-1900  
Fax: (775) 246-1986



October 16, 2013

Dear NDOT Board of Directors,

I am the owner of MKD Construction, Inc., a small construction company. We have been awarded and have completed a countless number of NDOT contracts since our inception in 1999, ranging in price from \$100,000 - \$4.1M.

When we received the NDOT Bulletin regarding the possibility of NRS 338 being implemented, which would change the current bi-weekly payments to once a month we were floored. As you can imagine, the upfront cost to start any job can get very expensive for the prime contractor and trying to maintain a positive cash flow is absolutely vital for remaining in business. If you were to implement NRS 338 it would be devastating to small business, subcontractors, suppliers and DBE's that bid on NDOT contracts.

Smaller contractors would be unable to fund many of the larger NDOT contracts due to these upfront costs. Here we are in 2013 and we are still feeling and dealing with the 2007 recession. Lines of credit have been reduced or are non-existent for most small contractors, subcontractors, suppliers and DBE's.

With the current bi-weekly payment schedule, we receive our first payment within 30 days of our first estimate and every 2 weeks thereafter. If NRS 338 is implemented, contractors would not receive their first payment for **60 DAYS**. This now holds up payment to subcontractors, suppliers and DBE's. Most of our suppliers range in 10 - 30 day net pay. We either pay the suppliers and lower our cash flow or wait and incur late fees.

As you can see, this really strains the contractors and waiting 2 months to receive first payment could make it impossible for small business, subcontractors, suppliers and DBE's to bid on NDOT contract.

Implementing NRS 338 would hurt all small business and DBE's who do so much business with NDOT. In fact, approximately 80% of our income comes from NDOT contracts.

If I may be blunt, higher ranking officials with in our state government profess to be "small business friendly"...this would not help small business, in fact; it is a pro-large business move. Large business' have many financial resources to draw upon required to fund any size project.

In my opinion, if you implement NRS 338, small and disadvantage business' would no longer be able to bid NDOT contracts, thus competitive bidding would be non-existing, costing NDOT and the tax payers more money.

We certainly hope and encourage you to keep the current bi-weekly pay schedule and preserve competitive bidding. If you should have any questions, please feel free to contact me at (775) 246-1900.

Sincerely,  
Michael J. Grock  
President

**Foerschler, Sharon L**

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**From:** Tom Pellett [tom@pellettconstruction.net]  
**Sent:** Wednesday, October 16, 2013 2:41 PM  
**To:** NDOTConstruction  
**Cc:** ashleys@nevadaagc.org  
**Subject:** NDOT Payment Schedule

Speaking for the small contractors in Northern Nevada I know that it will be a mistake to change the payment schedule to monthly, unless all you want is the largest of contractors to survive and do your work.

Changing the payment schedule to monthly will mean small contractors will cease to perform your work or be run out of business.

Thank you for your consideration. TP

Thomas B. Pellett  
Pellett Construction, LLC  
Phone: 775-825-4926 ext. #302  
Fax: 775-825-4915  
Cell: 775-690-9029  
tom@pellettconstruction.net

**Foerschler, Sharon L**

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**From:** Pourchot, Tom [tpourchot@imelect.com]  
**Sent:** Wednesday, October 16, 2013 3:02 PM  
**To:** NDOTConstruction  
**Subject:** NDOT Biweekly payments

This email is to express my concern over NDOT's potential change in policy from biweekly payments to monthly payments. This change in policy would be very detrimental to small contractors and subcontractors. One of the biggest obstacles faced by small business is maintaining adequate cash flow to pay their employees and vendors. Inadequate cash flow is the major reason for small business failures. This change in policy by NDOT would exacerbate the cash flow issues experienced by small business.

I thank you for your consideration and urge you to maintain the current policy of biweekly payments.

Sincerely,

**Tom Pourchot**  
*V. P. Operations, Reno*  
**Intermountain Electric, Inc.**  
4750 Longley Lane  
Suite #105  
Reno, NV 89502  
775-850-3600 Office  
775-219-7317 Cell  
775-850-3605 Fax  
[tpourchot@imelect.com](mailto:tpourchot@imelect.com)



**Foerschler, Sharon L**

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**From:** Emilee Cate [emilee@cdsincnv.com]  
**Sent:** Wednesday, October 16, 2013 3:22 PM  
**To:** NDOTConstruction  
**Subject:** Bi-Weekly Payments

To Whom It May Concern:

Thanks you for considering our comments in regards to your proposal to pay contractors on a monthly basis instead of biweekly. As a small contractor in the State of Nevada, this proposal is very alarming. Our firm simply does not have the cash flow to wait an additional 30 days to receive payment. We assume that many firms have expressed the same concerns.

Many in the construction industry continue to operate on very thin margins. Changing the payment schedule in a way that reduces our cash flow could put us and several others out of business. At the very least, we would not be able to compete for NDOT work, which would likely increase the cost of NDOT projects.

Thank you again for considering our request for NDOT to continue to pay contractors biweekly.

Please don't hesitate to contact me if you would like to discuss this further.

Sincerely,

Emilee Mason



Office Manager

[Emilee@cdsincnv.com](mailto:Emilee@cdsincnv.com)

Ph (775) 853-5553

Fax (775) 626-2530

1601 Lewis Street

Reno, NV 89502

**Foerschler, Sharon L**

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**From:** JUSTIN IVORY [a-1steel@msn.com]  
**Sent:** Wednesday, October 16, 2013 3:25 PM  
**To:** NDOTConstruction  
**Subject:** Bi-Weekly Payments

I would like you to leave your payment program as is.

My company would be forced to charge more for our product if the payments go to 30 days.

In my opinion, this change would also give the very large contractors (mostly out of state) a significant advantage over local smaller contractors.

Thanks for your time.

Justin Ivory  
President  
A-1 Steel, Inc.  
Sparks, Nevada  
p 775-358-8666  
f 775-358-4009  
c 775-690-8968  
Nevada Lic #48530



**Foerschler, Sharon L**

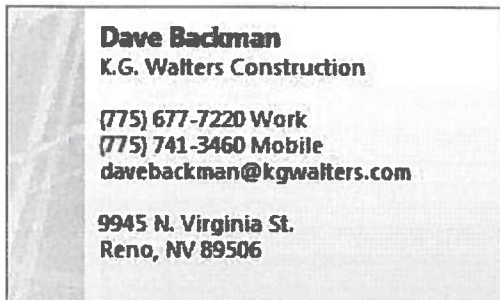
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**From:** Dave Backman [davebackman@kgwalters.com]  
**Sent:** Wednesday, October 16, 2013 3:38 PM  
**To:** NDOTConstruction  
**Subject:** Monthly Progress Payment Proposal  
**Attachments:** Dave Backman.vcf

To whom it may concern:

Just wanted to give input as a small contractor on the importance of timely progress payments. I'm not a highway contractor but I do understand the leverage the oil suppliers apply for payment (sometimes 10 days from date of invoice) to paving contractors since I do associate with them. The larger firms can afford the longer term but will most likely your proposed change will be a disadvantage for smaller firms especially when there's a discount for early pay involved which inherently places the smaller firms at a disadvantage to not be able to take advantage of early pay discounts due to lack of cash-flow that would result in NDOT's change to a monthly progress payment schedule. You have to remember that even the large firms started out as small firms so let's keep the playing field level for all. Just my opinion.

Very Truly,  
Dave Backman  
Principal  
K.G. Walters Const. Co. Inc.



**Foerschler, Sharon L**

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**From:** Tamara Dethmers [Tamara.Dethmers@nbsco.com]  
**Sent:** Wednesday, October 16, 2013 3:43 PM  
**To:** NDOTConstruction  
**Subject:** Feedback NDOT 10-16-13  
**Attachments:** NDOT Ltr RE cause effect of monthly pay sched 10-16-13.docx

To Whom It May Concern,

Attached is the response and feedback you requested regarding the pay schedule change. Please feel free to contact us for further questions/ comments.

Sincerely,  
Tamara Dethmers  
President

Brack Thompson  
CFO

RE: Special Notice Feedback Request by NDOT  
Regarding Cause and Effect of Contractor Pay Change Procedures

The effects of the scenario presented are purely numerical. Our costs for doing business with other entities/agencies on 30 day pay cycles result in a 5% markup above that that currently charged to NDOT projects subject to the biweekly pay cycle. This increase is attributed to the increased cost of financing and extended periods of lost use of revenue, i.e. cycles of turning over capital costs based on annual cycles. The more frequently our company can turn over capital the more economically we operate, and extending the pay cycle would adversely affect that turnover time.

Listed below to illustrate our point are the pay history of the top 5 contractors we perform work with in Northern Nevada and 7 of those in Southern Nevada. These are their pay histories respectively with regards to work performed on NDOT projects

Northern Nevada	
Contractor 1	39 days
Contractor 2	62 days
Contractor 3	69 days
Contractor 4	110 days
Contractor 5	112 days
Southern Nevada	
Contractor 1	39 days
Contractor 2	62 days
Contractor 3	63 days
Contractor 4	66 days
Contractor 5	85 days
Contractor 6	89 days
Contractor 7	198 days

The number 1 and 2 most consistent contractors with regards to payable rates are the same for both Northern and Southern Nevada.

The direct effect of a 30 day pay schedule verses a biweekly pay schedule will result in the aging of receivables on NDOT projects an additional 13-17 days, based on our prior history, NRS 408.383(10) biweekly payment to subcontractors and is relevant to all listed contractors.

This change will force a price increase for NDOT projects. It might be more beneficial to first insure that the payment movement cycle to all involved is made timely, (i.e. within the 15 day period as required) before considering an NDOT delay of an additional 15 days per pay cycle.

If you decide to adopt the 30 day payment schedule, may we suggest you highly consider paying the subcontractors directly on the same 30 day schedule.

In conclusion, we are opposed to the proposed change.

Thank you for this opportunity to provide feedback, as this change will have a substantial negative effect on smaller contractors/subcontractors/suppliers.

**Foerschler, Sharon L**

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**From:** Joseph Miller [jmiller@fisherind.com]  
**Sent:** Wednesday, October 16, 2013 3:43 PM  
**To:** NDOTConstruction  
**Subject:** Payment Terms

I was first confused by on the October 3<sup>rd</sup> Bulletin when it said NDOT wanted to conform to NRS 338; I thought NDOT intended on following the NRS 338 statues in lieu of the 408 statues. The effects if this were to happen would be horrific to the General Contractor and Subcontractors. The issues being payment of mobilization, retention terms and a multitude of other ramifications.

Changing payment terms would significantly harm many General Contractors and Subcontractors on many projects. For example, Fisher has completed some remarkable projects in the last few years. The I-580 freeway project was the largest NDOT project ever let in the State. We were mandated by our bonding company and our banking company to increase our line of credit before we were given permission from them to bid this project. Even with a two week payment schedule, there were very large swings in our accounts. This large project required numerous employees, many subcontractors, significant material purchases including cement, concrete, asphalt, pipe, MSE components, equipment, false-work, etc., many of which don't rely on "pay when paid" provisions. There were also such means and methods that we developed that came with incidental payment, such as the temporary arch and fill thru Galena Creek, where there was no direct payment for the activity and as a result those costs remained on our books for years.

Another project which would have been negatively affected by a change to monthly payment was Boulder City Widening. The majority of this work was completed in 68 days, which involved running crews long hours, double shifting & 7 day work weeks. This cost a tremendous amount of upfront money for labor (including OT) and fuel. If this job would have been paid on a 30 day schedule, we would only have had 2 payments during construction which means Fisher would have had to float a significant amount of the \$12million that was paid within that timeframe. 30 day payment schedule will force many contractors to bankroll the projects.

The last job I want to point out is the I-15 rubber overlay project. This was a 6 weeks job. We had a significant amount of upfront money as we had to purchase all the rubber pellets upfront, pay suppliers within 7 days, regardless of payment from the State (i.e.; oil & fuel specifically). Our crews were working day and night to get the project done and we ended with 2 crews running a marathon to complete the project ahead of schedule in order to reduce the inconvenience to public traffic. The 6 weeks it took to complete this project would have equated to only 1 estimate during construction.

One issue that the State may face if they decide to go to the monthly payment program is that Contractors may start front loading their estimates in order to put money in their pockets to pay their bills as the project progresses. Certain items like the removals and dirt will have higher values, mobilization will always be maxed out at 10% and other items such as signage, stripping and even asphalt will show a decrease in unit prices. That is not how estimates should be put together; we should not have to price items differently in order to cash flow the company because of payment terms.

What I see is that, while there may be certain projects or certain companies that could handle monthly payment, it causes an undue burden on the Contractor and/or Subcontractor to borrow money in order to make their payments for Labor and supplies.

NDOT is heavily pursuing the DBE goals on their projects. By the nature of a Disadvantaged Business, I am assuming they don't have allot of capital to risk by receiving monthly payments while paying weekly bills; so by going this direction I can see a heavy impact on the number of DBE firms that would be doing NDOT work. Right now there are not enough local DBE firms as it is.

Some projects could warrant monthly payments, some companies could endure monthly payments; however, I believe  
NDOT should continue with the bi-weekly payment process.

Thank you,



**Joe Miller ~ Fisher Industries**  
**Nevada Area Manager**  
**Project Manager**  
**Estimator**

**Foerschler, Sharon L**

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**From:** Marty Mitcham [martymitcham@coreconstruct.com]  
**Sent:** Wednesday, October 16, 2013 4:06 PM  
**To:** NDOTConstruction  
**Cc:** Ashley Stone <AshleyS@NevadaAGC.org>  
**Subject:** NDOT Bi-weekly Contractor Payments

CORE supports our fellow subcontractors on the topic of "Bi-weekly Monthly Progress Payments". A deviation from the current payment practices to monthly progress payments will diminish the capacity of contractors to perform overall monthly project progress for the client(NDOT), most likely delaying project completion due impeded cash flows for the companies performing the work. We are sure that leaving the current payment schedules as is will be best for all parties.

Sent from my iPad

**Foerschler, Sharon L**

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**From:** Scott Hiatt [shiatt@akearthmovers.com]  
**Sent:** Wednesday, October 16, 2013 4:07 PM  
**To:** NDOTConstruction  
**Cc:** mkd2@att.net; John Madole (JohnM@nevadaagc.org); Craig Madole (CraigM@nevadaagc.org); Brian Reeder (BrianR@nevadaagc.org)  
**Subject:** [QUAR] NDOT 30 DAY BILLING CYCLE  
**Importance:** Low

NDOT CONTRACTING DEPARTMENT

I WANT TO MAKE SURE THAT EVERYONE UNDERSTANDS WHAT THIS WILL DO TO A HIGHWAY PAVING CONTRACTOR. THE HIGHWAY BOARD MAY NOT UNDERSTAND HOW MUCH ASPHALT CEMENT COST PER TON AND HOW MUCH CAN USED IN PLACING ASPHALT MIX ON THE ROADWAYS. **"This is a big deal"** MANY NDOT CONTRACTS REQUIRE MANUFACTURING AND PLACING 80,000 TO 100,000 TONS OF MIX ON THE HIGHWAY. MANY CONTRACTORS CAN PRODUCE AND PLACE 3400 TO 3500 TONS PER DAY ON NEVADA HIGHWAYS. THE TONAGE OF LIQUID ASPHALT CEMENT IN THAT 3500 TONS WILL BE APPROX 210 TONS AT A COST OF 800.00 TO 850.00 PER TON. THIS IS WHERE **" the big deal comes in"**, THE COST OF OIL IN ONE DAY IS \$ 178,500.00 IF A HIGHWAY CONTRACTOR PAVES FOR 10 DAYS HE HAS PURCHASED \$ 1,785,000.00. USING THIS SAME GUIDE PAVING FOR 20 DAYS PER MONTH THIS WOULD INCREASE TO OVER 3,500,000.00 IN A 30 DAY PAY CYCLE. **(see the big deal yet!)** OIL COMPANIES WILL NOT ALLOW CONTRACTORS TO PURCHASE MORE OIL THAN THEIR LINE OF CREDIT WITH THE OIL COMPANY. IF THAT HIGHWAY CONTRACTOR IS ALSO MAKING MIX AT ANOTHER LOCATION TO SELL ASPHALT TO OUTSIDE CUSTOMERS OR OTHER AGENCES HE COULD HAVE OTHER OUTSTANDING OIL PURCHASES OF 500,000.00 OR MORE (IN THE SAME 30 DAY BILLING CYCLE). THE OIL COMPANIES WILL SHUT THE HIGHWAY CONTRACTOR OFF FROM PURCHASING ANY MORE ASPHALT OIL UNTIL PAID DOWN OR WILL BECOME A COD CUSTOMER WHICH WOULD BE \$ 178,500.00 PER DAY. **" this is a big deal"**.

CHANGING THE BILLING CYCLE TO 30 DAYS WILL INCREASE THE COSTS OF NDOT PROJECTS AND ALSO WILL CAUSE DELAYS, CAUSING ADDITIONAL COSTS TO CONTRACTOR AND INCREASING CONTRACT DAYS TO MANY OF THE CONTRACTS. THE TRAVELING PUBLIC WILL ALSO ENJOY THE INCREASED TIME THEY SPEND IN TRAFFIC AND TRAVEL ON HALF REPAIRED ROADS INCREASING THE RISK OF UNSAFE CONDITIONS ESPECIALLY AT NIGHT BETWEEN PAVING DAYS AND SLOW PAY TO THE OIL COMPANIES WILL BECOME AN ISSUE.

THANKS FOR YOU TIME IN READING THIS. **" NOT EVERYONE KNOW THE COST OF ASPHALT OIL A CONTRACTOR HAS TO PURCHASE ON A DAILY BASIS. " THIS IS A BIG DEAL "**

IF YOU WANT TO DESTROY THE SMALL BUISNESSES AND CONTRACTORS THAT CANNOT BANK ROLL THESE HUGE OIL PURCHASES FOR 30 DAYS AND CHANGE INCREASE THE PAVING SEASON THAT IS ALREADY TO SHORT IN NORTHERN NEVADA. JUST CHANGE THE BILLING SCHEDULE TO 30 DAYS, PLEASE REALLY LOOK AT THE FACTS AND YOU WILL SEE THAT THE TWICE MONTHLY BILLING SCHEDULE WAS IN PLACE FOR GOOD REASONS AND SHOULD REMAIN.

THANKS AGAIN.

**Scott Hiatt**

Vice President – A&K Earth Movers  
 775-825-1636 (office)  
 775-221-1602 (cell)  
 775-825-6171 (fax)  
[shiatt@akearthmovers.com](mailto:shiatt@akearthmovers.com)





**Foerschler, Sharon L**

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**From:** Warren B Hardy II [warren@hardyconsultinggroup.com]  
**Sent:** Wednesday, October 16, 2013 4:13 PM  
**To:** NDOTConstruction  
**Subject:** Proposed Change to payment cycle  
**Attachments:** PastedGraphic-8.pdf

Dear NDOT,

On behalf of the statewide membership of the Associated Builders and Contractors of Nevada I am writing to express our opposition to the policy change currently being considered to change the payment cycle to contractors and subcontractors from the current bi-weekly schedule to monthly payments.

ABC Nevada represents a significant number of small, independent subcontractors across the state and this change in policy would be particularly harmful to those business owners. Such a policy change could significantly impact the cash flow of small contractors, subcontractors and suppliers adding another challenge to these business owners as they struggle to recover from the historic recession.

On behalf of our members, we respectfully request that NDOT not implement this potential change

Sincerely,

Warren B Hardy

ABC Nevada Director of Government Affairs

***Warren B Hardy II***

The Hardy Consulting Group, LLC.  
5841 E. Charleston Blvd, Suite 230 #475  
Las Vegas Nevada 89142  
702-453-1155 Office  
702-408-6666 Cellular  
702-543-4098 Fax  
[warren@hardyconsultinggroup.com](mailto:warren@hardyconsultinggroup.com)  
[www.hardyconsultinggroup.com](http://www.hardyconsultinggroup.com)

*"Luck Is The Residue Of Design"*  
- Branch Rickey

**Foerschler, Sharon L**

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**From:** Gregg Menter [gmenter@valleyconcreteinc.com]  
**Sent:** Wednesday, October 16, 2013 4:36 PM  
**To:** NDOTConstruction  
**Subject:** Biweekly Payments

NDOT Board of Directors

We strongly support no changes to the biweekly payment schedule as it would put unfair burden on small business that do not have the resources and cash flow of large corporations. We do realize that a second check run does incur a cost to NDOT's budget but the taxes paid by the locally owned small business and employees is revenue for NDOT'S projects.

This change would be a step in reducing the number of bids NDOT will receive in addition to contributing to the shrinking number of small local business.

Thank you for your time and consideration.

Best regards

Gregg Menter  
Valley Concrete Inc.  
775-329-0656  
Fax 775-329-4159  
Cell 775-742-7872

**Foerschler, Sharon L**

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**From:** george lopez [gitto1.lv@gmail.com]  
**Sent:** Wednesday, October 16, 2013 5:21 PM  
**To:** NDOTConstruction  
**Subject:** Re NRS 338

Please don't start paying for NDOT work on a monthly basis. Small business, subcontractors, will bear the brunt of the change and take a hit to cash flow. There's a big difference between getting paid 26 times/year vs 12

--

*George T Lopez  
Amalgamated Safety Company  
2222 W Bonanza  
Las Vegas, NV 89106  
702-871-9385 Office  
702-871-8425 Fax  
702-408-5058 Cell*

**Foerschler, Sharon L**

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**From:** Loren Hunewill [hunewillconst@sbcglobal.net]  
**Sent:** Wednesday, October 16, 2013 7:18 PM  
**To:** NDOTConstruction  
**Subject:** NRS 338

To whom it may concern,  
Hunewill Construction has been both a contractor and supplier for NDOT contracts and the change in payments will adversely affect our ability to bid competitively on future contracts.  
If you have any questions please call.


Thank You,  
Loren Hunewill  
President  
H.E. Hunewill Const. Co. Inc.  
(775)623-2888 office  
(775)761-7283 cell  
(775)623-2992 fax

## State Transportation Department Contractor Pay

### 1. How often does your State Transportation Department process pay estimates to its contractors?

	Response Percent	Response Count
Monthly 	43.2%	16
Biweekly 	29.7%	11
Other (Please Explain) 	27.0%	10
Other (please specify)		17
<b>answered question</b>		<b>37</b>
<b>skipped question</b>		<b>0</b>

### 2. Does your State Transportation Department require that its contractors submit invoices prior to processing a pay estimate?

	Response Percent	Response Count
Yes. Contractors must submit an invoice prior to processing payment. <input checked="" type="checkbox"/>	2.7%	1
No. State construction staff prepares the pay estimate based on project records without invoice from the contractor. 	97.3%	36
Other (Please explain)	0.0%	0
Other (please specify)		4
<b>answered question</b>		<b>37</b>
<b>skipped question</b>		<b>0</b>

**3. What State do you represent?**

	<b>Response Percent</b>	<b>Response Count</b>
<b>State:</b> <input type="text"/>	100.0%	37
	<b>answered question</b>	<b>37</b>
	<b>skipped question</b>	<b>0</b>

<b>Q1. How often does your State Transportation Department process pay estimates to its contractors?</b>		
1	Normally bi-weekly except for HMA items which are paid weekly to auto-calculate the asphalt escalator	Jul 20, 2013 9:56 AM
2	We tell our P.M.'s that if there is a significant amount due they can do an estimate weekly. We do not define significant because it depends on the amount of the contract. With Sigh Manager it is pretty easy to generate an estimate.	Jul 18, 2013 2:10 PM
3	bimonthly	Jul 17, 2013 5:39 AM
4	Biweekly on major project or we try to accomodate requests.	Jul 16, 2013 6:50 AM
5	Our specifications require a payment every 30 days. For most contracts we pay every 2 weeks. For very large contracts, we pay weekly.	Jul 15, 2013 10:53 AM
6	We do have the ability to issue a supplemental pay estimate when one is needed/justified.	Jul 12, 2013 1:17 PM
7	Monthly or twice a month, contractor's choice	Jul 12, 2013 1:16 PM
8	we pay monthly as long as they've earned at least \$1,000 except if they earn \$25,000 by the 15th, then we will make a mid-month payment as well. so, if they are earning significant amounts we are making payments semi-monthly.	Jul 12, 2013 1:00 PM
9	Iowa Specification : For work extending over a period of more than one month, the Contractor will receive monthly progress estimate payments based on the amount of work completed. For Primary and Secondary projects in which the Contracting Authority is the Department or a county Board of Supervisors, these progress payments will be bi-weekly if requested by the Contractor. For late payment, the Contracting Authority will pay a penalty of 1.0% per month (or part of a month), or a minimum of \$250, whichever is the greater amount, on any work completed but not processed for payment within 14 calendar days after completion of the work. Completion of the work includes physical completion of the work and submittal of all paperwork required by the contract. Several of our offices will process some larger project payments weekly.	Jul 12, 2013 12:27 PM
10	See 109.08 Partial Payments @ <a href="http://www.virginiadot.org/business/resources/const/2007SpecBook.pdf">http://www.virginiadot.org/business/resources/const/2007SpecBook.pdf</a>	Jul 12, 2013 11:48 AM
11	Contractors can choose the 1st, 10th, or 20 for the payment due date	Jul 12, 2013 11:42 AM
12	Our specifications require payment once a month. We can and do pay more frequently (biweekly) on many projects.	Jul 12, 2013 11:11 AM
13	Weekly pay estimates may be processed under certain conditions (ex: large dollar amounts)	Jul 12, 2013 11:06 AM
14	See our 2012 spec book (online) (Idaho) Section 109.05 first paragraph. We pay at least once a month but the contractor has the option to request twice a month payments.	Jul 12, 2013 10:57 AM
15	we will do bi-weekly if the payment estimate exceeds 50,000 dollars.	Jul 12, 2013 10:51 AM
16	109.6.2 Frequency (1) The department will make 2 progress payments each	Jul 12, 2013 10:50 AM



**Q1. How often does your State Transportation Department process pay estimates to its contractors?**

month, as feasible, if the contractor is due a payment of \$1000 or more. The department may reduce this minimum payment due for contracts of \$25,000 or less.

17 Monthly with available bi-monthly payments on request. Jul 12, 2013 10:47 AM

**Q2. Does your State Transportation Department require that its contractors submit invoices prior to processing a pay estimate?**

1 On some large design-build projects, an invoice is required. Jul 12, 2013 1:17 PM

2 Generally the answer is no. The State staff prepares the pay estimates. We do have a Developmental Specification that involves the contractor invoicing us for the work and the state construction inspection staff to provide assurance to the accuracy of the invoicing. Jul 12, 2013 12:27 PM

3 Lump Sum projects do require a contractor's certified estimate to be submitted for payment. Jul 12, 2013 11:04 AM

4 contractor must have submitted certified payrolls, however. Jul 12, 2013 10:51 AM



<b>Q3. What State do you represent?</b>		
	1	
State:	NH	Jul 29, 2013 12:07 PM
	2	
State:	ME	Jul 20, 2013 9:56 AM
	3	
State:	MT	Jul 19, 2013 8:57 AM
	4	
State:	NE	Jul 18, 2013 2:10 PM
	5	
State:	NC	Jul 18, 2013 12:49 PM
	6	
State:	WV	Jul 17, 2013 5:39 AM
	7	
State:	MN	Jul 16, 2013 6:50 AM
	8	
State:	IL	Jul 15, 2013 10:53 AM
	9	
State:	AL	Jul 15, 2013 7:06 AM
	10	
State:	CT	Jul 15, 2013 6:11 AM
	11	
State:	KY	Jul 15, 2013 5:45 AM
	12	
State:	AZ	Jul 12, 2013 5:00 PM
	13	
State:	WA	Jul 12, 2013 1:17 PM
	14	
State:	KS	Jul 12, 2013 1:16 PM

<b>Q3. What State do you represent?</b>		
	<b>15</b>	
<b>State:</b>	<b>OK</b>	<b>Jul 12, 2013 1:00 PM</b>
	<b>16</b>	
<b>State:</b>	<b>IA</b>	<b>Jul 12, 2013 12:27 PM</b>
	<b>17</b>	
<b>State:</b>	<b>MA</b>	<b>Jul 12, 2013 11:56 AM</b>
	<b>18</b>	
<b>State:</b>	<b>MO</b>	<b>Jul 12, 2013 11:56 AM</b>
	<b>19</b>	
<b>State:</b>	<b>VA</b>	<b>Jul 12, 2013 11:48 AM</b>
	<b>20</b>	
<b>State:</b>	<b>WY</b>	<b>Jul 12, 2013 11:42 AM</b>
	<b>21</b>	
<b>State:</b>	<b>CA</b>	<b>Jul 12, 2013 11:13 AM</b>
	<b>22</b>	
<b>State:</b>	<b>ND</b>	<b>Jul 12, 2013 11:11 AM</b>
	<b>23</b>	
<b>State:</b>	<b>MI</b>	<b>Jul 12, 2013 11:06 AM</b>
	<b>24</b>	
<b>State:</b>	<b>SD</b>	<b>Jul 12, 2013 11:05 AM</b>
	<b>25</b>	
<b>State:</b>	<b>FL</b>	<b>Jul 12, 2013 11:04 AM</b>
	<b>26</b>	
<b>State:</b>	<b>AR</b>	<b>Jul 12, 2013 11:03 AM</b>
	<b>27</b>	
<b>State:</b>	<b>ID</b>	<b>Jul 12, 2013 10:57 AM</b>
	<b>28</b>	
<b>State:</b>	<b>VT</b>	<b>Jul 12, 2013 10:54 AM</b>



<b>Q3. What State do you represent?</b>		
	<b>29</b>	
<b>State:</b>	<b>NJ</b>	<b>Jul 12, 2013 10:52 AM</b>
	<b>30</b>	
<b>State:</b>	<b>NY</b>	<b>Jul 12, 2013 10:51 AM</b>
	<b>31</b>	
<b>State:</b>	<b>WI</b>	<b>Jul 12, 2013 10:50 AM</b>
	<b>32</b>	
<b>State:</b>	<b>OR</b>	<b>Jul 12, 2013 10:49 AM</b>
	<b>33</b>	
<b>State:</b>	<b>DC</b>	<b>Jul 12, 2013 10:49 AM</b>
	<b>34</b>	
<b>State:</b>	<b>DE</b>	<b>Jul 12, 2013 10:48 AM</b>
	<b>35</b>	
<b>State:</b>	<b>AK</b>	<b>Jul 12, 2013 10:47 AM</b>
	<b>36</b>	
<b>State:</b>	<b>CO</b>	<b>Jul 12, 2013 10:46 AM</b>
	<b>37</b>	
<b>State:</b>	<b>NV</b>	<b>Jul 12, 2013 7:41 AM</b>



1263 South Stewart Street  
Carson City, Nevada 89712  
Phone: (775) 888-7440  
Fax: (775) 888-7201

## MEMORANDUM

August 17, 2012

**TO:** Department of Transportation Board of Directors,  
Construction Working Group

**FROM:** Richard Nelson, Assistant Director Operations

**SUBJECT:** August 24, 2012 Construction Working Group Meeting

**Item #5:** Bi-weekly v. Monthly Payments to Contractors – Informational Item Only.

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### **Summary:**

The Department's Financial Management Division analyzed fiscal year 2012 contractor payment, federal reimbursement, and Highway Fund week-end cash balance information to project the impact of paying contractors once on the last day of the month versus the current bi-weekly practice.

### **Background:**

- Per NRS 408.383(1) the Director may pay contractors at the end of each calendar month or as soon as practicable for work that has been satisfactorily performed.
- Currently, contractors performing highway improvement or construction work are paid for satisfactory progress every two weeks, resulting in twenty-six contractor payments annually (two months of the year having three payments).
- Reimbursement of the federal share of these projects is received by the department approximately four days after payment to contractors.
- The Department of Motor Vehicles (DMV) deposits an average of \$35 million per month into the Highway Fund, of which \$7 million is deposited into the Highway Fund in the first half of the month and \$28 million is deposited in the second half of the month. These distributions include driver's license, vehicle registration, and motor carrier fees, special fuel and gas taxes, with special fuel and gas taxes, the bulk of the deposit at \$22 million, included only in the second distribution of the month.

### **Analysis:**

- Impact on cash flow:  
Paying contractors at month end typically lessens the impact on cash flow each month as all DMV deposits have been received prior to contractor payments being made.
- Reduced fluctuation in cash flow:  
Paying contractors in twelve monthly installments smoothes the fluctuations in total dollars paid per month by reducing the dollar amount paid in months that include three contractor payments and increasing payments in the adjacent months.

- *Week-end cash balance:*  
Study results indicated that monthly contractor payments would result in week-end Highway Fund cash balances averaging \$17 million higher each month. The largest increase in cash balance over the period studied was \$53 million.
- *Minimum cash balance:*  
Monthly contractor payments resulted in a minimum Highway Fund cash balance that was \$12 million higher on average, with the maximum difference over the period studied of \$36 million higher, and the minimum difference in the cash balance being \$10 million lower.
- *Transition period:*  
The analysis also showed that in the first month of the transition the cash balance would be reduced due to the fact that federal aid would be delayed until the following month.  
If a change in payment timing is pursued, the winter months would likely be the easiest time to transition as contractor payments are lower at this time of year and the Highway Fund balance tends to be at its highest point in the fiscal year.

**List of Attachments:**

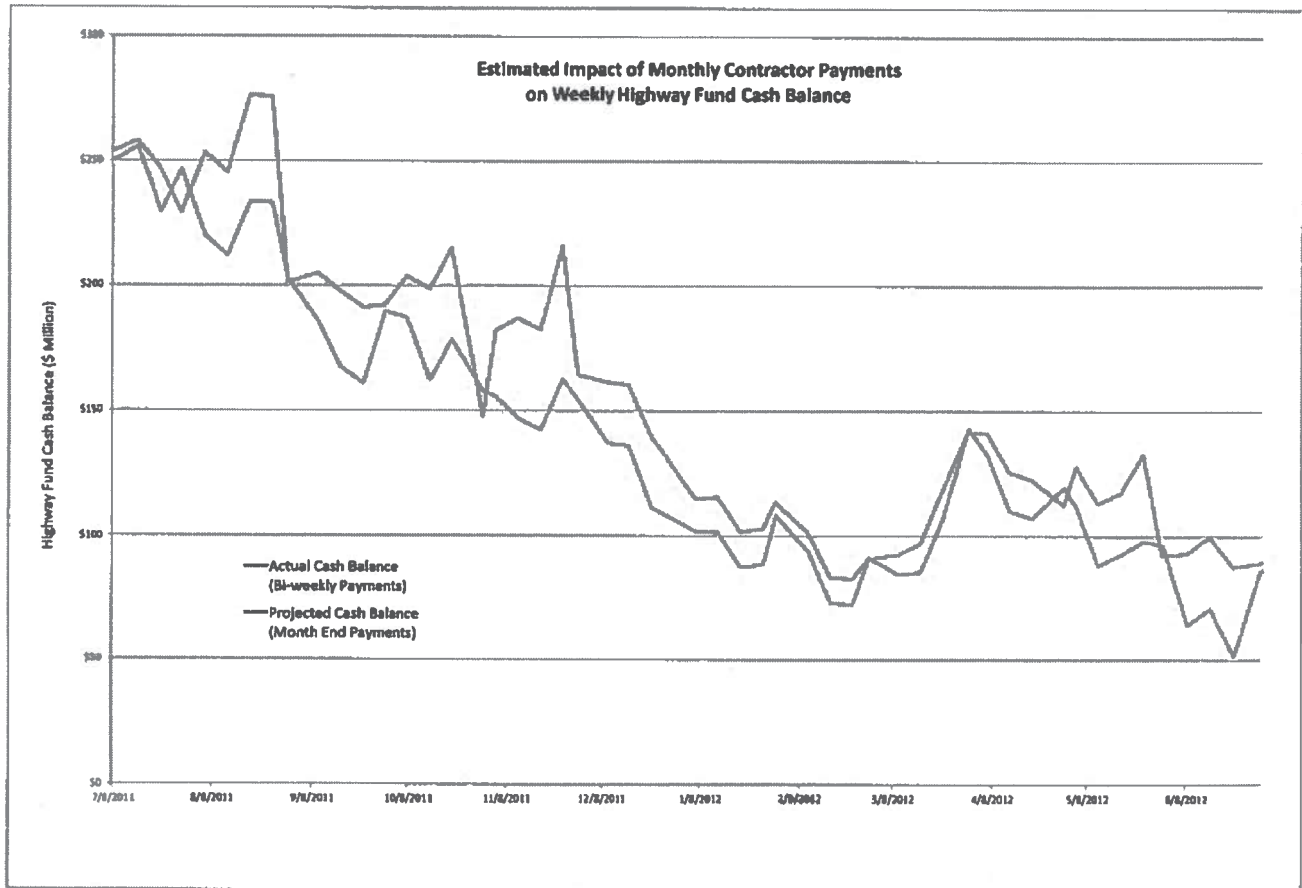
- A. Graph: Estimated Impact of Monthly Contractor Payments on Weekly Highway Fund Cash Balance
- B. Graph: Estimated Impact of Monthly Contractor Payments on Highway Fund Minimum Cash Balance
- C. NRS 408.282

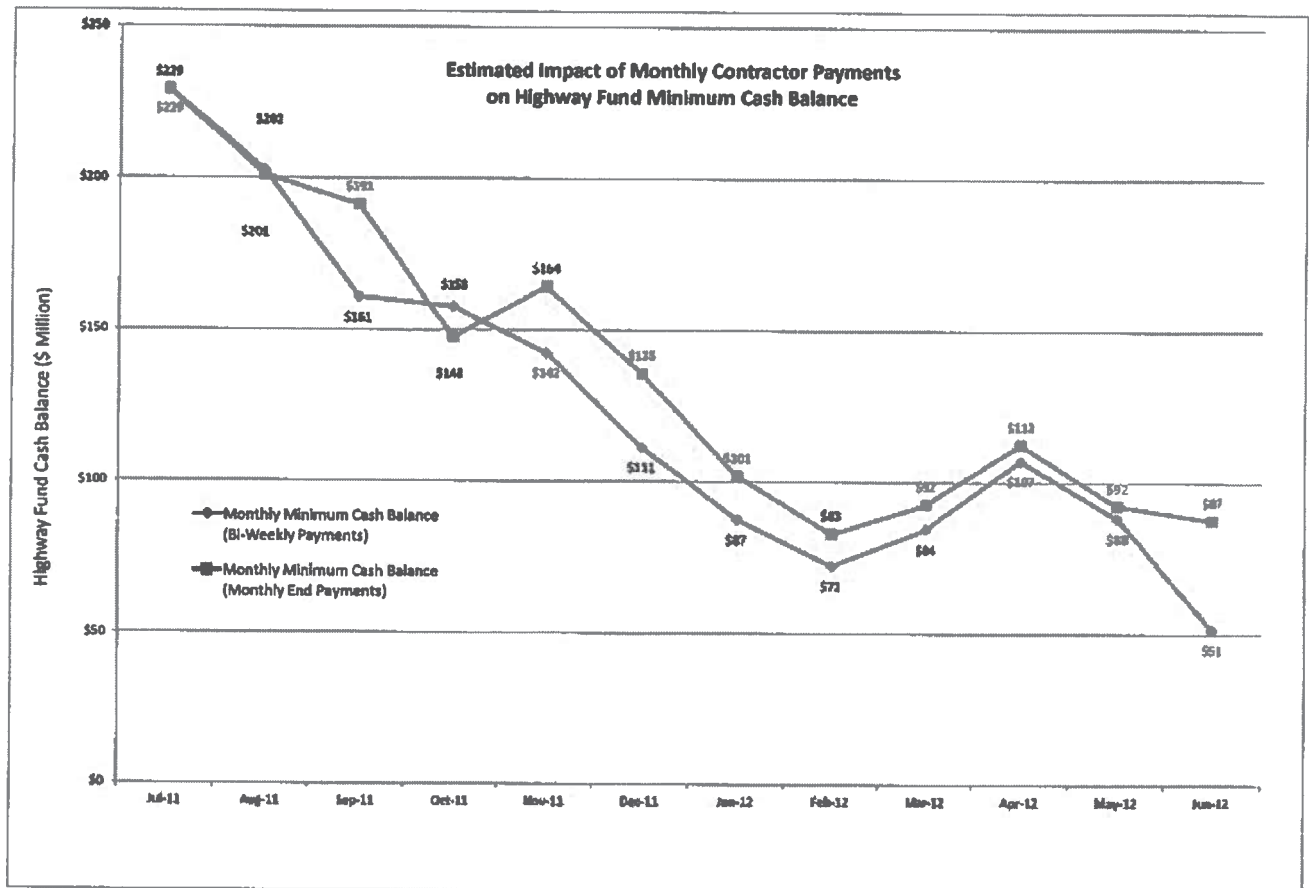
**Recommendation for Board Action:**

Informational Item Only

**Prepared by:**

Felicia Denney, Chief NDOT Financial Management





**NRS 408.383 Contractor: Partial payments; percentage retained; substitution of certain obligations for retained payments; period for dispersal of money by contractor to subcontractors; rate of interest on delinquent dispersal; procedure for resolution of dispute over dispersal.**

1. Except as otherwise provided in subsections 2, 11 and 12, the Director may pay at the end of each calendar month, or as soon thereafter as practicable, to any contractor satisfactorily performing any highway improvement or construction as the work progresses in full for the work as completed but not more than 95 percent of the entire contract price. The progress estimates must be based upon materials in place, or on the job site, or at a location approved by the Director, and invoiced, and labor expended thereon. The remaining 5 percent, but not more than \$50,000, must be retained until the entire contract is completed satisfactorily and accepted by the Director.

2. If the work in progress is being performed on a satisfactory basis, the Director may reduce the percentage retained if the Director finds that sufficient reasons exist for additional payment and has obtained written approval from every surety furnishing bonds for the work. Any remaining money must be retained until the entire contract is completed satisfactorily and accepted by the Director.

3. If it becomes necessary for the Department to take over the completion of any highway contract or contracts, all of the amounts owing the contractor, including the withheld percentage, must first be applied toward the cost of completion of the contract or contracts. Any balance remaining in the retained percentage after completion by the Department is payable to the contractor or the contractor's creditors.

4. Such retained percentage as may be due any contractor is due and payable at the expiration of the 30-day period as provided in NRS 408.363 for filing of creditors' claims, and this retained percentage is due and payable to the contractor at that time without regard to creditors' claims filed with the Department.

5. The contractor under any contract made or awarded by the Department, including any contract for the construction, improvement, maintenance or repair of any road or highway or the appurtenances thereto, may, from time to time, withdraw the whole or any portion of the sums otherwise due to the contractor under the contract which are retained by the Department, pursuant to the terms of the contract, if the contractor deposits with the Director:

(a) United States treasury bonds, United States treasury notes, United States treasury certificates of indebtedness or United States treasury bills;

(b) Bonds or notes of the State of Nevada; or

(c) General obligation bonds of any political subdivision of the State of Nevada.

Certificates of deposit must be of a market value not exceeding par, at the time of deposit, but at least equal in value to the amount so withdrawn from payments retained under the contract.

6. The Director has the power to enter into a contract or agreement with any national bank, state bank, credit union, trust company or safe deposit company located in the State of Nevada, designated by the contractor after notice to the owner and surety, to provide for the custodial care and servicing of any obligations deposited with the Director pursuant to this section. Such services include the safekeeping of the obligations and the rendering of all services required to effectuate the purposes of this section.

7. The Director or any national bank, state bank, credit union, trust company or safe deposit company located in the State of Nevada, designated by the contractor to serve as custodian for the obligations pursuant to subsection 6, shall collect all interest or income when due on the obligations so deposited and shall pay them, when and as collected, to the contractor who deposited the obligation. If the deposit is in the form of coupon bonds, the Director shall deliver each coupon as it matures to the contractor.

8. Any amount deducted by the State of Nevada, or pursuant to the terms of a contract, from the retained payments otherwise due to the contractor thereunder, must be deducted first from that portion of the retained payments for which no obligation has been substituted, then from the proceeds of any deposited obligation. In the latter case, the contractor is entitled to receive the interest, coupons or income only from those obligations which remain on deposit after that amount has been deducted.

9. A contractor shall disburse money paid to the contractor pursuant to this section, including any interest that the contractor receives, to his or her subcontractors and suppliers within 15 days after receipt of the money in the proportion that the value of the work performed by each subcontractor or the materials furnished by each supplier bears to the total amount of the contract between the principal contractor and the Department.

10. Money payable to a subcontractor or supplier accrues interest at a rate equal to the lowest daily prime rate at the three largest banks in the United States on the date the subcontract or order for supplies was executed plus 2 percent, from 15 days after the money was received by the principal contractor until the date of payment.

11. If a contractor withholds more than 10 percent of a payment required by subsection 9, the subcontractor or supplier may inform the Director in writing of the amount due. The Director shall attempt to resolve the dispute between the contractor and the subcontractor or supplier within 20 working days after the date that the Director



receives notice of the amount due. If the dispute is not resolved within 20 working days after the date that the Director receives notice of the amount due, the contractor shall deposit the disputed amount in an escrow account that bears interest. The contractor, subcontractor or supplier may pursue any legal or equitable remedy to resolve the dispute over the amount due. The Director may not be made a party to any legal or equitable action brought by the contractor, subcontractor or supplier.

12. If the Director awards to a railroad company a contract for a project for the construction, reconstruction, improvement or maintenance of a highway and the project is located on property that is owned by or under the control of the railroad company, the Director may agree in the contract not to retain any portion of the contract price.

(Added to NRS by 1957, 686; A 1960, 75; 1963, 976; 1967, 348; 1969, 890; 1971, 864; 1975, 717; 1979, 1774; 1981, 265; 1999, 260, 1492; 2001, 637)

**NRS 338.510 Submittal of progress bills.** A contractor shall submit a progress bill to the public body monthly or more frequently if the provisions of the contract so provide.  
(Added to NRS by 1999, 1984)

**NRS 338.515 Time for making payments; amounts paid; amounts withheld as retainage; rate of interest paid on amounts withheld; powers of Labor Commissioner when worker is owed wages.** [Effective through June 30, 2015.]

1. Except as otherwise provided in NRS 338.525, a public body and its officers or agents awarding a contract for a public work shall pay or cause to be paid to a contractor the progress payments due under the contract within 30 days after the date the public body receives the progress bill or within a shorter period if the provisions of the contract so provide. Not more than 95 percent of the amount of any progress payment may be paid until 50 percent of the work required by the contract has been performed.

**NRS 338.550 Time for making payments; amounts paid.** Except as otherwise provided in NRS 338.555, 338.560 and 338.565:

1. Each contractor shall disburse money paid to the contractor pursuant to this chapter, including any interest which the contractor receives, to his or her subcontractors and suppliers within 10 days after the contractor receives the money, in direct proportion to the subcontractors' and suppliers' basis in the progress bill or retainage bill and any accrued interest thereon.

2. A contractor shall make payments to his or her subcontractor or supplier in an amount equal to that subcontractor's or supplier's basis in the payments paid by the public body to the contractor for the supplies, material and equipment identified in the contract between the contractor and the public body, or between the subcontractor or supplier and the contractor, within 10 days after the contractor has received a progress payment or retainage payment from the public body for those supplies, materials and equipment.

(Added to NRS by 1987, 559; A 1999, 1993)

**NRS 408.383 Contractor: Partial payments; percentage retained; substitution of certain obligations for retained payments; period for dispersal of money by contractor to subcontractors; rate of interest on delinquent dispersal; procedure for resolution of dispute over dispersal.**

1. Except as otherwise provided in subsections 2, 11 and 12, the Director may pay at the end of each calendar month, or as soon thereafter as practicable, to any contractor satisfactorily performing any highway improvement or construction as the work progresses in full for the work as completed but not more than 95 percent of the entire contract price. The progress estimates must be based upon materials in place, or on the job site, or at a location approved by the Director, and invoiced, and labor expended thereon. The remaining 5 percent, but not more than \$50,000, must be retained until the entire contract is completed satisfactorily and accepted by the Director.

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## 48 CFR 52.232-27 - Prompt payment for construction contracts.

There are 10 Updates appearing in the Federal Register for 48 CFR 52. Select the tab below to view, or [View eCFR \(GPOAccess\)](#)

**CFR**   **Updates**   **Authorities (U.S. Code)**   **Rulemaking**

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52.232-27

Prompt payment for construction contracts.

As prescribed in 32.908(b), insert the following clause:

**Prompt Payment for Construction Contracts (OCT 2008)**

Notwithstanding any other payment terms in this contract, the Government will make invoice payments under the terms and conditions specified in this clause. The Government considers payment as being made on the day a check is dated or the date of an electronic funds transfer. Definitions of pertinent terms are set forth in sections 2.101, 32.001, and 32.902 of the Federal Acquisition Regulation. All days referred to in this clause are calendar days, unless otherwise specified. (However, see paragraph (a)(3) concerning payments due on Saturdays, Sundays, and legal holidays.)

(a) Invoice payments—(1) Types of invoice payments. For purposes of this clause, there are several types of invoice payments that may occur under this contract, as follows:

(i) Progress payments, if provided for elsewhere in this contract, based on Contracting Officer approval of the estimated amount and value of work or services performed, including payments for reaching milestones in any project.

(A) The due date for making such payments is 14 days after the designated billing office receives a proper payment request. If the designated billing office fails to annotate the payment request with the actual date of receipt at the time of receipt, the payment due date is the 14th day after the date of the Contractor's payment request, provided the designated billing office receives a proper payment request and there is no disagreement over quantity, quality, or Contractor compliance with contract requirements.

(B) The due date for payment of any amounts retained by the Contracting Officer in accordance with the clause at 52.232-5, Payments Under Fixed-Price Construction Contracts, is as specified in the contract or, if not specified, 30 days after approval by the Contracting Officer for release to the Contractor.

(ii) Final payments based on completion and acceptance of all work and presentation of release of all claims against the Government arising by virtue of the contract, and payments for partial deliveries that have been accepted by the Government (e.g., each separate building, public work, or other division of the contract for which the price is stated separately in the contract).

(A) The due date for making such payments is the later of the following two events:

(1) The 30th day after the designated billing office receives a proper invoice from the Contractor.

(2) The 30th day after Government acceptance of the work or services completed by the Contractor. For a final invoice when the payment amount is subject to contract settlement actions (e.g., release of claims), acceptance is deemed to occur on the effective date of the contract settlement.

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(B) If the designated billing office fails to annotate the invoice with the date of actual receipt at the time of receipt, the invoice payment due date is the 30th day after the date of the Contractor's invoice, provided the designated billing office receives a proper invoice and there is no disagreement over quantity, quality, or Contractor compliance with contract requirements.

(2) Contractor's invoice. The Contractor shall prepare and submit invoices to the designated billing office specified in the contract. A proper invoice must include the items listed in paragraphs (a)(2)(i) through (a)(2)(xi) of this clause. If the invoice does not comply with these requirements, the designated billing office must return it within 7 days after receipt, with the reasons why it is not a proper invoice. When computing any interest penalty owed the Contractor, the Government will take into account if the Government notifies the Contractor of an improper invoice in an untimely manner.

- (i) Name and address of the Contractor.
- (ii) invoice date and invoice number. (The Contractor should date invoices as close as possible to the date of mailing or transmission.)
- (iii) Contract number or other authorization for work or services performed (including order number and contract line item number).
- (iv) Description of work or services performed.
- (v) Delivery and payment terms (e.g., discount for prompt payment terms).
- (vi) Name and address of Contractor official to whom payment is to be sent (must be the same as that in the contract or in a proper notice of assignment).
- (vii) Name (where practicable), title, phone number, and mailing address of person to notify in the event of a defective invoice.
- (viii) For payments described in paragraph (a)(1)(i) of this clause, substantiation of the amounts requested and certification in accordance with the requirements of the clause at 52.232-5, Payments Under Fixed-Price Construction Contracts.
- (ix) Taxpayer Identification Number (TIN). The Contractor shall include its TIN on the invoice only if required elsewhere in this contract.
- (x) Electronic funds transfer (EFT) banking information.
  - (A) The Contractor shall include EFT banking information on the invoice only if required elsewhere in this contract.
  - (B) If EFT banking information is not required to be on the invoice, in order for the invoice to be a proper invoice, the Contractor shall have submitted correct EFT banking information in accordance with the applicable solicitation provision (e.g., 52.232-38, Submission of Electronic Funds Transfer Information with Offer), contract clause (e.g., 52.232-33, Payment by Electronic Funds Transfer—Central Contractor Registration, or 52.232-34, Payment by Electronic Funds Transfer—Other Than Central Contractor Registration), or applicable agency procedures.
  - (C) EFT banking information is not required if the Government waived the requirement to pay by EFT.
- (xi) Any other information or documentation required by the contract.

(3) Interest penalty. The designated payment office will pay an interest penalty automatically, without request from the Contractor, if payment is not made by the due date and the conditions listed in paragraphs (a)(3)(i) through (a)(3)(iii) of this clause are met, if applicable. However, when the due date falls on a Saturday, Sunday, or legal holiday, the designated payment office may make payment on the following working day without incurring a late payment interest penalty.

- (i) The designated billing office received a proper invoice.
- (ii) The Government processed a receiving report or other Government documentation authorizing payment and there was no disagreement over quantity, quality, Contractor compliance with any contract term or condition, or requested progress payment amount.
- (iii) in the case of a final invoice for any balance of funds due the Contractor for work or services performed, the amount was not subject to further contract settlement actions between the Government and the Contractor.

(4) Computing penalty amount. The Government will compute the interest penalty in accordance with the Office of Management and Budget prompt payment regulations at 5 CFR part 1315.

(i) For the sole purpose of computing an interest penalty that might be due the Contractor for payments described in paragraph (a)(1)(ii) of this clause, Government acceptance or approval is deemed to occur constructively on the 7th day after the Contractor has completed the work or services in accordance with the terms and conditions of the contract. If actual acceptance or approval occurs within the constructive acceptance or approval period, the Government will base the determination of an interest penalty on the actual date of acceptance or approval. Constructive acceptance or constructive approval requirements do not apply if there is a disagreement over quantity, quality, or Contractor compliance with a contract provision. These requirements also do not compel Government officials to accept work or services, approve Contractor estimates, perform contract administration functions, or make payment prior to fulfilling their responsibilities.

(ii) The prompt payment regulations at 5 CFR 1315.10(c) do not require the Government to pay interest penalties if payment delays are due to disagreement between the Government and the Contractor over the payment amount or other issues involving contract compliance, or on amounts temporarily withheld or retained in accordance with the terms of the contract. The Government and the Contractor shall resolve claims involving disputes, and any interest that may be payable in accordance with the clause at FAR 52.233-1, Disputes.

(5) Discounts for prompt payment. The designated payment office will pay an interest penalty automatically, without request from the Contractor, if the Government takes a discount for prompt payment improperly. The Government will calculate the interest penalty in accordance with the prompt payment regulations at 5 CFR part 1315.

(6) Additional interest penalty. (i) The designated payment office will pay a penalty amount, calculated in accordance with the prompt payment regulations at 5 CFR part 1315 in addition to the interest penalty amount only if—

(A) The Government owes an interest penalty of \$1 or more;

(B) The designated payment office does not pay the interest penalty within 10 days after the date the invoice amount is paid; and

(C) The Contractor makes a written demand to the designated payment office for additional penalty payment, in accordance with paragraph (a)(6)(ii) of this clause, postmarked not later than 40 days after the date the invoice amount is paid.

(ii)(A) The Contractor shall support written demands for additional penalty payments with the following data. The Government will not request any additional data. The Contractor shall—

(1) Specifically assert that late payment interest is due under a specific invoice, and request payment of all overdue late payment interest penalty and such additional penalty as may be required;

(2) Attach a copy of the invoice on which the unpaid late payment interest was due; and

(3) State that payment of the principal has been received, including the date of receipt.

(B) If there is no postmark or the postmark is illegible—

(1) The designated payment office that receives the demand will annotate it with the date of receipt provided the demand is received on or before the 40th day after payment was made; or

(2) If the designated payment office fails to make the required annotation, the Government will determine the demand's validity based on the date the Contractor has placed on the demand, provided such date is no later than the 40th day after payment was made.

(b) Contract financing payments. If this contract provides for contract financing, the Government will make contract financing payments in accordance with the applicable contract financing clause.

(c) Subcontract clause requirements. The Contractor shall include in each subcontract for property or services (including a material supplier) for the purpose of performing this contract the following:



(1) Prompt payment for subcontractors. A payment clause that obligates the Contractor to pay the subcontractor for satisfactory performance under its subcontract not later than 7 days from receipt of payment out of such amounts as are paid to the Contractor under this contract.

(2) Interest for subcontractors. An interest penalty clause that obligates the Contractor to pay to the subcontractor an interest penalty for each payment not made in accordance with the payment clause—

(i) For the period beginning on the day after the required payment date and ending on the date on which payment of the amount due is made; and

(ii) Computed at the rate of interest established by the Secretary of the Treasury, and published in the Federal Register, for interest payments under section 12 of the Contract Disputes Act of 1978 (41 U.S.C. 611) in effect at the time the Contractor accrues the obligation to pay an interest penalty.

(3) Subcontractor clause flowdown. A clause requiring each subcontractor to—

(i) include a payment clause and an interest penalty clause conforming to the standards set forth in paragraphs (c)(1) and (c)(2) of this clause in each of its subcontracts; and

(ii) require each of its subcontractors to include such clauses in their subcontracts with each lower-tier subcontractor or supplier.

(d) Subcontract clause interpretation. The clauses required by paragraph (c) of this clause shall not be construed to impair the right of the Contractor or a subcontractor at any tier to negotiate, and to include in their subcontract, provisions that—

(1) Retainage permitted. Permit the Contractor or a subcontractor to retain (without cause) a specified percentage of each progress payment otherwise due to a subcontractor for satisfactory performance under the subcontract without incurring any obligation to pay a late payment interest penalty, in accordance with terms and conditions agreed to by the parties to the subcontract, giving such recognition as the parties deem appropriate to the ability of a subcontractor to furnish a performance bond and a payment bond;

(2) Withholding permitted. Permit the Contractor or subcontractor to make a determination that part or all of the subcontractor's request for payment may be withheld in accordance with the subcontract agreement; and

(3) Withholding requirements. Permit such withholding without incurring any obligation to pay a late payment penalty if—

(i) A notice conforming to the standards of paragraph (g) of this clause previously has been furnished to the subcontractor; and

(ii) The Contractor furnishes to the Contracting Officer a copy of any notice issued by a Contractor pursuant to paragraph (d)(3)(i) of this clause.

(e) Subcontractor withholding procedures. If a Contractor, after making a request for payment to the Government but before making a payment to a subcontractor for the subcontractor's performance covered by the payment request, discovers that all or a portion of the payment otherwise due such subcontractor is subject to withholding from the subcontractor in accordance with the subcontract agreement, then the Contractor shall—

(1) Subcontractor notice. Furnish to the subcontractor a notice conforming to the standards of paragraph (g) of this clause as soon as practicable upon ascertaining the cause giving rise to a withholding, but prior to the due date for subcontractor payment;

(2) Contracting Officer notice. Furnish to the Contracting Officer, as soon as practicable, a copy of the notice furnished to the subcontractor pursuant to paragraph (e)(1) of this clause;

(3) Subcontractor progress payment reduction. Reduce the subcontractor's progress payment by an amount not to exceed the amount specified in the notice of withholding furnished under paragraph (e)(1) of this clause;

(4) Subsequent subcontractor payment. Pay the subcontractor as soon as practicable after the correction of the identified subcontract performance deficiency, and—

(i) Make such payment within—

(A) Seven days after correction of the identified subcontract performance deficiency (unless the funds therefor must be recovered from the Government because of a reduction under paragraph (e)(5)(i)) of this clause; or

(B) Seven days after the Contractor recovers such funds from the Government; or

(ii) Incur an obligation to pay a late payment interest penalty computed at the rate of interest established by the Secretary of the Treasury, and published in the Federal Register, for interest payments under section 12 of the Contracts Disputes Act of 1978 (41 U.S.C. 611) in effect at the time the Contractor accrues the obligation to pay an interest penalty;

(5) Notice to Contracting Officer. Notify the Contracting Officer upon—

(i) Reduction of the amount of any subsequent certified application for payment; or

(ii) Payment to the subcontractor of any withheld amounts of a progress payment, specifying—

(A) The amounts withheld under paragraph (e)(1) of this clause; and

(B) The dates that such withholding began and ended; and

(6) Interest to Government. Be obligated to pay to the Government an amount equal to interest on the withheld payments (computed in the manner provided in 31 U.S.C. 3903(c)(1)), from the 8th day after receipt of the withheld amounts from the Government until—

(i) The day the identified subcontractor performance deficiency is corrected; or

(ii) The date that any subsequent payment is reduced under paragraph (e)(5)(i) of this clause.

(f) Third-party deficiency reports—(1) Withholding from subcontractor. If a Contractor, after making payment to a first-tier subcontractor, receives from a supplier or subcontractor of the first-tier subcontractor (hereafter referred to as a "second-tier subcontractor") a written notice in accordance with the Miller Act (40 U.S.C. 3133), asserting a deficiency in such first-tier subcontractor's performance under the contract for which the Contractor may be ultimately liable, and the Contractor determines that all or a portion of future payments otherwise due such first-tier subcontractor is subject to withholding in accordance with the subcontract agreement, the Contractor may, without incurring an obligation to pay an interest penalty under paragraph (e)(6) of this clause—

(i) Furnish to the first-tier subcontractor a notice conforming to the standards of paragraph (g) of this clause as soon as practicable upon making such determination; and

(ii) Withhold from the first-tier subcontractor's next available progress payment or payments an amount not to exceed the amount specified in the notice of withholding furnished under paragraph (f)(1)(i) of this clause.

(2) Subsequent payment or interest charge. As soon as practicable, but not later than 7 days after receipt of satisfactory written notification that the identified subcontract performance deficiency has been corrected, the Contractor shall—

(i) Pay the amount withheld under paragraph (f)(1)(ii) of this clause to such first-tier subcontractor; or

(ii) Incur an obligation to pay a late payment interest penalty to such first-tier subcontractor computed at the rate of interest established by the Secretary of the Treasury, and published in the Federal Register, for interest payments under section 12 of the Contracts Disputes Act of 1978 (41 U.S.C. 611) in effect at the time the Contractor accrues the obligation to pay an interest penalty.

(g) Written notice of subcontractor withholding. The Contractor shall issue a written notice of any withholding to a subcontractor (with a copy furnished to the Contracting Officer), specifying—

(1) The amount to be withheld;

(2) The specific causes for the withholding under the terms of the subcontract; and

(3) The remedial actions to be taken by the subcontractor in order to receive payment of the amounts withheld.

(h) Subcontractor payment entitlement. The Contractor may not request payment from the Government of any amount withheld or retained in accordance with paragraph (d) of this

clause until such time as the Contractor has determined and certified to the Contracting Officer that the subcontractor is entitled to the payment of such amount.

(i) Prime-subcontractor disputes. A dispute between the Contractor and subcontractor relating to the amount or entitlement of a subcontractor to a payment or a late payment interest penalty under a clause included in the subcontract pursuant to paragraph (c) of this clause does not constitute a dispute to which the Government is a party. The Government may not be interpleaded in any judicial or administrative proceeding involving such a dispute.

(j) Preservation of prime-subcontractor rights. Except as provided in paragraph (i) of this clause, this clause shall not limit or impair any contractual, administrative, or judicial remedies otherwise available to the Contractor or a subcontractor. In the event of a dispute involving late payment or nonpayment by the Contractor or deficient subcontract performance or nonperformance by a subcontractor.

(k) Non-recourse for prime contractor interest penalty. The Contractor's obligation to pay an interest penalty to a subcontractor pursuant to the clauses included in a subcontract under paragraph (c) of this clause shall not be construed to be an obligation of the Government for such interest penalty. A cost-reimbursement claim may not include any amount for reimbursement of such interest penalty.

(l) Overpayments. If the Contractor becomes aware of a duplicate contract financing or invoice payment or that the Government has otherwise overpaid on a contract financing or invoice payment, the Contractor shall—

(1) Remit the overpayment amount to the payment office cited in the contract along with a description of the overpayment including the—

(i) Circumstances of the overpayment (e.g., duplicate payment, erroneous payment, liquidation errors, date(s) of overpayment);

(ii) Affected contract number and delivery order number if applicable;

(iii) Affected contract line item or subline item, if applicable; and

(iv) Contractor point of contact.

(2) Provide a copy of the remittance and supporting documentation to the Contracting Officer.

(End of clause)

[66 FR 65361, Dec. 18, 2001, as amended at 68 FR 56684, Oct. 1, 2003; 70 FR 57455, Sept. 30, 2005; 73 FR 54007, Sept. 17, 2008]





1263 South Stewart Street  
Carson City, Nevada 89712  
Phone: (775) 888-7440  
Fax: (775) 888-7201

## MEMORANDUM

December 2, 2013

**TO:** Department of Transportation Board of Directors,  
Construction Working Group  
**FROM:** Rudy Malfabon, Director  
**SUBJECT:** December 9, 2013 Construction Working Group Meeting  
**Item # 7:** Discussion on Construction Contract Change Orders – Discussion Only.

---

### **Summary:**

The purpose of this item is to provide the Construction Working Group with information on changes to conventional design-bid-build unit bid price highway construction contracts as discussed at the September 9, 2013 Transportation Board Meeting.

### **Background:**

NDOT enters into approximately 30 conventional design-bid-build unit bid price highway construction contracts per year. These contracts are administered, inspected and documented by a combination of NDOT staff and consultants to ensure the terms and conditions of the contract are met. Approximately 70% of NDOT contracts include federal-aid.

NDOT contract clauses allow the Department to make changes within the limits of the contract to assure successful completion of a highway construction project. This is common among state Departments of Transportation which follow the guidelines published by AASHTO and regulations under Title 23 Code of Federal Regulations §635 for federal-aid projects. The intent of the change order process is to allow NDOT to address construction issues as they are encountered in a timely manner to avoid costly construction delays and minimize impacts to the traveling public.

During the past 15 years NDOT has executed over 4,200 change orders and classifies each into one of 21 unique classifications that vary from correcting errors and omissions to implementing value engineering proposals. The most common type of change order is classified as miscellaneous (845 change orders, 20% of total). This type is commonly used for payment of out-of-state material stockpiles such as might be necessary for bridge structural steel. The next most common type of change order relates to specification changes that may or may not have a cost associated with them. These types relate to materials and testing (386 change orders, 9%) and other specification changes (390 change orders, 9%). The least common type of change order is classified as value added work (4 change orders, 0.1%).

The process to incorporate changes within the limits of a project are described in subsection 3-043.5.2 of the Construction Manual. Changes are addressed either by executing a Letter of Authorization (LOA) or by Contract Change Order. LOA's are intended to address minor and incidental construction items that were unanticipated prior to start of construction.

LOA's are executed at the project level, limited to \$10,000 per occurrence and cannot be used to grant time extensions, modify designs or specifications, work outside the project limits, change a method of payment or settle a contractor's claim. The intent of the LOA is to quickly address minor issues encountered within the limits of a project and minimize costly construction delays and impacts to the traveling public.

For unanticipated items that cannot be addressed by LOA, a Contract Change Order (CCO) is drafted and executed. CCO's are signed by the Contractor, Resident Engineer, District Engineer, Chief Construction Engineer and executed by the Director's Office. In the case of full oversight federal-aid projects the CCO is also signed by FHWA.

As it may take approximately a month or more to negotiate, draft and execute a CCO, NDOT can authorize the start of change order work by issuing a Record of Authorization to Proceed with a Contract Change also referred to as a "Prior Approval". This internal document provides authorization to proceed with work in a timely manner if needed and is signed by the Resident Engineer, District Engineer, Chief Construction Engineer and Director's Office as appropriate. Within the "Prior Approval" process are levels of approval authority depending on the size of project. For projects equal to and under \$5 million the Resident Engineer and District Engineer have approval authority of \$25,000 and \$50,000 respectively to authorize change work. This approval authority changes to \$50,000 and \$100,000 respectively on projects over \$5 million. Approval authority of "Prior Approvals" is limited with certain types of changes regardless of cost including modifying designs or specifications, working outside the project limits, changing a method of payment or settling a contractor's claim. Such types of changes require approval by the Director's Office regardless of the cost. Director's Office approval is also required on any "Prior Approval" over \$100,000.

The Construction Division logs and tracks all CCO's on conventional design-bid-build projects on NDOT's SharePoint. The costs, if any, are also included in the amounts paid shown on the Project Closeout Status, Summary of Projects Closed and the Status of Active Projects provided at each CWG meeting. They are also included in the Project Closeout Status and Summary of Projects Closed provided to the Transportation Board on a biannual basis.

It is noted that the Project Management Division also has procedures regarding change management. Related excerpts from the Pioneer Program Guidelines, the Project Management Plan Guidelines and the project management plan template are included in the attachments.

### **Analysis:**

The requirements and procedures to implement changes on NDOT conventional construction projects are provided in the contract Standard Specifications and in NDOT's Construction Manual. These requirements and procedures are intended to address issues encountered on all highway construction projects, with checks and balances, in a timely manner to minimize impacts to motorist traveling through the work zone and to avoid costly construction delays.

### **List of Attachments:**

- a. Change Order Types
- b. TP 1-1-4 Authorized Signatures
- c. Change Order Specifications
- d. Construction Manual Change Order Sections
- e. NDOT Letter on Changes to FHWA
- f. FHWA Core Curriculum

- g. Code of Federal Regulations
- h. Project Management Procedures

**Recommendation for Board Action:**

Informational item only. The Construction Division is in the process of developing the tools to more effectively manage change and the change order process. These tools include “dash board” summaries of change orders viewed from a programmatic standpoint which are updated and discussed on a recurring basis. It is recommended that as these tools come on line they be included as part of the agenda and discussion with the Construction Working Group.

**Prepared by:**

Jeff Shapiro, Chief Construction Engineer

# **Attachment A**

## **Change Order Types**

Change Order Types Executed Since January 1999

Change Order Type	Total	Percent
1 Plan / Specification Errors and Omissions	360	8.5%
2 Construction Errors (Survey)	22	0.5%
3 Utility Conflicts	161	3.8%
4 Temporary Traffic Control (Phasing Changes, Temporary Striping)	273	6.4%
5 Signals, Lighting, Signing	291	6.8%
6 Roadway Structural Section	189	4.4%
7 Fencing / Right-of-Way	43	1.0%
8 Drainage Changes	238	5.6%
9 Structures	335	7.9%
10 Materials and Testing (Material Sources, Test Methods, Material Spec Changes)	386	9.1%
11 Safety (Permanent Barrier Rails, Permanent Striping)	241	5.7%
12 Specification Changes (Other than Materials or Traffic Control Phasing)	390	9.2%
13 Miscellaneous (Out of State Material Stockpiles, Stand By, Slope Scaling)	845	19.9%
14 Flaggers	35	0.8%
15 Nonconforming Material Allowed to Remain	131	3.1%
16 Balancing (Discontinued in early 2000)	55	1.3%
17 Claims Issues / Dispute Resolution Settlements (Discontinued)	81	1.9%
18 Value Added Work	4	0.1%
19 Fuel / Steel Escalation Activation (For Processing Only)	109	2.6%
20 Landscaping and Aesthetic	48	1.1%
21 Value Engineering Proposals	16	0.4%
<b>Totals</b>	<b>4253</b>	<b>100%</b>

# **Attachment B**

## **TP 1-1-4 Authorized Signatures**

STATE OF NEVADA DEPARTMENT OF TRANSPORTATION

September 4, 2007

TP 1-1-4

Approved



AUTHORIZED SIGNATURES

1. PURPOSE

To establish signature authority for positions within the Nevada Department of Transportation (NDOT).

2. POLICY

Final approval signatures on documents used for conducting NDOT business will be restricted to the levels of management and/or positions specified in this TP.

Authority for final approval signature will not be delegated down, except as approved by a Top Management Official, in writing. When a signature is required and no authorized signer is present, the signature of another individual up that chain of command must be obtained. Under normal circumstances an employee is authorized to sign documents which subordinates are authorized to sign.

If the appropriate Top Management Official is absent, obtaining the signature of any Top Management Official present is authorized on documents listed below, with the exception that the Director and Deputy Directors are the only officials authorized to sign documents intended for the Director's signature.

Employees are limited to signing documents in their areas of responsibility only.

NO ONE is authorized to sign another's name to a document. When an authorized individual signs a document for an absent signer, the individual will sign his own name "FOR" the individual who is absent.

Rubber stamp signatures are PROHIBITED except for the Director's signature on revolving fund checks. Electronic signatures can be used as long as they comply with NRS 719 and NRS 720 and the person electronically signing the document is otherwise authorized to sign the document.

In the event of an emergency and if authorized personnel are unavailable for final approval signature, the senior employee available is authorized to sign documents necessary for the protection of life, health and facilities. The form of the signature shall be in accordance with policy as stated above.

Signature cards for all employees in positions authorized to sign the Payment Voucher document (Form 060-067) are required to be on file in the Accounting Division. New cards are available from the Accounting Division as needed.

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Signature cards for all employees in positions authorized to sign charge tickets and Combination Requests for Supplies, Equipment and Shipping Record (Form 51), are required to be on file in the Purchasing Section. New cards are available from the Purchasing Section as needed.

3. SCOPE

This TP applies to all documents which affect the position or course of action of NDOT including but not limited to expenditure of funds, use of materials, purchase of services, supplies, equipment and utilization of personnel.

4. RESPONSIBILITY

- a. The Administrative Services Division is responsible for the initiation, revision, reproduction and distribution of this TP.
- b. The Accounting Division is responsible for maintaining a signature card (Form 060-030) for all authorized signers.
- c. The Purchasing Section is responsible for maintaining a signature card for all authorized signers.
- d. The Director, Deputy Directors, Assistant Directors, District Engineers and Division Heads are responsible for supervising the signatures of their subordinates consistent with good management practices. Signature authority limitations set forth in this TP are the minimum restrictions imposed.
- e. The signer of a document is responsible for its accuracy and contents; and in the case of expenditure documents, for ensuring that sufficient budget authority exists to cover the expenditure.
- f. Per NAC 284.5255, an employee's supervisor is responsible for reviewing the employee's time sheet and verifying the accuracy of all hours worked and leave used by the employee. If an entry on the time sheet is contested by an employee's supervisor, the employee is entitled to only his base pay for the workweek in question. The contested entry must be resolved as soon as practicable and any adjustment must be made during the next pay period following the resolution of the contested entry.

A supervisor who is negligent in reviewing and certifying the accuracy of any employee's time sheet may be subject to disciplinary action pursuant to NAC 284.650. Supervisors are also responsible for reviewing and certifying the accuracy of an employee's leave card.



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5. DEFINITIONS

- a. **Final Approval Signature**      The signature of the individual who has the final approval authority for the document.
- b. **Top Management Officials**      The Director, Deputy Directors, and Assistant Directors.

- c. **Division Heads**      The position responsible for the administration of the following Divisions:

- Accounting
- Administrative Services
- Architecture
- Construction
- Design
- District I
- District II
- District III
- Environmental Services
- Equipment
- Financial Management
- Flight Operations
- Human Resources
- Information Services and Telecommunications
- Internal Audit
- Legal Services
- Location, Photogrammetry and Cartography
- Maintenance and Operations
- Materials
- Operations Analysis
- Planning
- Program Development
- Project Management
- Public Information Office
- Research
- Right-of-Way
- Roadway Systems
- Safety and Traffic Engineering
- Structures
- Traffic Information

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- d. Major Item or Action An item or action which results in one or more of the following situations:
- (1) Create embarrassment to NDOT or to the State.
  - (2) Require extensive NDOT involvement.
  - (3) Involve amounts in excess of \$10,000.00.
- e. Major Maintenance Station One of the three maintenance stations located in Winnemucca, Ely and Tonopah.

6. GENERAL SIGNATURE AUTHORITY

The following categories are reserved for final approval signatures by the positions indicated:

a. Director or Deputy Directors:

Letters/Memos to Governor  
Letters to Board Members  
Letters to Congressional Delegation  
Replies to major items of complaints or actions from outside the Department which could result in either creating an embarrassment to the Department or the State or requiring an extensive Departmental involvement.  
Route approvals  
Final project approvals  
System approvals  
Contract title sheets  
Contracts  
Agreements and Amendments  
Consultant Agreements and Amendments  
Time Reports, Leave Cards, Overtime/Comp Time approval for District Engineers  
LWOP more than 5 days - Refer to TP 1-6-14.  
Administrative settlements  
Land sales  
Policy statements  
Catastrophic Leave requests  
Consultant selection approvals

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Bid rejections  
Bid awards ( $\pm$  7% only)  
Approval of annual budget and work program  
Biennial budget requests  
Budget augmentations  
Involuntary termination  
Federal grant requests  
Contract claims agreements  
STIP and TIP and modifications thereto  
Position appointment justifications  
Approval to create new organization

b. Assistant Director for Engineering:

P S & E Approvals  
Right-of-Way Occupancy Permits (for Category 3 permits and specific  
Category 2 permits)  
Right-of-Way Agreements and Amendments  
Contract title sheets  
Contract awards  
Agreements and Amendments  
Consultant Agreements and Amendments  
Consultant selection approvals  
Advertisement authorization  
Project certifications  
Supplemental notices  
Notice to creditors  
Leases (Right of Way)  
Public hearing certificates  
Deeds and Quitclaim deeds

c. Assistant Director for Operations:

Change Orders  
Informal architect advertisements and awards  
Change Orders for architectural projects  
Leases (Excluding Right of Way and Business Equipment)  
Contract awards  
Agreements and Amendments  
Consultant Agreements and Amendments  
Consultant selection approvals  
Advertisement authorization  
Supplemental notices

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Rental equipment purchase requisitions  
Contract final payment  
Authorization for payment of claims  
Request to rescind notice to creditors  
Contract Bi-Weekly Payment Summary

d. Assistant Director for Administration:

Flight logs  
Leases (Business Equipment)  
Accounting documents as defined in 7.d.  
Agreements and Amendments  
Consultant Agreements and Amendments  
Consultant selection approvals  
Debt service documents  
Federal billing requests  
Budgetary balance forward and reconciliation documents Other financial  
transactions required as a result of legislation  
Budget Augmentations

e. Assistant Director for Planning:

Leases (Commercial)  
Agreements and Amendments  
Consultant Agreements and Amendments  
Consultant selection approvals

f. Top Management Officials:

Time Reports, Leave Cards, Overtime/Comp Time approval for Division  
Heads  
Equipment purchases when the actual cost is more than \$10,000.00 or  
exceeds the budgeted amount by ten percent (10%) or more  
Out of State Travel Authorization for their employees (countersigned by  
Financial Management as to available budget authority)  
Overtime/Comp Time not budgeted or over budget  
Position appointment justifications (excluding district positions and  
division heads)  
Personnel Requisitions  
Payment Voucher (Form 060-067) when the expenditure exceeds  
\$10,000.00.  
Revolving Fund checks (must have signature card on file at the bank)  
Agreements and Amendments  
Consultant Agreements and Amendments

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Consultant selection approvals

- g. District Engineers, Assistant District Engineers, Equipment Superintendent, Division Heads and Assistant Division Heads:

NPD-35 Personnel/Payroll Action Form

Non-major commitments.

Non-major denials.

Non-major complaints from outside the Department.

Public information releases.

Payment Voucher & Billing Claims, for amounts less than \$10,000.00  
(Signature card (Form 060-030) must be on file in the Accounting Division).

Overtime and comp time within budget. District Engineers may approve in writing, Maintenance Superintendents to sign.

Request for Travel Advance, Form 060-049 (countersigned by Accounting Personnel.

Combination Request for Supplies, Form 072-002, for operating and equipment purchase requisitions approved in the budget for amounts less than \$10,000.00 or within ten percent (10%) over the budgeted amount. District Engineers may delegate signature authority to the District Administrative Services Officer, Maintenance Supervisors II, and above (Signature card must be on file in the Purchasing Section).

Claim for Travel Expense Reimbursement, Form 060-005. Signature authority may be delegated to lower positions and authorized signers must have a signature card (Form 060-030) on file in Accounting.

Supply Issue Charge Tickets, Form 060-034. Signature authority may be delegated to lower positions and authorized signers must be on file in the Purchasing Section.

Reproduction Service Charge Tickets, Form 060-048. Signature authority may be delegated to lower positions and authorized signers must have a signature card on file in the Reproduction Section.

LWOP - 5 days or less, refer to TP 1-6-14

Task orders and amendments to task orders

- h. Immediate Supervisors:

Time sheets

Employee Development Report, Form NPD 15

Application and Authorization for Leave, Form 076-025

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7. SPECIFIC SIGNATURE AUTHORITY

The following positions are granted specific signature authority as indicated:

a. District Engineers:

- (1) may execute Right-of-Way Occupancy Permits for all permits not requiring Headquarters review.
- (2) may enter into BLM/NDOT negotiations and BLM negotiated agreements in the following amounts:

Construction up to \$2,000.00  
Contractual services up to \$2,500.00  
Supplies and materials up to \$10,000.00.

- (3) may execute NDOT-owned-housing leases.
- (4) position appointment justifications (excluding Assistant District Engineers).
- (5) may sign District Contract agreements and amendments to same. Any such single District Contract agreement with its accompanying amendment(s) shall not exceed a total of \$250,000.00.

b. Chief of Financial Management does not need the signature of a Top Management Official on documents relating to requests for participation in Federal Aid Program Projects.

c. The Chief Accountant and the Accountant III are authorized to sign accounting documents, payroll-related documents, debt service documents, Federal billing requests, budgetary balance forward and reconciliation documents, and other financial transactions required as a result of legislation.

d. In addition to Top Management Officials, the following additional positions are authorized to sign Revolving Fund checks:

District and Assistant District Engineers  
Chief Accountant

Signing Revolving Fund checks is subject to the requirements of TP 1-5-13. A signature card is required to be on file at the bank. The signature card must be obtained from the Accounting Division, signed and approved by the Assistant Director, Administration and returned for forwarding to the bank.

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- e. **Top Management Officials may authorize the delegation of signature authority, in writing, for documents under their jurisdiction. Written delegation must include the types of documents authorized. The Accounting Division must be provided a copy of the authorization and will notify affected divisions of any changes.**
- (1) **With respect to the Payment Voucher and Combination Requests for Supplies, Equipment and Shipping Record (Form 51), Resident Engineers and Assistant Resident Engineers (when authorized on a case by case basis by the Assistant Director of Operations), the Purchasing Manager and Storekeepers have signature authority. Resident Engineers and Assistant Resident Engineers signature authority is limited to expenditures for their field offices in amounts less than \$5,000.**
  - (2) **District Engineers and Division Heads may request signature authority for positions other than listed in this transportation policy only when the authorized positions are not sufficient to keep the business processes operating within a reasonable time frame.**

**This delegation requires a signature card and a written memo of justification to the appropriate Assistant Director for approval. The approved card and the justification memo will then be forwarded to the Accounting Division.**

- (3) **At the discretion of the District Engineers and with the approval of the Deputy Director, District Administrative Services Officers, Office Managers and Maintenance Superintendents may have signature authority delegated to them:**
  - (a) **Office Manager signature authority is limited to bills for utility service, phone service, garbage pickup service, landfill fees, doctor's charges for physical exams for employees' commercial drivers licenses, training and seminar fees, ambulance service charges for initial transportation of injured employees for medical care following on-the-job injuries, small repairs to district office plumbing or heating, and other incidentals such as refilling fire extinguishers which are processed by the district office for payment.**
  - (b) **Maintenance Superintendent and District Administrative Services Officer signature authority applies to the same areas as the District and Assistant District Engineers.**

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- f. The Equipment Division Senior Buyer and Account Technician II are authorized to sign Asphalt Purchase Requisitions (APR) and Petroleum Purchase Requisitions (PPR).

\* END \*



# **Attachment C**

## **Change Order Specifications**

## DIVISION I

# GENERAL REQUIREMENTS

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### SECTION 101

#### TERMS AND DEFINITIONS

**101.03 Definitions.** Wherever in these specifications or in other contract documents the following terms or pronouns in place of them are used, the intent and meaning shall be interpreted as follows:

**Contract.** The written agreement between the Department and the Contractor setting forth the obligations of the parties thereunder, including, but not limited to, the performance of the work, the furnishing of labor and materials, and the basis of payment.

The contract includes the invitation for bids, proposal, any subcontractor or DBE/WBE forms, contract form and contract bond, standard specifications, supplemental notice, special provisions, general and detailed plans, notice to proceed, and any change orders and supplemental agreements that are required to complete the construction of the work in an acceptable manner, including authorized extensions and basis of payment thereof, all of which constitute one instrument.

**Contract Change Order.** A written order to the Contractor, covering changes in the plans, specifications or quantities, within the scope of the contract, and establishing the basis of payment and time adjustments for the work affected by the changes.

**Engineer.** The Director of the Department of Transportation of the State of Nevada, acting either directly or through his duly authorized representatives, who is responsible for the engineering supervision of the construction.

**Extra Work.** An item of work not provided for in the contract as awarded but found essential to the satisfactory completion of the contract within its intended scope.

**Supplemental Agreement.** A written agreement made and entered into by and between the Contractor and the Department covering work not otherwise provided for, revisions in or amendments to the terms of the contract, or conditions specifically prescribed in the specifications as requiring supplemental agreements. Such supplemental agreements become a part of the contract when approved and properly executed.

## **SECTION 104**

### **SCOPE OF THE WORK**

#### **104.02 Changes in Character of Work and Differing Site Conditions.**

(a) Changes. The Engineer reserves the right to make, in writing, at any time during the work, such changes in quantities and such alterations in the work as are necessary to satisfactorily complete the project. Such changes in quantities and alterations shall not invalidate the contract nor release the surety, and the Contractor agrees to perform the work as altered.

The right is reserved to increase or decrease any or all of the items in the estimate of approximate quantities as shown in the proposal. The length of the project may be increased or decreased by adding or omitting sections or by relocation. Under no circumstances shall alterations of plans or of the nature of the work involve work beyond the termini of the proposed construction except as may be necessary to satisfactorily complete the project.

Whenever the termini of the project are changed, a supplemental agreement acceptable to both parties to the contract shall be executed in advance of performing the affected work [Highlight added for emphasis]

**104.03 Extra Work.** Perform unforeseen work, for which there is no price included in the contract, whenever it is deemed necessary or desirable in order to complete fully the work as contemplated. Perform such work according to the specifications and as directed, and payment will be made for as agreed unit prices, force account, or a combination of the two. Show agreed unit prices together with the estimated quantities of each unit. Orders involving extra and force account work shall be as detailed in Subsection 109.03.

## **SECTION 105**

### **CONTROL OF WORK**

**105.01 Authority of the Engineer.** The Engineer will decide all questions which may arise as to the quality and acceptability of materials furnished and work performed and as to

the rate of progress of the work; all questions which may arise as to the interpretation of the plans and specifications; all questions as to the acceptable fulfillment of the contract on the part of the Contractor.

The Engineer will have the authority to suspend the work wholly or in part due to: the failure to correct conditions unsafe for the workmen or the general public; the failure to carry out the provisions of the contract; for failure to carry out orders; unsuitable weather; unsuitable conditions for the prosecution of the work; or any other condition or reason deemed to be in the public interest.

The Engineer has executive authority to enforce orders and his decision will be final. In the event of failing to execute work ordered within a reasonable period of time, the Engineer may, after giving notice in writing, proceed to have such work performed as deemed necessary and the cost thereof will be deducted from compensation due or which may become due.

Decisions of the Engineer shall be subject to appeal to the Contract Claims Review Board, whose decisions shall be final and conclusive. Make such appeal in writing and within 10 days of the Engineer's decision, but in the meantime diligently proceed with the work.

## **SECTION 108**

### **PROSECUTION AND PROGRESS**

**108.08 Determination and Extension of Contract Time.** The contract time for completion will be fixed by the Department, and will be stated in the special provisions, either as a calendar date or based on a number of working days. See Subsection 101.03, for "Working Day".

Perform the work in an acceptable manner within the time stated in the contract except that the contract time for completion may be adjusted as follows:

- (a) Based on the merits of specific circumstances encountered during the term of the contract, the Engineer may adjust the contract time allowed to complete the work. Any such adjustment of time shall be in writing.
- (b) In case of ordered suspension of major items of work and through no fault of the Contractor, the time for completion shall be extended an amount equal to the elapsed time between effective dates of order to suspend and order to resume.
- (c) When delays occur due to unforeseen causes beyond the control and without the fault or negligence of the Contractor, including, but not restricted to acts of God, acts of the public enemy, acts of government

agency, fires, floods, epidemics, strikes and freight embargoes, the time for completion shall be extended an amount determined to be equivalent to the delays; provided, however, written request for such extension of time is made within 10 days after the beginning of such delay. No allowance shall be made for delay or suspension of the work due to fault of the Contractor.

Certain critical materials such as, steel, copper, aluminum and bituminous products may be difficult to obtain due to a nationally recognized shortage or defense needs. Make every reasonable effort necessary to order and procure all such critical materials sufficiently in advance so as not to delay the completion of the project. Should a delay occur in obtaining critical materials that were properly ordered, the time for completion of the contract may be extended an amount determined to be equivalent to the delay in project progress due to said delay in obtaining critical materials provided:

- (a) The delay in furnishing critical materials was due to defense needs or nationally recognized shortage.
- (b) That satisfactory evidence is furnished that adequate steps were taken for a guaranteed delivery date from his supplier.
- (c) That paragraph "(a)" above is properly certified to by not less than three suppliers of the material. If three suppliers are not available, so certify and supply certification from such suppliers as there are.
- (d) That the Department does not find a source when notified of the shortage by the Contractor.
- (e) That such material is obtained from the first source available after such certification.

The contract time shall begin as set forth in Subsection 108.02. When the final acceptance has been duly made as prescribed in Subsection 105.16, the daily time charge shall cease.

Working days will not be charged for seeding deposit areas, haul roads and that work set forth in Subsection 104.06, provided that all other work has been completed.

**108.09 Failure to Complete the Work on Time.** Time is an essential element of the contract and it is important that the work be pressed vigorously to completion. The cost to the Department of the administration of the contract, including engineering, inspection and supervision will be increased as the time occupied in the work is lengthened. The public is subject to detriment and inconvenience when full use cannot be made of an incomplete project.

For failure to complete the work within the time specified in the contract or within such extra time as may have been allowed by increases in the contract or by formally approved extensions granted by the Department, there will be deducted from any money or amounts due or that may become due, the sum set forth in the Special Provisions for each and every working day that the work remains uncompleted. This sum shall be considered and treated not as a penalty but as liquidated damages due the State by reason of inconvenience to the public, added cost of engineering and supervision and other items which have caused an expenditure of public funds resulting from his failure to complete the work within the time specified in the contract.

Permission to continue and finish the work or any part of it after the time fixed for its completion, or after the date to which the time for completion may have been extended, will in no way operate as a waiver on the part of the Department of any of its rights under the contract.

Working days normally will not be charged for seeding deposit areas, haul roads and that work set forth in Subsection 104.06 provided that all other work has been completed.

However based upon presumptive completion of all pay items, as determined by the Engineer, 30 days or 10% of the contract working days, whichever is greater, will be allowed to perform final clean up. If all work required in Subsection 104.06 is not finished within the above time charging of working days will be resumed until the final clean up has been completed.

## **SECTION 109**

### **MEASUREMENT AND PAYMENT**

**109.03 Extra and Force Account Work.** Extra work will be paid for according to the accepted contract change order or the accepted letter of authorization.

**Attachment D**

**Construction Manual Change Order**

**Sections**

**Construction Working Group  
Construction Contract Change Orders  
Related Construction Manual Excerpts**

**3-403.5 LETTERS OF AUTHORIZATION, CHANGE ORDERS, AND SUPPLEMENTAL AGREEMENTS**

The principal elements of the contract documents are the contract, plans, and specifications. During the construction phase, each of these legal documents can be changed with Letters of Authorization, change orders, or supplemental agreements. This section describes each of these methods of changing the contract documents.

**3-403.5.1 LETTERS OF AUTHORIZATION**

Occasionally, minor construction items that are not anticipated in the original scope must be completed on a project. These minor construction items are incidental construction items, which do not have bid items under the original plans and specifications. A Letter of Authorization is a means to compensate the contractor for incidental construction items for which no bid item is included in the plans and specifications. The Resident Engineer can pay for these incidental construction items with a Letter of Authorization. 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 approval
- Reason for work
- Description of work
- Cost of work
- Cost justification for work
  - The Resident Engineer prepares a cost analysis independent of the contractor's cost estimate. The Resident Engineer compares cost analysis with the estimate prepared by the contractor. Any significant differences are resolved with the contractor. Refer to Item 5. Estimate of Cost in Section 3-403.5.2 Change Orders for additional information on preparing a cost analysis.
- Cumulative total of incidental funds used on project, expressed as a dollar amount
- Cumulative amount of incidental funds used compared to incidental funds budgeted, expressed as a percentage
- Signature of contractor and Resident Engineer

The Resident Engineer and contractor must sign Letters of Authorization before the work begins. After signing, the Resident Engineer sends copies to the District and to the Construction Division.

Following are the Resident Engineer's limitations on Letters of Authorization:

- The spending limit per incident is set at \$10,000.



- The cumulative total of incidental construction items cannot exceed \$40,000 or 1 percent of the original contract bid price, whichever is greater. In no case is the cumulative total of incidental construction items to exceed \$150,000.
- A Letter of Authorization cannot grant time extensions.
- A change order is not required for work performed under a Letter of Authorization.
- When the plans or specifications clearly state that the work is incidental to other items of work, or that no direct payment is made for certain work, payment is not made under a Letter of Authorization.
  - When the plans or specifications clearly provide bid items to perform the work, a Letter of Authorization is not used
  - On state-funded minimum overlay projects, guardrail improvements are not performed under Letters of Authorization.
  - Letters of Authorization cannot be used for the following:
    - Substantial revisions in geometric design, structural section, or revisions in the geometric design that do not conform to design standards.
    - Significant changes on a major structure or pile bearing requirements.
    - Changes in material specifications of a Major Item. (Refer to Section 101.03 of the specifications for the definition of "Major Item.")
    - Changes involving right-of-way limits or access control.
    - Changes that would abolish or nullify a right-of-way agreement or changes to proposed right-of-way work not covered by a prior right-of-way agreement.
    - Changes allowing work outside contract limits or outside the right-of-way that are not covered by an agreement to which the state is a party.
    - Changes that involve an agreement or contract with a government agency, utility, private or corporate agency, and the proposed change is not addressed in a previous agreement.
    - Changes that affect property drainage, water, or other abutting property owner rights that may result in action against the state.
    - Changes to the payment method to the contractor. This does not include Force Account or agreed prices that may be necessary to perform Extra Work, but does include changes in the method of measurement or adjustment of a unit bid price.
    - Changes that involve settlement of a contractor's claim.

The Construction Division Intranet site (SharePoint), <http://sharepoint1/040/default.aspx>, contains an example of a Letter of Authorization.

Although a Letter of Authorization is appropriate in directing the contractor to accomplish incidental items of work, certain situations exist in which a Letter of Authorization cannot be used. When a Letter of Authorization is not used, a change order or supplemental agreement may be the appropriate process. The following sections discuss change orders and supplemental agreements.

### 3-403.5.2 CHANGE ORDERS

NDOT has the right to modify a project. Modifications may be required to address changes to plans after the construction contract is signed, to address conditions in the field, or to add items not originally anticipated during the design. Contract change orders are used to make changes to a construction project. Change orders must have four essential elements: description of the work to be performed, cost of the work, time to complete the work (effect on project schedule), and method of payment.

The specifications define a contract change order as "A written order to the Contractor, covering changes in the plans, specifications or quantities, within the scope of the contract, and establishing the basis of payment and time adjustments for the work affected by the changes."

After the Director executes a change order, it becomes part of the construction contract between the contractor and NDOT. Just as the original plans and specifications describe the scope, terms, and conditions of work to be done, the change order is also a formal agreement describing the scope, terms, conditions of work to be done, and funding used by the Department for payment of the work.

Because a change order is legally binding to the contractor and to NDOT, the change order must be prepared with care. The required elements of a change order must be clear, concise, and unambiguous. A change order must be prepared so that a person not familiar with the work can readily interpret scope, terms, and conditions of the work. In the event of a claim or lawsuit, a vague document that requires verbal explanation is no better than a verbal agreement.

The Construction Division, in cooperation with the FHWA, has developed the following standard guidelines outlining conditions that require a change order:

1. Revision of geometric design (main road, ramps, frontage roads, or crossroads).
2. Revision of structural section. Localized corrections to the base due to pockets of unsuitable material do not require a change order. Revision to base thickness is considered a major change in design and requires a change order.
3. Revisions involving addition, deletion, or relocation of major structures.
4. Any change in planned access provisions. (On the Interstate system, changes in planned access require FHWA approval and should be submitted well in advance. These changes include, but are not limited to, such minor revisions as relocating a locked gate to fit an existing road. A sketch showing the original and revised conditions must accompany the order.)
5. Any change that alters the scope of the contract (including deletion or addition of contract items).
6. Any change related to type or quality of materials to be furnished.
7. Changes in specifications or specified construction techniques.
8. Changes resulting in adjustment of bid unit prices or in establishing agreed unit prices for items not contained in the original contract.
9. Design changes, such as providing for a culvert not indicated on the plans or modifying the diameter of a pipe. A change order is not required for changes in pipe lengths resulting from field stakeout.

10. Payment for materials stockpiled out of state, unless otherwise stated in the specifications. The change order requires the address or a description of the stockpile location.

11. Acceptance of material or work that does not conform to the specifications.

In certain situations, routine maintenance may require a change order. If a change order is required to direct the contractor to perform maintenance, limitations on the eligibility for federal funding may apply to maintenance costs. Confer with the Construction Division Administration Section for guidance on federal funding eligibility relating to maintenance activities.

Work provided for in any change order should not begin until the Director approves the order, except when a prior approval has been granted. Refer to Section 3-403.5.2.1, Prior Approvals. If the contractor begins change order work before the Director executes the change order, or without a prior approval, the contractor risks receiving no payment for the work. Because of the reviews required to process a change order, change orders should be submitted well before actual requirements. If FHWA approval is required, additional time may be needed to process the change order.

Occasionally, issues arise between NDOT and a property owner. The issue may be a purported verbal agreement between the property owner and NDOT, or it could involve right-of-way matters. Because a construction contract is between NDOT and the contractor, the property owner is not party to the contract; therefore, a separate written agreement is needed between NDOT and the property owner. If additional work is necessary, two documents are required: (1) An agreement or other document between NDOT and the property owner describing the agreement of both parties, and (2) a change order between NDOT and the contractor directing the contractor to perform the work. On projects receiving federal funding, appropriate agreements or other supporting documentation must accompany change orders addressing right-of-way issues.

When a change order is prepared for work contained in an agreement between NDOT and a property owner, but the work was inadvertently omitted in the plans and specifications, the change order must reference the original agreement. Because of the legal nature of change orders related to right-of-way and property owners, change orders related to right-of-way matters are processed only after all required documents are executed and accompany the change order. No work is allowed outside NDOT right-of-way without proper permanent or temporary easements. Easements describe the limits of the work and the type of work allowed. Section 108.04 of the specifications typically list easements. The Resident Engineer can contact the Right-of-Way Division with questions about easements.

The Resident Engineer should always discuss contemplated changes with the District Engineer and, when appropriate, with representatives of the Construction Division. The Resident Engineer should also discuss changes with FHWA representatives during their regular project inspections.

Changes typically require the Resident Engineer to coordinate with other NDOT divisions for guidance and recommendations. When an NDOT division requests a change, the requesting division submits the request in writing to the Construction Division. The Construction Division reviews the request and, if the Construction Division concurs in the request, forwards it to the Resident Engineer. The Construction Division also sends a copy of the request to the District Engineer. This procedure ensures that all persons involved with the change are informed.

Use NDOT form 040-001, "Contract Change Order" to prepare contract change orders. The Construction Division intranet site (SharePoint), <http://sharepoint1/040/default.aspx>, contains a checklist to assist in preparing a contract change order. Following is a discussion of the important features of the change order and instructions for preparing the change order.

1. **Heading.** Fill in this portion of the form completely to identify the project properly. The spaces provided on the form for numbering the sheets of the change order should include all sheets that are part of the order. This includes sheets such as estimate of costs, drawings, revised structure, or guardrail lists. Include prior approvals, analysis of force account, and memos requesting the change order, but do not number them. As an example, a change order directs the contractor to perform certain work. Accompanying the order is an estimate of cost, two sheets of detailed drawings, and a revised guardrail list. The change order form, in the space provided, shows "Sheet 1 of 5 sheets," which is the total number of sheets included in the order.
2. **Contract Change Order Number.** Consecutively number the orders, beginning with number 1, for each contract. Occasionally, it will be necessary to amend a previously submitted change order. An amended order is not a new order, but an addition, deletion, or modification to a portion of the original order. All provisions of the original order, except the amended section, remain in effect. Any quantities changed by an amended order should reflect only the net change to the original order, and not the net change to the original planned quantity. An amended change order is designated with an "A" after the number, such as "CCO No. 23A." If a second amendment is necessary, it is designated with a "B". When the Construction Division returns a change order to the Resident Engineer for modification before the Director signs it, the same order is resubmitted after the Resident Engineer modifies it. If a change order is voided at the project level after it has been assigned a number, and the number is not later reassigned to a new order, the Resident Engineer should notify the Construction Division in writing to ensure accurate record keeping. The same is true if a number is inadvertently skipped.
3. **Change Requested By.** Indicate who requested the change. The Resident Engineer, District Engineer, contractor, Design Division, or someone outside NDOT may have requested the change order. Fill in the "Change requested by" space on the form with the individual's name and title.
4. **Text.** In the body of the form, 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. If more than one sheet is necessary, use NDOT form 040-001A (non-signature sheet) and NDOT form 040-001 (signature sheet). If more than one payment method is used, clearly define how each portion of the work is to be paid.
5. **Estimate of Cost.** Indicate how the work to be performed is paid, such as contract bid items, agreed unit prices, force account, or a combination of all. Extra Work is not a payment method; it is any work outside the scope of the contract that is essential to the satisfactory completion of the project. If more than one item or operation is to be provided under Extra Work on the same order, list and define each item or operation separately. Use as many sheets as necessary. When preparing a cost estimate for a change order, the Resident Engineer should follow these guidelines:

- Indicate the payment method for the Extra Work. An analysis is required for each force account or agreed price used.

If equipment is included, list the manufactured year and the Rate Adjustment Factor used, as described in Section 109.03 of the specifications. For equipment not listed in the "Rental Rate Blue Book," the Resident Engineer should contact the Construction Division for guidance.

When preparing estimates for force account or agreed prices, use Section 109.03 of the specifications to determine applicable markups. When preparing a cost analysis for Agreed Prices, the Resident Engineer should base the analysis on the following:

- The average prices, or historical bid prices for similar work, listed in the Construction Division's "Engineer's Estimate of Reasonable Unit Bid Prices."
- Pricing information provided by other NDOT divisions.
- Written independent price quotes from other subcontractors or suppliers.
- Other industry documents can be used in unique circumstances and only after coordinating with the Construction Division.
- The cost analysis must include invoices or quotes for materials.

If a change order allows payment for items without an item number, such as Force Account or Agreed Price items, an item number must be created and assigned to each item. For Force Account items, the item number begins with FA0, followed by a dash or space, and a four-digit number, beginning with 0001, such as FA0-0001. For Agreed Prices, a similar numbering system is used, for example, AP0-0001. Item numbering is sequential within each change order. If subsequent change orders create more FA or AP items, start a new numbering sequence for each change order.

Pay all Rent Construction Signs or Barricade items on a prorated basis and code them with PR0 as the first three digits in the item number. A prorated item created at an Agreed Price is assigned a PR0 number, such as PR0-0001.

- Show the total estimated cost of the Extra Work and the applicable agreement estimate breakout. On all projects, show the agreement estimate breakout for each item of work on the "Estimate of Cost" sheet. If an item of work is in more than one breakout, list it separately for each breakout. If an appropriate breakout is not available, request anew breakout from the Construction Division Administration Section.

Payment for Extra Work can be made in three ways, listed below. Each of these payment methods may provide advantages over the others depending upon the circumstances.

a. **FORCE ACCOUNT** – Use Force Account when all parties:

- i. Cannot accurately estimate the cost of the work
- ii. Can clearly separate the work from other portions of the work
- iii. Cannot agree on the payment method

Note: The force account methodology described in the specifications cannot be modified.

b. **AGREED UNIT PRICE** – Use Agreed Unit Prices when all parties:

- i. Can accurately estimate costs
- ii. Cannot separate the work performance from other portions of work contained in the change order

- c. **AGREED LUMP SUM PAYMENT** – Use Agreed Lump Sum Payment when parties cannot separate work performance from other work and when parties cannot apply agreed unit prices to any definable items
6. **Total Cost of Change.** This space shows the total dollar amount of the change, indicating whether the change is an increase or decrease because of the change order. If there is no change, insert the word "None."
7. **Time Extension.** If additional working days are justified, provide the justification for additional working days in the text of the order and on the "Estimate of Cost" sheet. Allow additional time only if the additional work extends the original contract time. Regardless of the time required to perform a given change, additional time is not allowed if the completion of the project is not affected. Time extensions are based on impacts to the project completion date, not the duration of the given change. Clearly state if the change order deducts, adds, or does not change the contract time. When a schedule analysis is performed, include the analysis with the change order.
8. **Contractor's Signature.** Submit all change orders for the contractor's acceptance and signature. Note the date of acceptance in the space provided. If the contractor refuses to sign a change order, fully explain the refusal reason in the Resident Engineer's Cover Letter.
9. **Cover Letter.** The Resident Engineer's letter of transmittal, or Cover Letter, is an essential element of processing any change order. The transmittal letter gives complete details and provides justification for the change. If an attempt has been made to renegotiate prices, it must be documented in the transmittal letter. The letter should substantiate in detail any additional working days and explain reasons for the Extra Work. If a prior approval was issued for a change order, the transmittal letter must reference the prior approval. The transmittal letter also indicates who is monetarily responsible for the change order, for example, federal, city, county, or developer. Clear and complete information in the transmittal letter enables the Construction Division to act promptly on the change order request and obtain the necessary approval.

On projects with full federal oversight, the FHWA reviews and approves change orders. Generally, the FHWA does not approve orders involving changes in the specifications unless one of the following criteria is met:

- The specifications, as written, are impossible or impractical to comply with.
- A product 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.

NDOT policy and FHWA regulations require that work necessitating a change order shall not begin until: (1) The change order has been fully executed, or (2) a written Prior Approval authorizing the work to proceed has been granted.

### 3-403.5.2.1 PRIOR APPROVALS

Change order processing and approval can be expedited and completed in just a few days, especially if change order processing could delay the project's progress or could create an unsafe situation. A prior approval commits the Department to changes and payments for work that the contractor has not accepted or agreed to and the Director has not authorized. Therefore, a prior approval is requested or authorized only after change order preparation is substantially complete

Use prior approvals sparingly. Immediately after a prior approval is authorized, submit the change order for processing. In most situations, the time between prior authorization and a change order submission to the Construction Division should not exceed 30 days.

Prior approvals are not issued for Value Engineering proposals. If the character of the change order requires approval from another division, prior approvals must have the concurrence of the appropriate division.

The Director, the District Engineer, or the Resident Engineer may authorize prior approvals. Prior approval authorization must be on the appropriate NDOT form before the work begins. The appropriate forms are as follows:

- Director: Record of Director's Authorization to Proceed with Major Contract Revision on State-Funded or Certification Acceptance Projects (NDOT form 040-002A)
- Director: Record of Authorization to Proceed with Major Contract Revision (FHWA form FHWA-1365)
- District Engineer: Record of District Engineer's Authorization to Proceed with Contract Revision (NDOT form 040-002)
- Resident Engineer: Record of Resident Engineer's Authorization to Proceed with Contract Revision (NDOT form 040-002B)

Both the Resident Engineer and the District office retain copies of the form, and the Construction Division keeps the original. The commitment authority of the District Engineer and Resident Engineer are as follows:

- District Engineer
  - Projects over \$5,000,000: Prior Approval commitment authority: \$100,000
  - Projects under or equal to \$5,000,000: Prior Approval commitment authority: \$50,000
- Resident Engineer
  - Projects over \$5,000,000: Prior Approval commitment authority: \$50,000
  - Projects under or equal to \$5,000,000: Prior Approval commitment authority: \$25,000

The following categories are excluded from the District Engineer's and the Resident Engineer's commitment authority, regardless of cost:

1. Substantial revisions in geometric design, structural section, or revisions in the geometric design that do not conform to design standards.
2. Significant changes on a major structure or pile bearing requirements.
3. Changes in material specifications of a Major Item. (Refer to Section 101.03 of the specifications for the definition of "Major Item.")
4. Changes involving right-of-way limits or access control.
5. Changes that would abolish or nullify a right-of-way agreement or changes to proposed right-of-way work not covered by a prior right-of-way agreement.
6. Changes allowing work outside contract limits or outside the right-of-way that are not covered by an agreement to which the state is a party.

7. Changes that involve an agreement or contract with a government agency, utility, private or corporate agency, and the proposed change is not addressed in a previous agreement.
8. Changes that affect property drainage, water, or other abutting property owner rights that may result in action against the state.
9. Changes to the payment method to the contractor. This does not include Force Account or agreed prices that may be necessary to perform Extra Work, but does include changes in the method of measurement or adjustment of a unit bid price.
10. Changes that involve settlement of a contractor's claim.

The Construction Division must request prior approval to proceed with changes that are outside the scope of the District Engineer's authority, as listed above. The Resident Engineer should first review the situation with the District or Assistant District Engineer and, if they decide that the proposed change is outside the District Engineer's authority, they will contact the Construction Division.

Carefully prepare cost estimates for prior approvals, and monitor the cost of the change order work as the work proceeds. If it is apparent that the actual cost will overrun the original estimated cost of the prior approval by 25 percent or \$25,000, whichever is the lesser amount, submit a revised prior approval. A revised prior approval will have the letter "R" following the change order number associated with the prior approval. For example, if Change Order No. 3 had a prior approval and the prior approval had to be revised, the revised prior approval would be numbered Prior Approval No. 3R.

Construction Division staff will review the proposed change with the appropriate division, and, if the change is deemed necessary, the Construction Division will issue written prior approval. The FHWA must authorize approval on all full federal oversight projects and changes relating to environmental and right-of-way issues on federally funded projects. The FHWA delegates authority to NDOT to authorize prior approval on federally funded projects. The Construction Division reviews and coordinates proposed changes with the FHWA, when appropriate.

When preparing a prior approval, the following information is required:

- A description of the work to be performed and reason the work is deemed necessary. The reason or justification for the change must be clear and concise, allowing a person unfamiliar with the project to understand the issues and the need for the change.
- The name and title of the person requesting the change, such as District Engineer, Resident Engineer, or contractor.
- The change order number that will be assigned to the work.
- An estimate of cost and proposed payment method, for example, bid items, force account, or agreed prices. The rationale and reasoning for the estimated cost and for the proposed method of payment must be included.

In cases of extreme emergency, when immediate action is required and the Resident Engineer does not have time to contact the District office or Construction Division, the Resident Engineer may proceed with changes. Immediately following the action taken, the Resident Engineer must notify the District office and Construction Division with a complete explanation of the actions taken.

### 3-403.5.3 SUPPLEMENTAL AGREEMENTS



A supplemental agreement is a written agreement between the contractor and NDOT for work not included in the current project limits or for conditions specifically stated in the specifications as requiring a supplemental agreement. After the contractor and NDOT approve and execute a supplemental agreement, it becomes part of the contract. The Governor executes supplemental agreements, similar to the original contract between NDOT and the contractor. For this reason, supplemental agreements are coordinated with the Administrative Services Division. If a supplemental agreement involves federal funding eligibility, the Construction Division consults with FHWA.

Change orders and supplemental agreements have one key difference. A change order is for work that NDOT has the right, under the specifications, to order performed. In contrast, a supplemental agreement addresses work that NDOT cannot require the contractor to perform under the contract. A supplemental agreement is a negotiated instrument, while a contract change order is a direct order. Any work outside the project limits requires a supplemental agreement. A supplemental agreement is assigned a change order number to facilitate payment under NDOT's accounting system.

After a decision is made to enter into a supplemental agreement, the Construction Division initiates the preparation of the agreement. The Resident Engineer will negotiate prices to be included in the agreement. The Resident Engineer assigns a change order number to the supplemental agreement for processing purposes only. Each force account or agreed price used requires an analysis or justification.

# **Attachment E**

## **NDOT Letter on Changes to FHWA**



**JIM GIBBONS**  
Governor

STATE OF NEVADA  
DEPARTMENT OF TRANSPORTATION

1263 S. Stewart Street  
Carson City, Nevada 89712  
(775) 888-7460  
Fax (702) 888-7210  
March 31, 2010

SUSAN MARTINOVICH, P.E., *Director*

In Reply Refer to:

Susan Klekar, Division Administrator  
Federal Highway Administration  
Nevada Division  
705 N. Plaza St., Suite 220  
Carson City, NV 89701

Attn: Terry Philbin, Construction and Bridge Engineer

REF: Major Changes and Major Extra Work on Federal-Aid Projects  
(23 CFR 635.102)

Dear Ms. Klekar:

The purpose of this letter is to confirm conversations between the Department and the Federal Highway Administration's (FHWA) Major Projects Manager and Field Operations Team Staff on what is considered as a major change or major extra work on federal-aid transportation construction projects in Nevada. The Construction Division considers the following as a major change or major extra work regardless of cost:

1. Substantial revisions in geometric design, structural section, or revisions in the geometric design that do not conform to design standards.
2. Significant changes on a major structure or pile bearing requirement.
3. Changes in material specifications.
4. Changes involving right-of-way limits or access control
5. Changes that would abolish or nullify a right-of-way agreement or changes to proposed right-of-way work not covered by a prior right-of-way agreement.
6. Changes allowing work outside the contract limits or outside the right-of-way that are not covered by an agreement to which the state is a party.
7. Changes that involve an agreement or contract with a government agency, utility, private or corporate agency, and the proposed change is not addressed in a previous agreement.
8. Changes that affect property drainage, water or other abutting property owner rights that may result in action against the State.
9. Changes in the method of measurement or adjustment of a unit bid price.
10. Changes that involve settlement of a contractor's claim.
11. Any change that adds Working Days to a Contract.
12. A "significant change" as defined by Subsection 104.02 of the Standard Specifications.

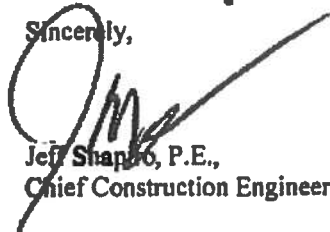
No major changes or major extra work will be performed on Full Oversight Federal-Aid construction projects without formal approval from FHWA. The primary method to request such approval will be made through Form FHWA-1365 (see attached). This letter will be the basis used to clarify this process in the next revision of the Construction Manual.

Ms. Susan Klekar, Division Administrator  
Federal Highway Administration  
Nevada Division  
REF: Major Changes and Major Extra Work on Federal-Aid Projects

Page 2 of 2  
March 31, 2010

Please don't hesitate to call at (775) 888-7065 if you have any questions.

Sincerely,

A handwritten signature in black ink, appearing to read 'Jeff Shapiro', is written over the word 'Sincerely,'.

Jeff Shapiro, P.E.,  
Chief Construction Engineer

JMS:jms

Attachment: Form FHWA-1365

cc: Richard J. Nelson, P.E., Assistant Director – Operations  
Sharon Foerschler, P.E., Assistant Construction Engineer  
Todd Montgomery, P.E., Assistant Construction Engineer  
District Engineers  
Resident Engineers



**RECORD OF AUTHORIZATION TO PROCEED WITH MAJOR CONTRACT REVISION**

PROJECT NO.	COUNTY	STATE
-------------	--------	-------

TYPE OF REVISION

CHANGE ORDER     SUPPLEMENTAL AGREEMENT     TIME EXTENSION     SPECIFICATION CHANGE

WORK ORDER     OTHER:

REQUESTED BY	DATE
--------------	------

NATURE OF AND REASON FOR PROPOSED REVISION (If additional space is required, use reverse side)

ESTIMATED <input type="checkbox"/> INCREASE <input type="checkbox"/> DECREASE IN COST: \$ _____	METHOD OF PAYMENT <input type="checkbox"/> FORCE ACCOUNT <input type="checkbox"/> NEGOTIATED PRICE <input type="checkbox"/> LUMP SUM <input type="checkbox"/> UNIT BID PRICES <input type="checkbox"/> OTHER:
---	---

THE WORK COVERED BY THE PROPOSED REVISION AS DESCRIBED ABOVE IS HEREBY AUTHORIZED SUBJECT TO THE CONDITIONS MARKED BELOW:

EVALUATION OF COST DATA     PROPOSED REVISION AUTHORIZED WITHOUT FEDERAL PARTICIPATION

LIMITATIONS OF EXTENT OF FEDERAL PARTICIPATION     OTHER (Explain)

DETERMINATION OF SATISFACTORY ADJUSTMENT IN TIME     NONE

ADEQUATE SUBMITTAL OF WRITTEN SUPPORTING DATA

RECOMMENDED BY AREA ENGINEER		DIVISION OFFICE APPROVAL	
SIGNATURE	DATE	SIGNATURE	DATE

# **Attachment F**

## **FHWA Core Curriculum**

## 5. Change Orders (Extra Work and Time Extensions)

### References:

- 23 CFR 635.102
- 23 CFR 635.120
- 23 CFR 635.121

### Applicability:

Applies to all Federal-aid highway construction projects on the NHS.

### Background:

Establishing a strict set of rules to govern Federal aid policy on change orders is not practicable since applying the rules would be subject to the specific circumstances that created the need for the change order.

The construction industry recognizes that it is unrealistic to expect that a construction project could be built without deviating from the project plans. Although project designers should be diligent and exercise due care in developing the plans, they are not omniscient. There are many peculiarities (e.g., unforeseen site conditions, utility conflicts, changes in the geology, etc.) that can arise during construction and virtually every project should expect changes. Only the construction engineer is in a position to judge the adequacy of the project's design and respond to needed changes.

Frequently, change orders are used to make the design a better fit for the actual field conditions. Also, a change order may result in a better product at no substantial increase in cost or time, or an equivalent product with savings in cost, time, or both. Generally, change orders are classified by purpose:

- plan changes,
- specification changes,
- change in cost (+/), and
- change in time (+/).

### Guidance:

Federal aid policy requires that proposed major extra work or major changes in the contract plans and provisions be formally approved in advance by the Division Administrator. However, when emergency or unusual conditions justify, the Division Administrator may give advance verbal approval and ratify such approval with formal approval, as soon as practicable. This procedure is consistent with the Federal need to preserve and protect the expenditure of Federal funds.

Non-major changes and non-major extra work also require formal approval; however, at the discretion of the Division Administrator, such approval may be given retroactively. Form FHWA-1365 (Appendix A-117) should be used to document verbal approvals; the form can then be attached to the formal change order request.

The STA, with the Division Administrator's concurrence, should establish and document specific parameters for non-major change and non-major extra work. The definition of a major change or major extra work, as included in 23 CFR 635.102, is as follows:

*Major change or major extra work means a change which will significantly affect the cost of the project to the Federal government or alter the termini, character or scope of work.*

Early coordination between the STA and the FHWA is essential in the review of change orders. There are four basic components that FHWA will consider during its review of change orders. These considerations are:

- Federal aid eligibility,
- impact on the original "scope of the work,"
- basis of payment, and
- time adjustments.

**Federal-aid Eligibility.** Typically, if the proposed change is eligible for Federal aid reimbursement, then full participation logically follows. However, there may be situations where only parts of the change order are eligible. Generally speaking, the FHWA is prohibited from participating in costs related to routine or recurring maintenance (snow removal, graffiti removal, litter pickup, mowing, roadside vegetation control, etc.), however, the FHWA may participate in preventive maintenance work that is shown to be cost effective (such as pavement joint repair, crack sealing, drainage clean out work, etc.). Mr. Gee's October 8, 2004 memorandum on Preventive Maintenance Eligibility provides guidance on this subject.

The FHWA is often asked to approve change orders to correct work because of a design or construction engineering error. The FHWA policy on the participation in design or construction engineering errors was established by Mr. Williams' memorandum of July 12, 1963 (Appendix A-118). In general, this policy states that each case should be considered on its own merits. Federal-aid participation in errors that may reasonably be expected to occasionally occur (despite the exercise of normal diligence) may be justified, as long as the STA's carelessness, negligence, incompetence, or under-staffing were not contributing factors.

The FHWA's policy regarding participation in consultant design errors is that the consultant should pay for the cost of the new design, but is generally not held responsible for additional construction costs resulting from such errors, as long as the errors are not a result of gross negligence or carelessness. In addition to Mr. Williams' memorandum referred to above, Mr. LaHue's memorandum of September 8, 1978 (Appendix A-119) provides additional guidance on this subject.

**Impact on the Original "Scope of the Work".** Typically, if the proposed change falls within the previously authorized scope of work, then FHWA participation follows.

There may be circumstances in which participation in the full scope of the change order work is precluded. For example, a change order on a pavement rehabilitation project may provide for the installation of additional edge drains at and beyond the project limits. A change of the project limits and modification of the project agreement would be needed in order for the cost of edge drains outside the project limits to be eligible. Otherwise, Federal-aid participation would be limited to the cost of edge drains up to the original project limits.

There may be other circumstances where major contract modifications are proposed which are beyond the original scope of work. In these cases, the Division Office must determine whether the additional work is a modification of the original scope or a significant change that would benefit from competitive bidding. The individual circumstances associated with the magnitude and quality of the change as well as the cumulative impact upon the whole project should be reviewed. Among the considerations are:

- Have the contract work elements changed?
- How does the additional work impact quantities and cost?
- Does the proposed change impact the complexity of the work?
- What is the cumulative impact on the project?
- Would the public benefit from competitive bidding rather than a negotiated change?

**Basis of Payment.** The STA must perform and suitably document the cost analysis for each negotiated work change order. The method and degree of analysis are the STA's decision, however, the process should be acceptable to the Division Administrator.

Force account procedures should only be used as a last resort when agreement cannot be reached on the price of a new work item, or when the extent of the work is unknown or of such character that a price cannot be determined to a reasonable degree of accuracy. A Headquarters memorandum of September 8, 1982 (Appendix A-120) contains FHWA policy on the use of force account procedures.

**Time Extensions.** The change order should also provide the time needed to accomplish the work. The FHWA policy states that contract time extensions granted by a STA that affect project costs or liquidated damages shall be subject to the concurrence of the Division Administrator and will be considered in determining the amount of Federal participation.

Most State standard specifications require the contractor to submit and maintain a project schedule that details the timing for construction operations from start to finish. Reasonably, this schedule should depict the planned operation by day or week and may take the form of a critical path. A trace of the critical path identifies the controlling operations. In the absence of a critical path or activity schedule, a determination of the controlling operation(s) is necessary.

If work covered by a change order affects a controlling operation, a change in the contract time may be warranted. If the controlling operation is unaffected, a change in the contract time is not warranted. In order to establish the time required to perform the work, an estimate of the time should be developed as the other components (i.e., labor, equipment, and materials) are estimated.

Occasionally, there are events that are beyond the control of either the STA or the contractor that affect the controlling operation. These should be enumerated in the STA's standard specifications and be acceptable to support an extension of contract time. Such events include the following:

- labor strikes (including job pickets),
- public protests (to the project),
- general riot,
- declaration of war,
- "acts of God," and



- traffic accidents (e.g., hazardous spills).

Events that are normally considered to be under the control of the contractor and, therefore, do not warrant a time extension include:

- shutdowns for maintenance,
- breakdowns,
- suspensions or stop work orders for violation of safety or pollution regulations,
- shutdowns for construction accidents, and
- material delays.

The FAPG (NS 23 CFR 635A) provides further guidance on materials delays. The contractor is responsible for the timely order and delivery of materials for the project. A delay in delivery of materials does not in itself generally support an extension of contract time. However, if an unusual market condition (i.e., an industry wide strike, natural disaster, or area-wide shortage) occurs, a time extension may be in order.

Delays due to inclement weather should be expected and should generally not be the basis for a change in contract time except in extreme cases.

The FAPG (NS 23 CFR 635A) also provides guidance on the granting of time extensions due to utility, railroad, and right-of-way (ROW) clearance delays. Because of the assurances required from the STA prior to the FHWA project authorization, the FHWA policy generally does not permit participation in time extensions for such delays. Whenever the railroad or utility is permitted to adjust its facilities coincidentally with contract operations, such activities must be clearly addressed in the contract provisions. All parties should understand that any interference by the railroad or utility to the contractor's operations generally will not constitute an allowable delay. In general, an extension of contract time due to ROW delays is very unusual and is the exception rather than the rule. For FHWA approval of an extension, it must be shown that:

- the construction work was actually delayed by the ROW, railroad, or utility difficulty,
- the contractor did everything required by the contract to minimize the delay, and
- the STA was unable to exercise effective control of the situation despite its best efforts.

Occasionally, FHWA is asked to participate in time extensions or delay claims that result from State budgetary problems. In some cases, State budgetary problems may lead to the STA's inability to pay the contractor or provide adequate inspection staff. FHWA has refused to participate in the such costs based on the assurances required in 23 USC 302 that require States to be adequately staffed to carry out the Federal-aid program

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# **Attachment G**

## **Code of Federal Regulations**

**ELECTRONIC CODE OF FEDERAL REGULATIONS****e-CFR Data is current as of October 14, 2013**

**Title 23: Highways**  
**PART 635—CONSTRUCTION AND MAINTENANCE**  
**Subpart A—Contract Procedures**

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**§635.120 Changes and extra work.**

(a) Following authorization to proceed with a project, all major changes in the plans and contract provisions and all major extra work shall have formal approval by the Division Administrator in advance of their effective dates. However, when emergency or unusual conditions justify, the Division Administrator may give tentative advance approval orally to such changes or extra work and ratify such approval with formal approval as soon thereafter as practicable.

(b) For non-major changes and non-major extra work, formal approval is necessary but such approval may be given retroactively at the discretion of the Division Administrator. The STD should establish and document with the Division Administrator's concurrence specific parameters as to what constitutes a non-major change and non-major extra work.

(c) Changes in contract time, as related to contract changes or extra work, should be submitted at the same time as the respective work change for approval by the Division Administrator.

(d) In establishing the method of payment for contract changes or extra work orders, force account procedures shall only be used when strictly necessary, such as when agreement cannot be reached with the contractor on the price of a new work item, or when the extent of work is unknown or is of such character that a price cannot be determined to a reasonable degree of accuracy. The reason or reasons for using force account procedures shall be documented.

(e) The STD shall perform and adequately document a cost analysis of each negotiated contract change or negotiated extra work order. The method and degree of the cost analysis shall be subject to the approval of the Division Administrator.

(f) Proposed changes and extra work involved in nonparticipating operations that may affect the design or participating construction features of a project, shall be subject to review and concurrence by the Division Administrator.

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For questions or comments regarding e-CFR editorial content, features, or design, email [ecfr@nara.gov](mailto:ecfr@nara.gov).  
For questions concerning e-CFR programming and delivery issues, email [webteam@gpo.gov](mailto:webteam@gpo.gov).

# **Attachment H**

## **Project Management Procedures**

## **3.8.6 Change Management**

### **3.8.6.1 Change Orders**

Change Orders document changes from the original scope, budget, schedule, technical requirements and quality baselines of the DB/DBF Agreement, confirm schedule modifications or set forth other modifications or changes to the DB/DBF Agreement and/or technical provisions. In order for a change order to effectuate a valid modification to the DB/DBF Agreement, it must be reviewed, approved, and submitted by the PM, then reviewed and approved by the Pioneer Program Manager and the Assistant Director of Engineering. If the Project is a federal aid Project, FHWA may also have approval rights over a Change Order.

### **3.8.6.2 Value Engineering Change Proposals (VECP)**

The DB/DBF Agreement may contain provisions addressing Value Engineering Change Proposals, which may be:

- ◆ Developed by the Design-Builder
- ◆ Based on Proposals from the Department or
- ◆ Based on information contained in an unsuccessful Proposal that has not been negotiated into the DB/DBF Agreement prior to award/execution

A conceptual VECP must be submitted to the Department's Project Manager for review. Generally, the DB/DBF Agreement will set out the requirements of the submittal, which often will include:

- ◆ Conceptual plans
- ◆ An initial estimate of costs
- ◆ The impact of the VECP on the Project schedule
- ◆ A description of any previous use or testing of the concept on another Department Project or elsewhere
- ◆ A statement of the advantages and disadvantages of employing the VECP
- ◆ Such other elements as are set forth in the DB/DBF Agreement

If the Department accepts the VECP changes, payment may be authorized pursuant to the VECP and/or change order provisions set forth in the DB/DBF Agreement.

**SECTION 3  
PROJECT MANAGEMENT PLAN GUIDELINES**

- Review the draft communication plan with the public information officer, project team, and management.

**3.5.5. Change Management Plan**

Develop a plan for identifying, quantifying, approving, and reporting changes to the project performance baseline; emphasize cost, scope, schedule, and quality. The change management plan is developed to address project specific changes within project allowances (budget and schedule) given to the project manager and the project team. Follow the NDOT formal change management process (scope, budget, schedule change form) for changes that fall outside the program manager's allowances.

PM allowances include cost and schedule as outlined in Sections 3.5 and 3.6 unless otherwise approved by the Program Manager.

The project manager and the project team will collaborate to:

1. Establish and document the project performance baseline: the point of departure for measuring project change.

Define and document the baseline components representing cost, scope, and schedule:

- Project milestones.
- Project baseline schedule.
- Project budget.
- Prior adjustments to the baseline.

Depending on the project, also define certain elements that document site and performance conditions: limits of work; geotechnical or other physical characteristics; periods of work; or other performance constraints, etc.

For each component of the baseline, identify the specific project thresholds that trigger the formal change management process.

2. Develop and document project-specific processes and instructions for the change management process and document them in the change management plan.
  - Identify, report, and track potential change issues.
  - Team and individual responsibilities for identifying and reporting all potential change issues.
  - Establishment and use of a single change issue tracking and management log.
  - Work with the Program Manager to establish change reporting thresholds and levels of authority.

- Review the Risk Management Plan and risk response strategies and determine requirements for managing risk-driven change.
- Analyze change impacts and develop response strategies and recovery plans.
- Identify endorsement requirements for changes to the project performance baseline.
- Update the project performance baseline.
- Develop guidance for documentation and incorporation of change in design or other product records.

*NOTE: Districts and functional units may have formal processes and procedures in place for managing the change process, and compliance may be mandatory. Always review the appropriate procedures and consult with district/functional unit management before establishing specific project procedures.*

3. Gain endorsement for the project-specific change management plan from appropriate functional units.
4. Review the plan with the project team and provide instructions on the specific responsibilities of each team member.

### 3.5.6. Quality Plan

Quality management includes all activities of project management that determine the project quality objectives and applicable standards, the responsibilities of project participants, and the requirements for quality assurance (QA) and quality control (QC).

Quality planning involves identifying which quality standards are relevant to the project and determining how to satisfy them. The activities of the quality planning process basically translate existing quality policy and standards into a project quality plan, and the project quality plan into a project quality compliance matrix for documenting performance and results.

The project manager and the project team will collaborate to:

1. Review each work element of the project milestones and determine the applicable quality standards for each process, product, and deliverable.
2. List each of the applicable standards with the appropriate work element in the draft quality plan.
3. Using the draft quality plan, review each work element and applicable standards with:
  - Performing Staff.
  - Verify understanding of assignment.
  - Verify understanding of specific quality standards and requirements.
  - Verify qualifications for performance.
  - Develop specific plans for performance and achievement of the quality standard.

**SECTION 3  
PROJECT MANAGEMENT PLAN GUIDELINES**

**3.9.2.3. *Manage Risk Response Resources***

- Contingency Funds are the “last resort” and are used only after all other means for abatement, avoidance, or mitigation of risks have been exhausted.

**3.9.3. Identify and Manage Potential Change Issues:**

Make potential risks and change issues a “standing” agenda item and have an open dialogue about risks and changes at all team meetings; it encourages responsibility for this process.

Develop and maintain a Change Issue Log identifying and tracking each potential change issue—*whether it is a “proven” change or not*. The issue log within PSAMS under the “Project Zone” tab can be used, or an issue log can be created in the project’s SharePoint site.

Each potential change issue should be treated with high priority until its significance to the project is determined. Often—*particularly in the design phase*—potential change issues turn out to be “evolving design details” that are perceived as changes in scope or conditions. Although not generally considered a change, it is important to track and document these reports in order to avoid duplication of effort or their incorporation into other potential change issues.

**3.9.3.1. *Administer the Change Management Process:***

- For each “real” change issue, analyze the nature and scope of the change and establish a formal change description.
- Evaluate and quantify the impact of the change on the project work and performance conditions, including changes required to complete current and future work product(s).
- Evaluate and quantify the impact of the change on the Project Performance Baseline (scope, schedule, and budgets—including *contingency budgets*) and potential risk.

**3.9.3.2. *Develop Mitigation/Recovery Strategies:***

- Analyze the change for alternative actions to minimize the negative impacts and maximize the benefit of the change—including the “no action” option.
- Formally establish the scope of the change and direction for incorporating the changed work and conditions.
- Formally establish the required adjustments to the Project Performance Baseline—scope, schedule, budgets, and Risk Management Plan.
- Solicit input and provide appropriate notifications to all team members—especially those whose performance is directly affected by the change.

**3.9.3.3. *Obtain the appropriate Endorsements/Approvals and Distribute:***

- Notify and consult with program manager and Director’s Office.



- Process a formal notice of change to the project team and Contract Change Orders as appropriate. Note: Consultants and Contractors may not proceed with—or get paid for—changed work until their Contract Scope of Work, Contract Amounts, and Schedules have been formally changed through the Agreement amendment and/or Contract Change Order process.

#### **3.9.3.4. Update Performance Baselines**

- **Work Breakdown Structure** – Determine appropriate methods for incorporating the changed work as separate from the original baseline scope of work.
- **Schedule** – Integrate the appropriate logic, duration, and resource revisions to accommodate the changed scope while maintaining visibility of the original baseline schedule.
- **Budgets** – Make the appropriate budget adjustments including transfers from contingency budgets to work budgets.

#### **3.9.3.5. Communicate Change**

- Communicate change per the Project Management Plan

### **3.10. Closing Processes**

The project team performs the activities described in the **Transition and Closure Plan** at appropriate times during the course of the phase or project as transition events dictate.

Certain activities (Lessons Learned, Rewards and Recognition, etc.) are employed continually throughout the project. The transition event signifies the completion of the continuous aspect of these elements for the phase or activity. Other transition activities are timed to effectively coincide with the transition event; the acceptance of completed work, the demobilization of staff and facilities, etc., are all triggered by the completion of the transition event.

The inclusion of Transition and Closure activities in budgets and schedules provides the project team with the visibility needed to determine when transition activities should be performed and when they should be completed.

#### **3.10.1. Reviewing and Refining**

Continuously review the activities associated with each transition event and refine the Transition and Closure Plan and responsibilities for its performance accordingly.

For portions of the Transition and Closure Plan left in a “preliminary” stage at the beginning of the project, particularly the staff demobilization activities, review work progress and complete the transition planning early enough to avoid any potential impact of uncertainty on the staff.

#### **3.10.2. Acceptance of Work**

As the work leading up to the transition event proceeds, maintain contact with and report progress and changes to those involved in the acceptance process.

## Change Management Plan

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Change may be encountered during the life of the \_\_\_\_\_ project. The project cost, scope, schedule, and resources will all be areas of potential change. The sources of these changes will be internal changes initiated by the project team; external changes initiated by the contractor or consultant; and external changes that are a result of stakeholder requests, resource availability, etc.

The acknowledgement that change may be encountered, along with a commitment to on-time, on-budget delivery of the agreed upon project scope emphasizes the importance of active project and change management for attaining project success. Managing change will require planning, discipline, and effective communication among the entire project team (including functional units, consultants, and contractors), management, customers and stakeholders. As the Change Management Plan is executed, the following should occur: improved relationship with customers, improved financial performance, reduced project delays, better project teamwork, improved management of project quality, and ultimately on-time delivery. The following defines the plan the team will use to Manage Change.

Potential change may fall in the following categories or types:

▪ Scope	▪ Deliverables
▪ Schedule	▪ Technical Change
▪ Project Cost	▪ Resources/Technologies/Materials
▪ Available Funding	▪ Process/Policy
▪ Staffing	▪ Unforeseen Field Conditions, Weather, etc.

### Step-by-Step Process to Manage Change

Changes proposed or encountered will be addressed using the following process.

#### Identify and Manage Change Issues

Change identification involves determining what changes may occur during the project life cycle. Planning for change can maximize positive and minimize negative impacts to the project.

When change occurs implement the Change Management Plan when it is first encountered. Identify the source and nature of the change as follows:

- Determine the category or type of change.
- Establish a formal change description.
- Determine the potential impact of the change.
- Document the origin of the change (who initiated it, what precipitated it).
- Identify who may potentially be affected.
- Identify who is responsible for the managing the change.
- Document information into "Change Register" form (Appendix E).

#### Verify and Analyze the Change

If a change condition exists analyze the effects of the change to the project.

- Evaluate and quantify the impact to the project performance baseline (scope, schedule, budget, and/or quality).
- Does it introduce additional risks to the project?

- Evaluate the effects on other project tasks or deliverables.
- Identify and coordinate with effected functional units, contractors, consultants, etc.
- Brainstorm, analyze, and prioritize strategies for change management.
- When necessary, consult with subject matter experts.
- Document information into "Change Register" form.

**Develop a Mitigation/Recovery Strategy.**

A response strategy is the process of developing options and determining actions to enhance positive changes and to reduce threats to project objectives.

- Document analysis into "Change Management Proposal" form (Appendix E).
- Identify customers/stakeholders/level of authority needed for endorsement.
- Use these questions to help in planning your strategy:
  - What needs to be done, who will do it, and by when?
  - How will quality and customer service be ensured?
  - What will be the effects on other project tasks?
  - How will the team communicate with the other stakeholders?

**Gain endorsement for the change.**

- As appropriate notify and consult with the project team, appropriate Functional Managers, and appropriate Districts regarding the change and its impacts.
- Obtain endorsement from the appropriate level of authority – use the "Change Proposal" form.

**Update the Project Performance Baseline and monitor the effects of change.**

- Update the Project Management Plan to document the change.
- Identify responsibilities and timelines for carrying out.
- Monitor and evaluate implementation.

**Communicate changes per this Change Management Plan and the Project Communication Plan.**

- Notify appropriate team members, management, contractors, consultants, stakeholders, and customers as identified in the Communication and Change Management Plans.

## CHANGE PROPOSAL / ENDORSEMENT FORM

Project Phase:  Planning  Environmental  Final Design  Construction

Project Title/Name: \_\_\_\_\_ Project Manager: \_\_\_\_\_

Change Initiator (Name & title) \_\_\_\_\_ Date: \_\_\_\_\_

Change Category and Topic:

Change Description, Origin & Technical areas impacted:

Change Impact to project baselines (scope, schedule, budget, quality, technical, policy, etc.):

Mitigation Plan:

Recommend Approval:

Technical Manager (name/title) \_\_\_\_\_ Date \_\_\_\_\_

Comments:

**Technical Policy & Procedures Change (PM approval not needed for technical changes that does not impact project baselines (scope, budget, schedule & Quality))**

Approved  Disapproved  Recommend Approval

Functional Manager (name/Title) \_\_\_\_\_ Date: \_\_\_\_\_

Comments:

**Scope, budget, schedule & quality change (within PM Allowances):**

Approved  Disapproved  Recommend Approval

Project Manager \_\_\_\_\_ Date: \_\_\_\_\_

Comments

**Scope, budget, schedule & quality change (within Program Manager's Allowances):**

Approved  Disapproved  Recommend Approval

Program Manager \_\_\_\_\_ Date: \_\_\_\_\_

Comments

## Construction Working Group Task List

**Nelson, Richard J**

---

**Subject:** ITEM 1: Question to Dennis G. re: residency requirements  
**Start Date:** Monday, December 10, 2012  
**Due Date:** Monday, August 12, 2013

**Status:** In Progress  
**Percent Complete:** 75%

**Total Work:** 0 hours  
**Actual Work:** 0 hours

**Owner:** Nelson, Richard J

December 2, 2013: Research has been completed. Dennis G. (CDAG) will make an oral report to the CWG during the December 9, 2013 meeting.

2013-06: Reminded Dennis G. this question was outstanding.

There was a RFP for a county project (Lander County Courthouse) that required the Architectural firm have a staffed office in Nevada and owned by a Nevada resident. Can we require this?

## Construction Working Group Task List

**Nelson, Richard J**

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**Subject:** ITEM 2: Payments to primes on the web  
**Start Date:** Monday, December 10, 2012  
**Due Date:** Monday, August 12, 2013  
  
**Status:** Completed  
**Percent Complete:** 100%  
**Date Completed:** Monday, December 02, 2013  
  
**Total Work:** 0 hours  
**Actual Work:** 0 hours  
  
**Owner:** Nelson, Richard J

November 7, 2013 – the payments to contractors on the internet went live. This was communicated to the contracting community through the November 7<sup>th</sup> Contractor Bulletin giving instructions on how to reach the information. In December we will stop mailing hard copies of the payments to the contractors and they will receive all their data on line.

2013-07-11: Discussed with Jeff S.

Jeff suggested putting payments made to primes on the web so subs can see what's been paid. This is available internally on SharePoint. This will be part of the eDocumentation project. Evaluate if we can deploy early.

## Construction Working Group Task List

**Nelson, Richard J**

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**Subject:** ITEM 3: Distribute minutes of the RE Meeting  
**Start Date:** Monday, March 11, 2013  
**Due Date:** Monday, August 12, 2013

**Status:** Completed  
**Percent Complete:** 100%  
**Date Completed:** Friday, October 18, 2013

**Total Work:** 0 hours  
**Actual Work:** 0 hours

August 12, 2013 – The RE Meeting Final Report were included in the CWG meeting materials

2013-07-11: The Final Report and appendices were emailed to me from Sharon F. this morning. The files are quite heavy.

CWG Requested a copy of the RE Meeting Final Report

## Construction Working Group Task List

**Nelson, Richard J**

---

**Subject:** ITEM 4: Distribute the FHWA Program Review on Project Closeout and Inactive Funds Management  
**Start Date:** Monday, March 11, 2013  
**Due Date:** Monday, August 12, 2013

**Status:** Completed  
**Percent Complete:** 100%  
**Date Completed:** Friday, October 18, 2013

**Total Work:** 0 hours  
**Actual Work:** 0 hours

**Owner:** Nelson, Richard J

August 12, 2013 – The Project Closeout and Inactive Funds Management Report were included in the CWG meeting materials.

Paul Schneider, FHWA, made a presentation during public comment of the March 11 meeting about a Program Review of FHWA on their Project Closeout and Inactive Funds Management. Paul will provide a copy for distribution when it is made public. The CWG would like a copy.



## Construction Working Group Task List

**Nelson, Richard J**

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**Subject:** ITEM 5: FHWA DBE Process Review  
**Start Date:** Monday, May 13, 2013  
**Due Date:** Monday, November 11, 2013

**Status:** In Progress  
**Percent Complete:** 75%

**Total Work:** 0 hours  
**Actual Work:** 0 hours

**Owner:** Nelson, Richard J

December 2, 2013 – Yvonne Schumann (Civil Rights Officer) reports that we have been negotiating final recommendations with FHWA and the Final Report should be completed soon.

During the May CWG meeting Yvonne mentioned the FHWA conducted a process review of the DBE Good Faith Effort. CWG would like to review the Process Review once it is finalized.

## Construction Working Group Task List

**Nelson, Richard J**

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**Subject:** ITEM 6: Distribute RE Survey results  
**Start Date:** Monday, May 13, 2013  
**Due Date:** Monday, August 12, 2013

**Status:** Completed  
**Percent Complete:** 100%  
**Date Completed:** Friday, October 18, 2013

**Total Work:** 0 hours  
**Actual Work:** 0 hours

**Owner:** Nelson, Richard J

**Categories:** Blue Category

August 12, 2013 – The RE and Industry Surveys was included in the CWG meeting materials.

2013-07-11: The survey is included in the RE meeting final report

2013-06-28: Tracy LT. responded to an email saying these would be ready for the August CWG meeting. I will suggest this be part of the agenda.

The CWG is interested in reviewing the survey results from the RE's that were collected.

## Construction Working Group Task List

**Nelson, Richard J**

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**Subject:** ITEM 7: Monthly Contractor Pay  
**Start Date:** Monday, May 13, 2013  
**Due Date:** Monday, December 30, 2013

**Status:** In Progress  
**Percent Complete:** 75%

**Total Work:** 0 hours  
**Actual Work:** 0 hours

**Owner:** Nelson, Richard J

December 2, 2013: The staff report and recommendations to the CWG will be placed on the December 9, 2013 agenda.

2013-06-27: Meeting with Jeff S. to discuss team leadership, action plan and schedule.

2013-06-21: Memo to Jeff S. instructing a team be formed to study monthly contractor pay and invoicing.

2013-06-20: Mentioned this effort at the NDOT/CI Liaison Meeting and desire for contractor involvement.



2013-21-06  
ontractor Pay.docx

## Construction Working Group Task List

**Nelson, Richard J**

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**Subject:** ITEM 8: Response to question on consultant audits  
**Start Date:** Monday, May 13, 2013  
**Due Date:** Monday, August 12, 2013

**Status:** Completed  
**Percent Complete:** 100%  
**Date Completed:** Friday, October 18, 2013

**Total Work:** 0 hours  
**Actual Work:** 0 hours

August 12, 2013 – email to the Controller was included in the CWG meeting materials.

2013-06-29: Bill H. forwarded the email to Rick N. This email will be included in the old business portion of the August 2-13 CWG meeting.

2013-06-03: Bill H. Sent an email to the Controller with the information.

Bill Hoffman was asked to report on audits of consultants.



Hoffman Audit  
Action Item 2013...

## Construction Working Group Task List

**Nelson, Richard J**

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**Subject:** ITEM 9: Report on contract overpayments  
**Start Date:** Monday, May 13, 2013  
**Due Date:** Monday, August 12, 2013

**Status:** Completed  
**Percent Complete:** 100%  
**Date Completed:** Monday, December 02, 2013

**Total Work:** 0 hours  
**Actual Work:** 0 hours

**Owner:** Nelson, Richard J

November 13, 2013 – Mr. Savage was briefed regarding contractor overpayments by the Director, Nelson and Shapiro.

Aug 12, 2013: A report was made to the CWG. Mr. Savage requested a briefing to review the payments in detail necessary to close out this project and the final accounting of the payments.

CWG requested a report on the disposition of contract overpayments that were discussed during the May meeting. Was the money returned and how.

## Construction Working Group Task List

**Nelson, Richard J**

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**Subject:** ITEM 10: Distribute Civil Rights PPT  
**Start Date:** Monday, May 13, 2013  
**Due Date:** Monday, May 13, 2013

**Status:** Completed  
**Percent Complete:** 100%  
**Date Completed:** Wednesday, July 10, 2013

**Total Work:** 0 hours  
**Actual Work:** 0 hours

**Owner:** Nelson, Richard J

August 12, 2013 – a hard copy of the PPT was included in the CWG Meeting materials.  
2013-05-13: Claudia emailed the Civil Rights PPT to the CWG members

## Construction Working Group Task List

**Nelson, Richard J**

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**Subject:** ITEM 11: Contract Change Orders  
**Start Date:** Monday, September 09, 2013  
**Due Date:** Monday, December 09, 2013

**Status:** In Progress  
**Percent Complete:** 0%

**Total Work:** 0 hours  
**Actual Work:** 0 hours

**Owner:** Nelson, Richard J

December 2, 2013 – this item will be placed on the December 9, 2013 CWG Agenda  
September 9, 2013 – the topic of Contract Change Orders came up during the  
Transportation Board Meeting during the discussion of the Agreement and Contract  
Approval Matrix. It was suggested that this topic be discussed at a future CWG meeting.

## Construction Working Group Task List

**Nelson, Richard J**

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**Subject:** Item 12: Discuss FSP self-performed costs  
**Start Date:** Wednesday, November 13, 2013  
**Due Date:** Monday, December 09, 2013

**Status:** In Progress  
**Percent Complete:** 0%

**Total Work:** 0 hours  
**Actual Work:** 0 hours

**Owner:** Nelson, Richard J

December 2, 2013 – This item will be placed on the December 9, 2013 CWG meeting agenda.

November 13, 2013 – The Controller requested the actual costs of self-performing the FSP program be discussed at a future CWG meeting. The cost comparison between self-performed and contracted services should be addressed.



NEVADA DEPARTMENT OF TRANSPORTATION  
**CONTRACTOR BULLETIN**

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**November 7, 2013**

**\*\*\*NO CONSTRUCTION WORKING GROUP ON \*\*\*  
WEDNESDAY, NOVEMBER 13, 2013**

**Bi-Weekly Contractor Payment Reports**

NDOT's Construction Division will no longer be providing *hard copies* of the Bi-Weekly Contractor Payment Reports (CM02) to the Prime Contractors starting December 2013. Effective immediately you can locate these reports on NDOT's website at [www.nevadadot.com](http://www.nevadadot.com) through the E-Bidding Portal. In December you will only be able to obtain copies of these reports electronically.

To access the reports click on the "Contractor Bidding" link on NDOT's Internet homepage. Then look for the "Contracts" link along the left side of the page. Search for your desired contract. Finally, under the "Contract Documents" tab you will see a folder for the Contractor Pay Reports. Note that the file name contains the NDOT Contract number (OXXXX) as well as the date in which that payment was ran (MMDDYYYY). File name example: NDOT.03000.CM02Rpt.10212013.pdf.

If you have any questions feel free to contact Megan Sizelove at (775)888-7625 or at [NDOTConstruction@dot.state.nv.us](mailto:NDOTConstruction@dot.state.nv.us)

**Request for Proposals – Tropicana Escalators Construction Manager at Risk (CMAR) Project**

Full Request for Proposal documents are available on NDOT's website at [http://www.nevadadot.com/Documents/Doing\\_Business/RFP/RFQ/RFI\\_Opportunities.aspx](http://www.nevadadot.com/Documents/Doing_Business/RFP/RFQ/RFI_Opportunities.aspx), or by contacting NDOT Agreement Services (contact information below).

Sealed proposals will be received by the Director of the Nevada Department of Transportation, Carson City Headquarters, 1263 South Stewart Street, Carson City, NV 89712, until **3:00 PM**, PDT, on **Tuesday, November 26, 2013**, to procure the Construction Manager at Risk (CMAR) for the Tropicana Escalators Project.

The project is located over the intersection of Tropicana Avenue and Las Vegas Boulevard South in Las Vegas, Nevada and includes, but is not limited to the following elements:

- Improvements to the existing pedestrian bridges and elevators
- Replacement of the existing sixteen (16) internal/building escalators with new American Public Transportation Association (APTA) compliant external type transit-grade design units.

The CMAR will perform pre-construction services and will be given the exclusive opportunity to negotiate with NDOT for a guaranteed maximum price for construction of the project. The estimated project construction start date is on or before January 2015. The bid range for the construction portion of the project is estimated to be R30 through R31 as defined at the following website:

[http://www.nevadadot.com/Doing\\_Business/Contractors/Contract\\_Estimated\\_Value\\_Ranges.aspx](http://www.nevadadot.com/Doing_Business/Contractors/Contract_Estimated_Value_Ranges.aspx).

The plans and specifications are under development, and this estimate is subject to change.

Proposers must be prequalified according to the standard NDOT Prequalification Requirements for Prime Contractors. Prequalification forms are available at

Procurement deadlines are as follows (subject to change via Supplemental Notice):

- **A Mandatory Pre-Proposal Meeting will be held at 2:00 p.m. on Tuesday, November 19, 2013 at NDOT, 123 East Washington Avenue, Las Vegas, NV 89101, Conference Room, Building A. Attendance is mandatory in order to submit a responsive proposal.**
- Proposers' written questions are due by 3:00pm PDT Wednesday, November 20, 2013. Submit questions to NDOT Agreement Services (see below for contact information).
- Proposals are due by 3:00pm PDT Tuesday, November 26, 2013

If you have any questions regarding this RFP, please contact:

**NDOT Agreement Services**  
**1263 South Stewart Street, Room 101A**  
**Carson City, Nevada 89712**  
**(775) 888-7070**  
[agreeservices@dot.state.nv.us](mailto:agreeservices@dot.state.nv.us)



1263 South Stewart Street  
Carson City, Nevada 89712  
Phone: (775) 888-7440  
Fax: (775) 888-7201

## MEMORANDUM

December 2, 2013

**TO:** Department of Transportation Board of Directors,  
Construction Working Group

**FROM:** Richard Nelson, Assistant Director, Operations

**SUBJECT:** December 9, 2013 Construction Working Group Meeting

**Item # 9:** Briefing on the Status of Construction Projects – Discussion Only.

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### **Summary:**

The purpose of this item is to provide the Construction Working Group with a briefing on the status of active construction projects, a report on the progress being made on closing out projects, and to summarize completed and closed projects.

### **Analysis:**

Currently we are tracking the closeout progress of 49 projects. Monthly meetings are being conducted with District staff to facilitate the progress of project closeouts.

During the reporting period August through November 2013 a total of 5 projects were closed out bringing the total projects closed in 2013 to 29.

Currently we are tracking a total of 67 active projects with a total budget (Agreement Estimate) amount of \$1,160,365,728. As of November 18, 2013 \$1,106,867,841 have been paid on these projects. Staff has identified 16 projects that have exceeded the budget as established by the original agreement estimate. In addition the following represent significant issues being currently addressed.

1. Contract 3433 – US50 Cave Rock to Spooner in Douglas County, is over budget due to a required Contract Change Order on the order of \$2.4M to resolve a changed site condition issue.
2. Contract 3409 – US95 Widening package 1 in Las Vegas has an active Request For Equitable Adjustment (REA) that is currently being negotiated at the District level.
3. Contract 3389 – Meadowood Mall Interchange on I-580 in Reno, has an active REA that is currently in the Construction Office and additional REA's are anticipated.
4. Contracts 3377 – Kingsbury Grade in Douglas County and Contract 3407 – Wildlife Safety Overcrossing in Elko County and under litigation.

### **List of Attachments:**

- a. Project Closeout Status
- b. Summary of Closed Projects
- c. Status of Active Projects

### **Prepared by:**

Megan Sizelove, Administrative Section, Construction Division

# Attachment A

## Project Closeout Schedule

N = Need  
 S = Submitted (HQ reviewing)  
 A = Approved

Department of Transportation Construction Contract Closeout Status November 26, 2013																							
Cont. No.	DIST	Crew	Contractor - Resident Engineer	Description	Contract Bid Price	Retent Held	EEO	LAB	AB	CP	PR	LE	ATSS	WC	Constr. Compl.	Cleanup Finalized	Plant Estab (Exp. Date)	District Accept	Director Accept	Pick Up Comp.	R P U	Comments	Change Orders # Needed
3290	1	906	FREHNER-PETRENKO MICHELLE	SAINT ROSE PARKWAY IN HENDERSON PHASE 2A	\$61,242,038.90	\$50,000.00	A	A	A	A	A	A	A		7/11/08	7/15/10	N/A	2/11/09	2/19/09	10/18/10	Y	Quantities sent to contractor on 10/22/2013. Possible payoff end Nov.	
3392	1	922	WILLIAMS BROS. - CHRISTIANSEN MICHELLE	VARIOUS INTERSECTIONS IN THE CITY OF LAS VEGAS AND VARIOUS INTERSECTIONS IN CLARK COUNTY.	\$944,304.33	\$47,215.22	A	A	A	A	A	A	A		9/29/11	11/1/2011	N/A	3/6/12	4/2/12	6/22/12		Pending Litigation	
3409	1	926	CAPRIATTI - SULAHRIA (asst RE) MELISSA	US 95 FROM RAINBOW/SUMMERLIN INTERCHG. TO RANCHO/ANN RD. & DURANGO DR. (PKG. 1)	\$68,761,909.90	\$50,000.00	N	A	N	N	N	N	N	Y	12/1/12	2/15/13	12/16/13				N	Partial relief was granted by Dist I on 2-12-13. Jeff addressing claims.	Address CO#9, &12. Paid on prior #11.
3421	1	916	LAS VEGAS PAVING - RUGULEISKI MELISSA	ON US 95AT SUMMERLIN PARKWAY	\$26,080,589.00	\$50,000.00	N	A	S	A	N	N			8/10/12						Y	HQ working with crew on closeout. Crew submitted all but a few books, may have additional payment.	
3442	1	901	ROAD & HIGHWAY-ALHWAYEK MICHELLE	US 95 FROM 3.131 MILES NORTH OF CHINA WASH TO 0.796 MILES SOUTH OF DRY WASH.	\$10,171,171.00	\$50,000.00	A	A	S	A	A	A			11/22/11			1/9/12	11/6/12		Y	HQ is working on closeout.	
3453	1	901	FISHER-ALHWAYEK MELISSA	ON US 93 FROM BUCHANAN TO HOOVER INTERCHANGE.	\$15,858,585.85	\$50,000.00	S	A	N	A	A	A			11/19/12			12/5/12	1/23/13		Y	Closeout has been requested. 0% complete.	
3454	1	916	FISHER-RUGULEISKI MICHELLE	ON I-15 FROM TROPICANA AVENUE TO US 95 ( SPAGHETTI BOWL)	\$5,995,000.00	\$50,000.00	S	A	A	A	A	A	Y		3/23/12			4/20/12	5/21/12	9/4/12	Y	Contractor has Title 6 complaint against it which is holding EEO. Waiting for Contract Compliance to resolve EEO before processing Final Payment. Final quantities approved by Contractor.	
3466	1	922	AGGREGATE INDUSTRIES - CHRISTIANSEN MICHELLE	ON I-15 FROM THE SPEEDWAY / HOLLYWOOD INTERCHANGE TO 0.103 MILES NORTH OF THE DRY LAKES REST AREA	\$18,006,000.00	\$50,000.00	N	A	N	A	N	A	Y		1/16/13	4/15/13?	N/A	1/24/2013	2/13/2013		N	No pickup request to date.	
3472	1	922	LAS VEGAS ELECTRIC.- CHRISTIANSEN MICHELLE	ON MULTIPLE INTERSECTIONS IN DIST. 1 CLARK COUNTY	\$3,393,786.20	\$50,000.00	A	A	S	A	N	A			11/30/12	2/5/13	N/A	1/24/13	4/18/13		Y	HQ working on closeout.	
3474	1	906	LAS VEGAS ELECTRIC.- PETRENKO MICHELLE	ON US 93 FROM RAILROAD PASS CROSSING TO THE I-215 / I-515 INTERCHANGE IN HENDERSON	\$6,647,492.75	\$50,000.00	A	N	N	A	N	S			4/10/13			7/18/13	7/29/13		Y	Closeout has been requested. 0% complete.	
3480	1	902	AGGREGATE INDUSTRIES - YOUSUF MICHELLE	ON SR. 372 FROM THE CALIF / NEV. STATE LINE TO SR. 160 AND ON ST. RT 160 1.317 MI N. OF CLARK / NYE COUNTY LINE TO MI POST NY - 9.954	\$8,175,000.00	\$50,000.00	A	A	A	A	A	A			11/9/12			12/7/12	12/21/12	5/29/13	Y	Contractor reviewing quantity's.	
3481	1	901	AGGREGATE INDUSTRIES ALHWAYEK MELISSA	ON US 95 FROM 1.47 MI SOUTH OF THE AMAGOSA RIVER TO 6.48 MI NORTH OF THE TRAILING EDGE OF B-636	\$850,000.00	\$50,000.00	A	A	N	A	N	A	Y		10/29/12			5/23/13	6/12/13		N	No pickup request to date.	
3504	1	906	AGGREGATE INDUSTRIES PETRENKO MICHELLE	COLD MILL AND PLANTMIX WITH OPEN GRADE AND BRIDGE REHAB ON I707N, I711N, I713N, G662 NORTH AND SOUTH	\$14,200,000.00	\$50,000.00	A	N	S	A	N	N			12/6/12			1/7/13	1/10/13		Y	Closeout has been requested. 0% complete.	
3519	1	915	LAS VEGAS PAVING CORP STRGNAC MELISSA	I-515 AT THE INTERCHANGE OF FLAMINGO RD. CONSTRUCT LANDSCAPE AND AESTHETIC TREATMENTS	\$2,144,539.61	\$32,660.43	A	A	S	S	A	A									Y	Closeout has been requested. 0% complete.	
3526	1	915	TRANSCORE - STRGNAC MICHELLE	CONSTRUCT ITS ELEMENTS FROM CRAIG ROAD TO SPEEDWAY	\$4,850,856.00	\$50,000.00	N	A	N	N	N	N			10/24/13		4/1/14				N	Construction ongoing	
3527	1	901	LAS VEGAS PAVING CORP. ALHWAYEK MELISSA	INSTALL TEMP. & PERM. TORTOISE FENCE AROUND PERIMETER OF BOULDER CITY BYPASS & PLANT SALVAGING ACTIVITIES.	\$1,327,000.00	\$50,000.00	N	N	N	A	N	N			7/19/13			7/23/13	7/23/13		N	No pickup request to date.	
3531	1	903	LAS VEGAS PAVING - VOIGT MELISSA	REMOVE AND REPLACE EXPANSION JOINTS ON I-15	\$308,500.00	\$15,425.00	A	A	N	N	N	A			5/20/13						N	Closeout request and final payment pending resolution of CCO.	Awaiting Change Order return from HQ/District 1
3292	2	905	FISHER-DURSKI ROB	FROM 395 S. OF BOWERS MANSION CUTOFF NORTH TO MOUNT ROSE HWY.	\$393,393,393.00	\$50,000.00	N	N	N	N	N	N			11/19/12		6/2014				N	Construction complete. No pickup request to date.	pd on priors #64&69. .66,75, are priors. Need 31,76A,78A,79,85
3327	2	907	RHB-LANI ROB	US 395, CARSON CITY FREEWAY FROM FAIRVIEW DR. TO US 50 E.- PHASE 2	\$44,968,149.00	\$50,000.00	A	A	A	A	N	A	Y		10/8/09			7/21/11	8/23/11		Y	Wage Complaint hearing end July 2013. HQ working with crew on closeout.	
3377*	2	911	PEEK CONST.-ANGEL ROB	SR 207, KINGSBURY GRADE FROM THE JUNCTION WITH HIGHWAY 50 TO THE SUMMIT AT DAGGETT PASS	\$6,852,746.00	\$50,000.00	N	N	N	N	N	N									N	Pending litigation	

EEO=Contract Compliance Clearance  
 LAB=clearance from Materials  
 AB=As-Built

CPPR=Contractors Past Performance  
 LE=Letter of Explanation  
 ATSS=Acceptance Test Summary Sheet

WC=Wage Complaint  
 CA=Contractors Acceptance  
 \*= Internal

Department of Transportation Construction Contract Closeout Status November 26, 2013																							
Cont. No.	DIST	Crew	Contractor - Resident Engineer	Description	Contract Bid Price	Retent Held	EEO	LAB	AB	CP	PR	LE	ATSS	WC	Constr. Compl.	Cleanup Finalized	Plant Estab (Exp. Date)	District Accept	Director Accept	Pick Up Comp.	RPU	Comments	Change Orders # Needed
3389 ARRA	2	913	MEADOW VALLEY CONTRACTORS - COCKING DEENA	I-580 AT MEADOWOOD MALL EXCHANGE	\$21,860,638.63	\$50,000.00	N	N	N	N	N	N	N		7/10/13		11/1/13				N	Working on LOA's. Working with contractor to resolve issues. Construction ongoing.	Payed on Prior 10,11. Priors 20&21. Contractor has CO., 11,19, 21. Feds 6.
3400	2	907	Q&D -LANI MATT	ON US 395, THE CARSON CITY FREEWAY, FROM CLEARVIEW DRIVE TO FAIRVIEW DRIVE. PACKAGE 2B-1.	\$7,548,315.70	\$50,000.00	A	A	A	A	N	S			11/30/11		11/30/12	12/10/12	12/21/12		N	Crew is preparing contract to request closeout. No pickup request to date.	
3401	2	913	GRANITE- COCKING ROB / DEENA	US 395 FROM MOANA TO I 80	\$31,495,495.00	\$50,000.00	N	N	N	N	N	N			9/10/12		4/3/13	4/22/13	5/9/13		N	Crew is preparing contract to request closeout. No pickup request to date.	Priors #5,8,32,34 35 contractor has
3433	2	911	GRANITE CONSTRUCTION CO.- ANGEL DEENA	US 50, FROM CAVE ROCK TO SR 28	\$3,661,661.00	\$50,000.00	N	A	A	N	N	A	Y		12/12/12		11/20/15				N	Revised invoices expected from Granite for C.O. Pick up pending 3471 close out.	
3440	2	911	Q&D-ANGEL MATT	ON SR 28 FROM JUNCTION WITH ST 432 TO CALIFORNIA/NEVADA STATE LINE	\$5,613,054.00	\$50,000.00	N	A	A	S	A	A			10/20/12		10/19/13				N	Crew is preparing contract to request closeout. No pickup request to date.	
3465	2	904	SNC - BOGE DEENA	SR 341 VIRGINIA CITY FROM STOREY/WASHOE CO. LINE TO THE JUNCTION OF TOLL RD. & SR 341 VIRGINIA CITY FROM .02 MILES S. D ST.	\$6,969,007.00	\$50,000.00	N	A	N	N	N	N			10/4/12	3/27/13	Complaint				N	Crew is preparing contract to request closeout. No pickup request to date.	CO#1 & 4 are prior
3471	2	911	Q & D CONSTRUCTION - ANGEL DEENA	SR 28 AT THE INTERSECTION OF MT. ROSE HWY & SR 431	\$2,414,236.00	\$50,000.00	N	A	N	S	A	N			8/17/12		10/12/13				N	Crew is preparing contract to request closeout. No pickup request to date.	
3501	2	911	Q & D CONSTRUCTION - ANGEL DEENA	ON SR 431, MT. ROSE HWY, FROM THE JUNCTION WITH SR 28 TO INCLINE LAKE RD.	\$5,318,188.00	\$50,000.00	N	A	N	S	A	A					10/17/13				N	Closeout pending closeout of 3471.	
3503	2	913	GRANITE DBA DAYTON MATERIALS - COCKING DEENA	SR 443 CLEAR ACRE LN. FROM NORTH OF US 395 TO 7TH MP WA 0.06 TO WA 3.60	\$4,192,192.00	\$50,000.00	A	A	A	A	A	A			11/29/12		1 yr after completion date	1/4/13	1/25/13		Y	Crew Reworking B/L's, Spreadsheets & Multiple books before before final job pickup is complete.	
3505	2	907	GRANITE -LANI DEENA	US 50, LYON COUNTY, CHAVES ROAD TO ROY'S ROAD	\$21,212,121.00	\$50,000.00	N	N	N	N	N	N			10/3/13		10/3/14				N	Construction ongoing	#6 is a prior 1-4 are missing no prior no Co
3507	2	904	INTERMOUNTAIN SLURRY SEAL- BOGE DEENA	CHIP SEAL OF EXISTING ROADWAY MILEPOST CH-0.00 TO 26.95 AND LY-32	\$1,285,000.00	\$50,000.00	N	N	N	N	N	N			10/2/13			10/18/13	11/7/13		N	No request for pickup to date	
3510	2	907	SNC-LANI MATT	ON MUTIPLE ROUTES CC, CHURCHILL, LYON & WASHOE COUNTIES	\$1,772,007.00	\$50,000.00	N	N	N	N	N	N					N				N	Construction ongoing	
3512	2	907	SNC-LANI MATT	US 95A FR. 0.13 MILES N. of JUNCT US 50 IN SILVER SPRINGS TO THE TRUCKEE RIVER CANAL	\$886,007.00	\$44,300.35	N	A	A	A	A	A			4/25/13	6/14/13	N	7/8/13	7/22/13	8/14/13	Y	Closeout complete, need EEO before qty's sent to contractor.	
3514	2	905	Q&D -LOMPA MATT	BRIDGE REPAIR ON I 80 IN MULTIPLE LOCATIONS	\$1,693,000.00	\$50,000.00	A	A	N	S	N	A			9/25/13		N				N	No pickup request to date.	
3515	2	904	GRANITE - BOGE DEENA	ALCORN RD., CHURCHILL CO, AT V-LINE CANAL	\$384,384.00	\$19,219.20	A	A	N	S	N	A			5/3/13		N	10/4/13	10/22/13		Y	Pickup of project scheduled for 12/17/2013.	
3518	2	913	GRANITE- COCKING MATT	I-580 ON THE MOANA INTERCHANGE	\$6,978,978.01	\$50,000.00	N	N	N	S	N	N			2/19/13		2/19/14				N	Construction ongoing	
3536	2	904	SNC - BOGE MATT	CHIP SEAL OF EXISTING ROADWAY	\$369,007.00	\$18,450.35	N	A	N	N	N	N			8/15/13		N				N	Construction ongoing	
3542	2	905	Q&D -LOMPA MATT	BRIDGE DECK WORK AND APPROACH SLABS ON I-80 AT STRUCTURES B-764/W & G765E/W	\$1,330,000.00	\$50,000.00	N	N	N	N	N	N			11/7/13		N				N	No request for pickup to date	
3544	2	905	SNC -LOMPA MATT	WATER LINE & BACKFLOW UPGRADES FOR WEST SIDE OF DISTRICT II YARD	\$623,007.00	\$31,150.35	N	N	N	N	N	N			10/31/13		N				N	No request for pickup to date	
3407	3	908	PEEK CONST- RUPINSKI ROB	US 93 AT HD SUMMIT	\$3,156,345.49	\$50,000.00	A	S	S	S	S	S			11/19/10			7/18/11	9/23/11		Y	Pending Litigation	pd on prior #4,6,7,8 Shapiro has CO's
3435	3	908	RHB (AGGREGATE INDUSTRIES)- RUPINSKI DEENA	I-80 FROM 0.26 MILES EAST OF THE HALLECK/RUBY VALLEY INTERCHANGE TO 0.60 MI EAST OF THE GREY'S CREEK GRADE SEPARATION	\$33,699,999.00	\$50,000.00	N	A	N	A	N	A			11/21/12	8/22/13	N	8/28/13	9/30/13		N	No pickup request to date.	
3451	3	ATKINS	RHB - JORDY DEENA	US 50 FROM 3.38 MI. OF HICKSON SUMMIT TO THE LANDER / EUREKA COUNTY LINE.	\$10,799,999.00	\$50,000.00	N	A	A	S	A	A			1/24/12		1/25/14			11/5/12	N	Will need final p/r letter and acct following Plant Estab period to begin Dir. Acct. and complete closeout.	
3456	3	918	RHB-KELLY MATT	US 93 SCHELLBOURNE REST AREA	\$1,832,222.00	\$50,000.00	S	A	A	A	A	A			9/10/12	1/15/13	5/27/13	7/29/13	8/19/13	2/28/13	Y	Field Pickup completed on Cont 2/28/2013. Need EEO from Contract Compliance before final qty's sent to contractor.	

EEO=Contract Compliance Clearance  
 LAB=clearance from Materials  
 AB=As-Built

CPPR=Contractors Past Performance  
 LE=Letter of Explanation  
 ATSS=Acceptance Test Summary Sheet

WC=Wage Complaint  
 CA=Contractors Acceptance  
 \*= Internal

N = Need  
 S = Submitted (HQ reviewing)  
 A = Approved

Department of Transportation Construction Contract Closeout Status November 26, 2013																							
Cont. No.	DIST	Crew	Contractor - Resident Engineer	Description	Contract Bid Price	Retent Held	EEO	LAB	AB	CP	PR	LE	ATSS	WC	Constr. Compl.	Cleanup Finalized	Plant Estab (Exp. Date)	District Accept	Director Accept	Pick Up Comp.	R P U	Comments	Change Orders # Needed
3461	3	918	FISHER - KELLY DEENA	I-80 EAST OF OASIS INTERCHANGE TO WEST PF PILOT PEAK INTERCHANGE	\$30,999,999.00	\$50,000.00	N	N	N	N	N	N	N								N	Construction ongoing	Co #4 &7 routing, CO #5,6,10 &11 in progress
3468	3	912	Q & D - SIMMONS MATT	ON I-80 AT THE WEST CARLIN INTERCHANGE AND ON SR 766 AT THE CENTRAL CARLIN INTERCHANGE	\$7,263,806.50	\$50,000.00	S	A	A	A	A	A	A		7/17/13	7/22/13	N	8/1/13	8/1/13	10/28/13	Y	Pickup completed 10/28/13. Crew working on corrections.	
3506	3	963	VALLEY SLURRY SEAL - RATLIFF MATT	CHIP SEAL ON EXISTING ROAD WAY ON SR 225 EL -112.90 TO 127.50 AND SR 226 EL - 0.00 TO 20.00 IN ELKO COUNTY	\$1,129,336.00	\$50,000.00	N	N	N	N	N	N	N		9/3/13			10/29/13	11/15/13		N	No request for pickup to date	
3513	3	963	SNC -RATLIFF DEENA	ON SR 306FM .48 MN OF LANDER/ EUREKA COUNTY LINE TO S. OF BEOWAWE	\$7,477,007.00	\$50,000.00	N	A	A	A	N	S			7/19/13			8/19/13	9/5/13	11/19/13	Y	Pickup Complete. Waiting on EEO before quatitys sent to contractor.	
3522	3	963	TITAN ELECTRIC - RATLIFF MATT	INSTALLATION OF ADVANCED WARNING SIGNALS ON US 93 SOUTH OF WELLS	\$249,301.00	\$12,465.05	N	N	N	N	N	N	N		11/4/13		N				N	No request for pickup to date	
3538	3	908	GERBER CONST. - SENRUD MATT	REPLACE SUBSTANDARD OFF SYSTEM BRIDGE B-1662	\$273,563.10	\$13,663.18	N	N	N	N	N	N	N		10/29/13			10/30/13	11/15/13		N	No request for pickup to date	

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 CA=Contractors Acceptance  
 \*= Internal

State of Nevada  
Department of Transportation  
Construction Division

**District 1 - Construction Contract Closeout Monthly Meeting Minutes**

October 29, 2013

Construction Admin Section w/ Conference Call – 9 a.m.

**Attendees:**

Mario Gomez, Assistant District Engineer	Jeff Freeman, Asst Construction Engineer
Sami Alhwayek, Resident Engineer, Crew 901	Megan Sizelove, Consultant PM, HQ
Don Christiansen, Resident Engineer, Crew 922	Cecilia Whited, Const Admin Supervisor, HQ
Steve Conner & Chris Whitten, Crew 916	Melissa Sharp, Const Admin Section, LV
Glenn Petrenko, Resident Engineer, Crew 906	Michelle Thung, Const Admin Section, LV
Abid Sulahria, Act. Resident Engineer, Crew 926	Rob Liebherr, Const Admin Section, HQ
Marty Strganac, Resident Engineer, Crew 915	Deena Rose, Const Admin Section, HQ
Vickie Coll, Contract Compliance, HQ	Matt Goodson, Const Admin Section, HQ
Wes Clyde, Lab, HQ	

*\*\*For the RE's not in attendance the notes may still reflect what was discussed during previous meetings.*

**Crew/Contract (Construction Completion Date):**

**Crew 901 – Sami Alhwayek**

- 3442 (11/22/11) – HQ (Michelle) is working on contract closeout. No outstanding items.
- 3453 (6/29/12) – HQ (Melissa) is working with crew on contract closeout. Contract Compliance working with crew/contractor on EEO clearance. Outstanding items include EEO and AB.
- 3481 (10/29/12) – Crew meeting with HQ (Melissa) on 11/4/13 and will request closeout. Outstanding items include AB and LE.
- 3527 – Crew working on preparing books for closeout. Outstanding items include: EEO, Lab, AB, LE, and ATSS.

**Crew 902 – Sami Yousuf**

- 3480(11/9/12) – Closeout complete. RE and Contractor working to resolve final quantities.

**Crew 903 – Jason Voigt**

- 3523 (2/9/13) – Final payment and closeout complete 9/16/2013.
- 3531 (5/20/13) – No pickup request to date. Outstanding items include: AB, CPPR, LE, and ATSS.

**Crew 906 – Glenn Petrenko**

- 3290 (7/11/08) – Closeout is complete. Final quantities sent to Contractor 10/22/13. Anticipate payoff end November.
- 3474(4/10/13) – HQ (Michelle) is working on contract closeout. Outstanding items include: Lab, LE and ATSS.

These minutes are based on my interpretation of what was discussed during the meeting. If your notes vary please contact me to discuss. Megan Sizelove - (775) 888-7625.



- 3504(12/6/12) - HQ (Michelle) is working on contract closeout. Outstanding items include: Lab, LE and ATSS.

**Crew 914 – Neil Kumar**

- No outstanding contracts

**Crew 915 – Martin Strganac**

- 3519 – HQ (Melissa) is working with crew on contract closeout. Outstanding item includes: LE. Plant Establishment in expires April 2014.
- 3526 – Construction nearing completion.

**Crew 916 – Tim Ruguleiski**

- 3397 ARRA (12/23/10) – Final payment and closeout complete 10/2/2013.
- 3421(8/1/10) – HQ (Melissa) is working on contract closeout and with crew on items. Need District Acceptance. Outstanding items include EEO, LE and ATSS.
- 3454 (3/23/12) – Closeout complete. Contractor disputing final quantities. Final payoff pending resolution of Title VI complaint from Contract Compliance.

**Crew 922 – Don Christiansen**

- 3361 (3/5/10) – Final payment and closeout complete 9/18/2013.
- 3392 (9/29/11) – Closeout complete. Contractor payment is being held due to ongoing claim.
- 3466(1/16/13) – Crew will submit contract to HQ (Michelle) and request closeout this week. Outstanding items include: EEO, AB, and LE.
- 3472(11/30/12) – HQ (Michelle) is working on contract closeout. Outstanding item includes LE.

**Crew 926 – Abid Sulahria (Asst RE)**

- 3409 (12/1/12) – Outstanding items include EEO, AB, CPPR, LE and ATSS. Contract has a wage compliant and Fed are performing an audit. Crew preparing books to request closeout.

State of Nevada  
Department of Transportation  
Construction Division

**District 2 - Construction Contract Closeout Monthly Meeting Minutes**

October 29, 2013

Construction Admin Section w/ Conference Call – 10 a.m.

**Attendees:**

Brad Durski, Resident Engineer, Crew 910	Rick Bosch, Asst District Engineer
Sam Lompa, Resident Engineer, Crew 905	Jeff Freeman, Asst Construction Engineer
Steven Lani, Resident Engineer, Crew 907	Megan Sizelove, Consultant PM, HQ
Gino DeCarlo, Office Person, Crew 910	Cecilia Whited, Const Admin Section, HQ
John Angel, Resident Engineer, Crew 911	Rob Liebherr, Const Admin Section, HQ
Shane Cocking, Resident Engineer, Crew 913	Matt Goodson, Const Admin Section, HQ
Larry Boge, Resident Engineer, Crew 904	Deena Rose, Const Admin Section, HQ
Vickie Coll, Contract Compliance, HQ	Wes Clyde, Lab, HQ

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**Crew/Contract (Construction Completion Date):**

**Crew 904 - Larry Boge**

- 3438 (11/15/11) – Final payment and closeout complete 10/08/2013.
- 3465 (10/4/12) – Crew working on preparing books for closeout, anticipate requesting pickup Nov. Outstanding items include: EEO, AB, CPPR, LE and ATSS. Need District Acceptance.
- 3515 (5/3/13) – Crew preparing books for closeout. Anticipate pickup request end of November. Outstanding items include: EEO, AB, CPPR, LE and ATSS. Need District Acceptance.
- 3536(8/15/13) – Closeout request pending completion of previous contracts.

**Crew 905 – Sam Lompa**

- 3514(9/25/13) – Crew preparing books for closeout. Outstanding items include: EEO, Lab, AB, CPPR, LE and ATSS. Need District Acceptance.
- 3542 – Construction in cleanup phase.

**Crew 907 – Stephen Lani**

- 3327 (10/8/09) – Crew working with HQ (Matt) on contract closeout. Submittal of LE pending review of quantities.
- 3400 (11/30/11) – Crew preparing for pickup, submittal pending LOA approval from contractor. Outstanding items include LE, and ATSS.

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- 3505(10/3/13) – Construction in cleanup phase. All items outstanding. Need District Acceptance.
- 3510(pending) – Construction in cleanup phase. Outstanding items include: EEO, Lab, AB, CPPR, LE, ATSS, and change orders.
- 3512 (4/25/13) – Closeout is complete, pending EEO. Final quantities will be send to contractor once EEO is accepted.

#### **Crew 910 – Brad Durski**

- 3292 (11/19/12) – Outstanding CO's 31, 76A, 78A, 79, and 85. Crew working with HQ (Rob/Matt) on closeout and requesting lab clearance. Plant establishment ends 6/2014.

#### **Crew 911 – John Angel**

- 3377 – Pending litigation.
- 3433 (12/12/12) – No pickup request to date, pending completion of 3471. Outstanding items include EEO, AB, CPPR, and LE. Plant establishment ends 11/2015. Need District Acceptance.
- 3440 (10/20/12) – Crew preparing contract for pickup. Outstanding items include EEO, AB, CPPR and LE. Plant establishment ends 10/20/13. Need District Acceptance.
- 3471 (8/17/12) – Crew working on preparing books for closeout. Plant establishment ended 10/12/13. Outstanding items include EEO, AB, CPPR, LE and ATSS. Need District Acceptance.
- 3501(pending) – Crew working on preparing books for closeout. Plant establishment ended 10/12/13. Outstanding items include EEO, AB, CPPR, LE and ATSS. Pending closeout completion of 3471. Need District Acceptance.

#### **Crew 913 – Shane Cocking**

- 3389ARRA(7/10/13) – RE working on LOAs and with Contractor to resolve issues. Outstanding change orders and priors. Plant establishment ends 11/16/13. All items are outstanding. Need District Acceptance.
- 3401 (8/27/12) –Crew preparing for pickup, anticipate pickup end of November. Outstanding change orders 5R, 8R, 32, 34 and 35 will be submitted to District for approval later this week. Outstanding items include: EEO, Lab, AB, CPPR, LE and ATSS
- 3503 (11/29/12) – Crew working with HQ on closeout and will request pickup next week.
- 3518 (2/19/13) – Plant establishment ends 2/19/14. Outstanding items include EEO, Lab, AB, LE and ATSS. Need District Acceptance.

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State of Nevada  
Department of Transportation  
Construction Division

**District 3 - Construction Contract Closeout Monthly Meeting Minutes**

October 29, 2013

Construction Admin Section w/ Conference Call – 11 a.m.

**Attendees:**

Kevin Lee, District Engineer	Dave Lindeman, Asst District Engineer, Winn
Mike Murphy, Asst District Engineer, Elko	Jeff Freeman, Asst. Construction Engineer
Boyd Ratliff, Resident Engineer, Elko	Megan Sizelove, Consultant PM, HQ
Mike Simmons, Resident Engineer, Crew 912	Rob Liebherr, Const Admin Section, HQ
Tim Mouritsen, Asst Resident Engineer, Crew 908	Matt Goodson, Const Admin Section, HQ
Gary Boggs, Asst RE, Crew 918	Deena Rose, Const Admin Section, HQ
Darren Hansen, Asst RE, Crew 918	Vickie Coll, Contract Compliance, HQ
Dave Schwartz, Resident Engineer, Crew 920	Wes Clyde, Lab, HQ
Casey Kelly, Resident Engineer, Crew 908	

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**Crew/Contracts (Construction Completion Date):**

**Crew 908 – Chris Rupinski**

- 3407 (11/19/10) – Closeout complete. Final quantities pending lawsuit.
- 3435 (pending) – Crew preparing books for closeout. Outstanding items include: EEO, AB, and LE. Partial District Acceptance has been granted.

**Crew 912 – Mike Simmons**

- 3468(7/17/13) – HQ working with Crew on closeout. Outstanding items include: EEO.

**Crew 918 – Casey Kelly**

- 3456(1/15/13) – Final pickup complete. Crew working with Contract Compliance on EEO clearance.
- 3461 – Construction ongoing

**Crew 920 – Dave Schwartz**

- No outstanding contracts

**District - Ratliff**

- 3506(pending) – Crew preparing books for pickup. Anticipate request in couple weeks. All items are outstanding. Will perform District Acceptance by end of week.
- 3513(7/19/13) – Crew is sending books into HQ this week to begin closeout.
- 3521 (4/19/13) – Final quantities sent to Contractor on 10/8/13. Possible payoff mid-Nov.
- 3522 – Construction ongoing.

**Consultants**

- 3451 (Atkins) (1/24/13) – HQ (Deena) working on closeout. Outstanding items include EEO pending plant establishment ending 1/25/14.

These minutes are based on my interpretation of what was discussed during the meeting. If your notes vary please contact me to discuss. Megan Sizelove - (775) 888-7625.

# Attachment B

## Closed Projects

**NDOT Construction Contracts Closed Out  
January 2013**

Contract	Description	Contractor	Resident Engineer	NDOT/Consultant	Original Bid	CCO Amount	% CCO	Qty Adjustments	% Adjustments	Total Paid	Amount Over/Under	% Change	Agreement Estimate (budget)	% Agr. Est.
3267	US 50, FORTUNE TO CHAVES RD, MILL AND OVERLAY	ROAD AND HIGHWAY BUILDERS	Crew 911- Angel	PETERSON, CHRISTOPHER	\$ 14,292,292.00	\$ 844,073.59	5.91%	\$ 995,973.49	7.0%	\$ 16,132,339.08	\$ 1,840,047.08	113%	\$ 14,988,709.00	108%
3339	SR 573, CRAIG RD, WIDEN 4 TO 6 LANES	AGGREGATE INDUSTRIES	Crew 926- Sulahria	EICHE, JOHN	\$ 34,182,531.77	\$ 520,754.02	1.52%	\$ 461,654.34	1.4%	\$ 35,164,940.13	\$ 982,408.36	103%	\$ 35,431,164.00	99%
3350	I 80, ROSNEY GRADE	AGGREGATE INDUSTRIES	Crew 908-Rupinski	BRADSHAW, JOHN	\$ 8,922,921.99	\$ 3,163,228.25	35.45%	\$ (1,407,612.47)	-15.8%	\$ 10,678,537.77	\$ 1,755,615.78	120%	\$ 9,453,009.00	113%
3361	SR 146 SAINT ROSE PKWY IN HENDERSON, PHASE 2B	AGGREGATE INDUSTRIES	Crew 922 - Christiansen	Eduardo, Miranda	\$ 6,583,366.05	\$ 1,163,772.66	17.68%	\$ 211,883.34	3.2%	\$ 7,959,022.05	\$ 1,375,656.00	121%	\$ 9,344,700.15	85%
3383	SR 574, CHEYENNE AVENUE	LAS VEGAS PAVING	Crew 926- Sulahria	MIRANDA, EDUARDO	\$ 9,677,150.00	\$ 88,176.09	0.91%	\$ 423,186.34	4.4%	\$ 10,188,512.43	\$ 511,362.43	105%	\$ 10,356,209.00	98%
3390	SR 564, LAKE MEAD PKWY	LAS VEGAS PAVING	Crew 901- Alhwayek	PETERSON, CHRISTOPHER	\$ 13,543,210.00	\$ 1,062,126.84	7.84%	\$ (428,457.99)	-3.2%	\$ 14,176,878.85	\$ 633,668.85	105%	\$ 14,543,982.00	97%
3397	I-15 FM CA/NV STATELINE TO MP 16.35	FISHER SAND & GRAVEL Co	Crew 916 - Ruguleiski	PETERSON, CHRISTOPHER	\$ 7,333,333.33	\$ 1,828,446.00	24.93%	\$ 595,588.83	8.1%	\$ 9,757,368.16	\$ 2,424,034.83	133%	\$ 8,496,584.00	115%
3402	I 80 E. NIGHTINGALE INTERCHANGE	ROAD AND HIGHWAY BUILDERS	Crew 904 - Boge	BRADSHAW, JOHN	\$ 11,464,464.00	\$ 654,400.00	5.71%	\$ 765,459.76	6.7%	\$ 12,884,323.76	\$ 1,419,859.76	112%	\$ 12,433,091.00	104%
3417	US 395, CARSON CITY BYPASS AESTHETICS	Q&D CONSTRUCTION	Crew 907- Lani	JOYCE, LUCY	\$ 1,021,452.00	\$ -	0.00%	\$ 14,305.68	1.4%	\$ 1,035,757.68	\$ 14,305.68	101%	\$ 1,143,169.00	91%
3436	I 80, PILOT PEAK INTERCHANGE	ROAD AND HIGHWAY BUILDERS	Crew 918 - Yates	BRADSHAW, JOHN	\$ 11,535,535.00	\$ 121,097.14	1.05%	\$ 897,722.19	7.8%	\$ 12,554,354.33	\$ 1,018,819.33	109%	\$ 12,481,526.00	101%
3438	SIGNAL HEAD ON MULTIPLE INTERSECTIONS	MERIT ELECTRIC COMPANY	Crew 904 - Boge	CERAGIOLI, JIM	\$ 1,013,762.20	\$ 76,103.32	7.51%	\$ (914,328.01)	-90.2%	\$ 175,537.51	\$ (838,224.69)	17%	\$ 1,497,229.92	12%
3444	SR 604, LAS VEGAS BLVD, MILL AND OVERLAY	LAS VEGAS PAVING	Crew 901- Alhwayek	BRADSHAW, JOHN	\$ 5,035,000.00	\$ 172,198.58	3.42%	\$ (366,348.10)	-7.3%	\$ 4,840,850.48	\$ (194,149.52)	96%	\$ 5,401,284.00	90%
3446	US 395, WATERLOO LN TO JNCT WITH US50	A. TEICHERT & SON	HDR - Selmi	JOHNSON, NICHOLAS	\$ 12,913,116.86	\$ 372,516.35	2.88%	\$ 1,252,531.86	9.7%	\$ 14,538,165.07	\$ 1,625,048.21	113%	\$ 13,838,963.00	105%
3449	US 395, CA/NV STATE LINE (TOPAZ PARK RD)	MKD CONSTRUCTION	Crew 907- Lani	PETERS, VICTOR	\$ 379,000.00	\$ 18,053.00	4.76%	\$ 15,928.57	4.2%	\$ 412,981.57	\$ 33,981.57	109%	\$ 449,320.00	92%
3450	I 80, HUNTER INTER. TO W. ELKO INTER	STAKER & PARSON	Crew 912- Simmons	BIRD, STEVE	\$ 7,684,054.52	\$ 196,017.82	2.55%	\$ (199,461.28)	-2.6%	\$ 7,680,611.06	\$ (3,443.46)	100%	\$ 8,298,604.00	93%
3452	SR 828, FARM DISTRICT ROAD	DON GARCIA EXCAVATING & PAVING	Crew 904- Boge	BIRD, STEVE	\$ 368,864.40	\$ 2,887.39	0.78%	\$ 80,809.58	21.9%	\$ 452,561.37	\$ 83,696.97	123%	\$ 423,751.00	107%
3460	SR 373, CA/NV STATE LINE TO US 95	LAS VEGAS PAVING	CM WORKS- Ferguson	FINERTY, JENICA / PARSONS	\$ 3,895,000.00	\$ (65,734.39)	-1.69%	\$ 403,794.76	10.4%	\$ 4,233,060.37	\$ 338,060.37	109%	\$ 4,185,314.00	101%
3467	US 50 AND SR 28, RETROFIT DROP INLETS	MKD CONSTRUCTION	Crew 911- Angel	SOLTANI, AMIR/ ATKINS	\$ 446,162.00	\$ 20,247.00	4.54%	\$ 242,626.26	54.4%	\$ 709,035.26	\$ 262,873.26	159%	\$ 517,393.00	137%
3469	US 50, US 95 & SR 362, HAWTHORNE	ROAD AND HIGHWAY BUILDERS	BMG- R. Bowling	PETERSON, CHRISTOPHER	\$ 7,862,633.00	\$ (8,559.43)	-0.11%	\$ 305,916.28	3.9%	\$ 8,159,989.85	\$ 297,356.85	104%	\$ 8,429,445.65	97%
3470	I 15, CA/NV LINE TO N. SLOAN INT.	INTERSTATE IMPROVEMENT	Crew 906- Petrenko	PETERSON, CHRISTOPHER	\$ 8,061,738.13	\$ 50,760.86	0.63%	\$ (120,302.71)	-1.5%	\$ 7,992,196.28	\$ (69,541.85)	99%	\$ 8,646,542.93	92%
3473	DISTRICT 3, VARIOUS INTERSECTION	BECO CONSTRUCTION	DISTRICT- B. RATLIFF	CERAGIOLI, JIM	\$ 341,000.00	\$ -	0.00%	\$ 3,123.50	0.9%	\$ 344,123.50	\$ 3,123.50	101%	\$ 409,300.00	84%
3475	CLARK CO, HENDERSON, FLASHING YELLOW SIG. MOD.	LLO INC	Crew 922- Christiansen	CERAGIOLI, JIM	\$ 940,692.00	\$ -	0.00%	\$ 7,200.22	0.8%	\$ 947,892.22	\$ 7,200.22	101%	\$ 1,046,540.00	91%
3478	SR 722, US 50 TO CH/LA COUNTY LINE	SIERRA NEVADA CONSTRUCTION	Crew 040- Howerton	SOLTANI, AMIR/ PB AMERICA	\$ 4,029,007.00	\$ (550,000.00)	-13.65%	\$ (151,917.68)	-3.8%	\$ 3,327,089.32	\$ (701,917.68)	83%	\$ 4,314,857.00	77%
3479	US 93, NORTHERN NEV. RR NEAR CURRIE	GRANITE CONSTRUCTION	CH2MHILL- M. Johnson	SOLTANI, AMIR/ CA GROUP	\$ 8,654,654.00	\$ 71.38	0.00%	\$ 17,028.85	0.2%	\$ 8,671,754.23	\$ 17,100.23	100%	\$ 9,273,087.00	94%
3500R	I 15, MATERIALS PIT FENCING	LAS VEGAS PAVING	Crew 902- Yousuf	MAXWELL, KEVIN	\$ 812,000.00	\$ -	0.00%	\$ 5,326.89	0.7%	\$ 817,326.89	\$ 5,326.89	101%	\$ 911,520.00	90%
3511	US 6, MICROSURFACING	INTERMOUNTAIN SLURRY SEAL	Crew 915- Strganac	BUSH, ANITA	\$ 632,222.00	\$ 33,360.00	5.28%	\$ 17,915.46	2.8%	\$ 683,497.46	\$ 51,275.46	108%	\$ 676,478.00	101%
3517	US 395, CARSON C. FRWY, DEMO LANDMARK BLDG	FACILITIES MANAGEMENT	Crew 907- Lani	JOHNSON, NICHOLAS	\$ 103,000.20	\$ -	0.00%	\$ (7,372.08)	-7.2%	\$ 95,628.12	\$ (7,372.08)	93%	\$ 116,090.00	82%
3520	SIGNAL MODIFICATIONS ON MULTIPLE INTERSECTIONS	LAS VEGAS ELECTRIC INC	Crew 922- Christiansen	CERAGIOLI, JIM	\$ 179,229.18	\$ -	0.00%	\$ 15,869.52	8.9%	\$ 195,098.70	\$ 15,869.52	109%	\$ 137,352.19	142%
3523	SAFETY IMPROVEMENTS THROUGHOUT DIST. 1	NV. BARRICADE & SIGN CO. INC.	Crew 903 - Voigt	CERAGIOLI, JIM	\$ 417,777.77	\$ -	0.00%	\$ (21,462.70)	-5.1%	\$ 396,315.07	\$ (21,462.70)	95%	\$ 608,176.23	65%
Totals					\$ 182,325,169.40	\$ 9,763,996.47	5.36%	\$ 3,116,582.70	1.7%	\$ 195,205,748.57	\$ 12,880,579.17	107%	\$ 197,853,391.07	99%
Number of Projects Over/ Under Agr. Estimate (Budget)											Projects Over	11	Projects under	19

**Legend**  
= (5) Contracts Closed since AUGUST 2013

**Contract No.:** 3361**NDOT Project No.:** 73218**FHWA Project No.:** STP-0146(003)**County:** Clark**Length:** 5.15 km**Location:** SR 146, SAINT ROSE PARKWAY IN HENDERSON, PHASE 2B, FROM GILLESPIE STREET TO SEVEN HILLS DRIVE / SPENCER AVENUE AND FROM CORONADO CENTER DRIVE TO I 215. CL 1.54 TO 4.27 AND 6.06 TO 6.55**Work Description:** WIDEN SAINT ROSE PARKWAY TO EIGHT LANES**Contract Awarded:** February 6, 2009**Notice to Proceed:** March 2, 2009**Work Completed:** March 8, 2010**Work Accepted:** October 26, 2011**Final Payment:** September 18, 2013**Contractor:** Aggregate Industries SWR Inc.**Resident Engineer:** NDOT Crew 922 – D. Christiansen**Designer:** Miranda Eduardo**Project Performance:**

<b>Engineers Estimate:</b>	\$9,344,700.15
<b>Bid Price:</b>	\$6,583,366.05
<b>Final Contract Amount:</b>	\$7,959,022.05
<b>Dollar Amount Over/Under Bid:</b>	\$1,375,656.00
<b>Percent Over/Under Bid:</b>	121%
<b>Construction Engineering Costs:</b>	\$1,040,165.99
<b>Total Change Orders:</b>	\$1,163,772.66
<b>Percent Change Orders:</b>	17.68%
<b>Settlements/Claims:</b>	none
<b>Original Working Days:</b>	100
<b>Updated Working Days:</b>	220
<b>Charged Working Days:</b>	220
<b>Liquidated Damages:</b>	- \$33,389.53

**Project Cost Breakdown:**

<b>Preliminary Engineering:</b>	\$1,435,504.26 (32.56%)
<b>Right of Way:</b>	\$1,930,621.87
<b>Construction Engineering:</b>	\$1,040,165.99 (13.06%)
<b>Construction Contract:</b>	\$7,959,022.05
<b>Total Project Cost:</b>	\$12,365,314.17

**Contract No.:** 3397  
**NDOT Project No.:** 60402  
**FHWA Project No.:** ARRA-015-1(140)  
**County:** Clark  
**Length:** 0.00  
**Location:** I-15 FM CA/NV STATELINE TO MP 16.35.  
**Work Description:** 2 3/4" COLDMILL, 2" PBS WITH 3/4" OG.  
**Contract Awarded:** October 22, 2009  
**Notice to Proceed:** November 23, 2009  
**Work Completed:** December 15, 2010  
**Work Accepted:** April 23, 2012  
**Final Payment:** October 2, 2013

**Contractor:** Fisher Sand & Gravel Co.

**Resident Engineer:** NDOT Crew 916 – T. Ruguleiski

**Designer:** Christopher Petersen

**Project Performance:**

<b>Engineers Estimate:</b>	\$8,496,584.00
<b>Bid Price:</b>	\$7,333,333.33
<b>Final Contract Amount:</b>	\$9,757,368.16
<b>Dollar Amount Over/Under Bid:</b>	\$2,424,034.83
<b>Percent Over/Under Bid:</b>	133%
<b>Construction Engineering Costs:</b>	\$711,906.74
<b>Total Change Orders:</b>	\$1,828,446.00
<b>Percent Change Orders:</b>	24.93%
<b>Settlements/Claims:</b>	none
<b>Original Working Days:</b>	120
<b>Updated Working Days:</b>	120
<b>Charged Working Days:</b>	120
<b>Liquidated Damages:</b>	- \$69,941.30

**Project Cost Breakdown:**

<b>Preliminary Engineering:</b>	\$0 (0.00%)
<b>Right of Way:</b>	\$0
<b>Construction Engineering:</b>	\$711,906.74 (7.29%)
<b>Construction Contract:</b>	\$9,757,368.16
<b>Total Project Cost:</b>	\$10,469,274.90



**Contract No.:** 3438  
**NDOT Project No.:** 73581  
**FHWA Project No.:** SI-0032(076)  
**County:** Washoe, Douglas & Carson City  
**Length:** 0.00

**Location:** Multiple Intersections Throughout District Two.

**Work Description:** SIGNAL HEAD MODIFICATIONS. SYSTEMIC REPLACEMENT OF 5 SECTION P/P HEADS TO FOUR SECTION P/P HEADS(UTILIZING FLASHING YELLOW ARROW) AND REMOVE AND REPLACE EXISTING PED HEADS TO PED COUNTDOWN TIMERS

**Contract Awarded:** October 28, 2010  
**Notice to Proceed:** November 29, 2010  
**Work Completed:** November, 15, 2011  
**Work Accepted:** November 6, 2012  
**Final Payment:** October 8, 2013

**Contractor:** Merit Electric Company

**Resident Engineer:** NDOT Crew 904 – L. Boge

**Designer:** Jim Ceragioli

**Project Performance:**

<b>Engineers Estimate:</b>	\$1,497,229.92
<b>Bid Price:</b>	\$1,013,762.20
<b>Final Contract Amount:</b>	\$1,229,448.25
<b>Dollar Amount Over/Under Bid:</b>	\$838,224.69
<b>Percent Over/Under Bid:</b>	17%
<b>Construction Engineering Costs:</b>	\$1,229,448.25
<b>Total Change Orders:</b>	\$76,103.32
<b>Percent Change Orders:</b>	7.51%
<b>Settlements/Claims:</b>	none
<b>Original Working Days:</b>	65
<b>Updated Working Days:</b>	65
<b>Charged Working Days:</b>	65
<b>Liquidated Damages:</b>	- \$0.00

**Project Cost Breakdown:**

<b>Preliminary Engineering:</b>	\$45,953.76 (3.73%)
<b>Right of Way:</b>	\$0
<b>Construction Engineering:</b>	\$175,537.51 (14.27%)
<b>Construction Contract:</b>	\$1,229,448.25
<b>Total Project Cost:</b>	\$1,450,939.52

**Contract No.:** 3520

**NDOT Project No.:** 73721

**FHWA Project No.:** SI - 0032(105)

**County:** Clark

**Length:** 0.00miles

**Location:** Signal Modifications on Multiple Intersections in District 1. City of Mesquite Package 1.

**Work Description:** Signal system modifications in City of Mesquite. Systemic replacement of 5 section P/P Heads to 4 section P/P heads (utilizing flashing yellow arrow)..

**Contract Awarded:** October 12, 2012

**Notice to Proceed:** November 26, 2012

**Work Completed:** February 8, 2013

**Work Accepted:** May 16, 2013

**Final Payment:** August 21, 2013

**Contractor:** Las Vegas Electric Inc.

**Resident Engineer:** NDOT Crew 922 – D. Christiansen

**Designer:** Jim Ceragioli

**Project Performance:**

<b>Engineers Estimate:</b>	\$137,352.19
<b>Bid Price:</b>	\$179,229.18
<b>Final Contract Amount:</b>	\$195,098.70
<b>Dollar Amount Over/Under Bid:</b>	\$15,869.52
<b>Percent Over/Under Bid:</b>	109%
<b>Construction Engineering Costs:</b>	\$9955.19
<b>Total Change Orders:</b>	\$0
<b>Percent Change Orders:</b>	0.00%
<b>Settlements/Claims:</b>	none
<b>Original Working Days:</b>	40
<b>Updated Working Days:</b>	40
<b>Charged Working Days:</b>	5
<b>Liquidated Damages:</b>	- \$0.00

**Project Cost Breakdown:**

<b>Preliminary Engineering:</b>	\$5,684.67 (2.91%)
<b>Right of Way:</b>	\$0
<b>Construction Engineering:</b>	\$9955.19 (5.10%)
<b>Construction Contract:</b>	\$195,098.70
<b>Total Project Cost:</b>	\$210,738.56

**Contract No.:** 3523  
**NDOT Project No.:** 73717  
**FHWA Project No.:** SI-0032(101)  
**County:** Clark/ Lincoln/ Lander/ Nye/ Mineral/ Esmeralda  
**Length:** 0.00 miles  
**Location:** Various Intersections Throughout District 1  
**Work Description:** Install Intersection Safety Improvements (Solar Flashing Stop Beacons, Transverse Rumble strips and Advance Stop Ahead Signs).  
**Contract Awarded:** October 12, 2012  
**Notice to Proceed:** November 13, 2012  
**Work Completed:** February 9, 2013  
**Work Accepted:** June 4, 2013  
**Final Payment:** September 16, 2013

**Contractor:** Nevada Barricade & Sign Co. Inc.

**Resident Engineer:** NDOT Crew 903 – J. Voigt

**Designer:** Jim Ceragioli

**Project Performance:**

<b>Engineers Estimate:</b>	\$608,176.23
<b>Bid Price:</b>	\$417,777.77
<b>Final Contract Amount:</b>	\$396,315.07
<b>Dollar Amount Over/Under Bid:</b>	\$21,462.70
<b>Percent Over/Under Bid:</b>	95%
<b>Construction Engineering Costs:</b>	\$73,175.57
<b>Total Change Orders:</b>	\$0
<b>Percent Change Orders:</b>	0.00%
<b>Settlements/Claims:</b>	none
<b>Original Working Days:</b>	70
<b>Updated Working Days:</b>	70
<b>Charged Working Days:</b>	19
<b>Liquidated Damages:</b>	- \$0.00

**Project Cost Breakdown:**

<b>Preliminary Engineering:</b>	\$9,480.67 (0.00%)
<b>Right of Way:</b>	\$0
<b>Construction Engineering:</b>	\$73,175.57 (2.39%)
<b>Construction Contract:</b>	\$396,315.07
<b>Total Project Cost:</b>	\$478,971.31

# Attachment C

## Status of Active Projects


Active Contract Status 11/18/13

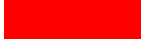
CONTRACT	DESCRIPTION	AGREEMENT ESTIMATE (BUDGET)	BID CONTRACT AMOUNT	ADJUSTED BID CONTRACT AMOUNT	TOTAL PAID TO DATE	1% Budget	2% Time	CONTRACTOR	PROJECT MANAGER NDOT/CONSULTANT	DESCRIPTION
3290	SR 146 ST.ROSE PARKWAY	\$ 63,339,504.00	\$ 61,242,038.90	\$ 61,285,604.26	\$ 63,601,756.18	100%	96%	FREHNER CONSTRUCTION	MIRANDA, EDUARDO/HDR	
3292	I-580 FREEWAY EXTENSION	\$ 405,824,356.00	\$ 393,393,393.00	\$ 428,047,617.97	\$ 445,927,740.41	110%	104%	FISHER SAND & GRAVEL CO	MONTGOMERY, T./CH2M HILL	project is over budget
3327	US 395 CC FREEWAY (2A)	\$ 46,613,794.00	\$ 44,968,149.00	\$ 47,121,133.12	\$ 48,535,502.71	104%	100%	ROAD & HIGHWAY BUILDERS LLC	GALLEGOS, J./LOUIS BERGER	project is over budget
3377	SR 207 KINGSBURY	\$ 7,311,743.00	\$ 6,852,746.00	\$ 7,466,646.94	\$ 8,665,120.10	119%	110%	PEAK CONSTRUCTION COMPANY DBA	NUSSBAUMER, M./WOOD R.	project is over budget, In litigation
3389	I-580 MEADOWOOD MALL	\$ 22,845,305.00	\$ 21,827,613.92	\$ 21,986,768.07	\$ 22,396,176.15	98%	137%	MEADOW VALLEY CONTRACTORS INC	MONTGOMERY, T./CH2M HILL	Potential Claim
3392	SIGNAL MOD. CL COUNTY	\$ 1,042,602.00	\$ 944,304.33	\$ 1,317,907.91	\$ 1,020,101.22	98%	100%	WILLIAMS BROTHER INC	CERAGIOLI, JIM,	
3400	US 395, CC FRWY (2B)	\$ 8,140,151.00	\$ 7,548,315.70	\$ 7,556,670.70	\$ 7,424,612.18	91%	100%	Q&D CONSTRUCTION INC	GALLEGOS, J./LOUIS BERGER	
3401	US 395 WIDENING	\$ 35,127,922.00	\$ 31,495,495.00	\$ 33,350,274.88	\$ 36,498,561.17	104%	94%	GRANITE CONSTRUCTION CO DBA	GALLEGOS, J./ATKINS	project is over budget
3407	OVERPASS SAFETY CROSSING	\$ 3,385,702.00	\$ 3,156,345.49	\$ 3,236,393.34	\$ 3,466,362.60	102%	114%	PEAK CONSTRUCTION COMPANY DBA	BRADSHAW, JOHN,	project is over budget, In litigation
3409	US 95 WIDENING PCKG 1	\$ 71,947,575.00	\$ 68,761,909.90	\$ 72,612,570.93	\$ 73,190,466.46	102%	100%	CAPRIATI CONSTRUCTION CORP INC	JOHNSON, NICHOLAS,	Resolving REA, over budget
3421	US 95 SUMMERLIN PKWY HOV	\$ 27,325,505.00	\$ 26,080,589.00	\$ 26,163,667.91	\$ 27,077,321.69	99%	100%	LAS VEGAS PAVING CORPORATION	TERRY, JOHN/ATKINS	
3433	US 50, CAVE ROCK TO SPOONER	\$ 4,113,346.00	\$ 3,661,661.00	\$ 6,156,657.90	\$ 6,452,083.76	157%	92%	GRANITE CONSTRUCTION CO DBA	NUSSBAUMER, M./WOOD R.	project is over budget due to \$2.4M change order
3435	I-80 WEST OF OSINO, ELKO	\$ 35,482,218.00	\$ 33,699,999.00	\$ 34,024,631.66	\$ 35,659,696.11	101%	100%	ROAD & HIGHWAY BUILDERS LLC	BIRD, STEVE,	project is over budget
3440	SR 28, JCT SR 431 TO STATELINE	\$ 5,989,778.00	\$ 5,613,054.00	\$ 5,846,177.98	\$ 5,823,508.83	97%	100%	Q&D CONSTRUCTION INC	NUSSBAUMER, M./WOOD R.	
3442	US 95, N. CHINA WASH, ES COUNTY	\$ 10,705,018.00	\$ 10,171,171.00	\$ 11,508,946.50	\$ 12,952,664.78	121%	100%	ROAD & HIGHWAY BUILDERS LLC	RAGAN, JAMES/HDR	project is over budget
3451	US 50, CIR LA/EU COUNTY	\$ 11,562,099.00	\$ 10,799,999.00	\$ 10,738,346.93	\$ 10,873,788.68	94%	100%	ROAD & HIGHWAY BUILDERS LLC	PETERS, VICTOR,	
3453	US 93, BUCHANAN TO HOOVER INT	\$ 17,765,944.00	\$ 15,858,585.85	\$ 17,366,010.30	\$ 18,211,759.52	103%	0%	FISHER SAND & GRAVEL CO	LORENZI, A./CH2M HILL	project is over budget
3454	I-15, TROPICANA TO US 95	\$ 7,422,149.00	\$ 5,995,000.00	\$ 5,995,000.00	\$ 7,017,507.53	95%	0%	FISHER SAND & GRAVEL CO	GARAY, LUIS,	
3456	US 93 WP, REST AREA	\$ 2,015,478.00	\$ 1,832,222.00	\$ 1,832,221.60	\$ 1,800,339.54	89%	100%	ROAD & HIGHWAY BUILDERS LLC	BIRD, STEVE,	
3461	I-80, E.OASIS TO PILOT PK, CIR	\$ 32,539,538.00	\$ 31,000,000.00	\$ 31,433,892.72	\$ 31,355,376.92	96%	105%	FISHER SAND & GRAVEL CO	BRADSHAW, JOHN,	
3465	SR 341, COLDMILLING, WA & ST	\$ 7,339,877.00	\$ 6,969,007.00	\$ 6,975,304.50	\$ 8,036,138.22	109%	100%	SIERRA NEVADA CONSTRUCTION INC	MAXWELL, KEVIN,	project is over budget
3466	I-15, SPEEDWAY/ HOLLYWOOD INT.	\$ 19,343,626.00	\$ 18,006,000.00	\$ 17,489,195.72	\$ 17,888,137.09	92%	108%	AGGREGATE INDUSTRIES SWR INC	PETERSEN, CHRISTOPHER,	WD LD's assessed
3468	I-80,DIAMOND INT,W. CARLIN	\$ 7,791,069.00	\$ 7,263,806.50	\$ 7,584,915.34	\$ 7,467,154.22	96%	93%	Q&D CONSTRUCTION INC	PETERS, VICTOR,	
3471	SR 28, ROUNDABOUT	\$ 2,647,363.00	\$ 2,414,236.00	\$ 2,824,910.37	\$ 2,760,370.48	104%	0%	Q&D CONSTRUCTION INC	BIRD, STEVE,	project is over budget
3472	VAR. CLARK, SIG. SYS. MOD	\$ 3,671,352.00	\$ 3,393,786.20	\$ 3,225,008.08	\$ 3,449,064.33	94%	100%	LAS VEGAS ELECTRIC INC	CERAGIOLI, JIM,	
3474	I-515, ITS	\$ 7,046,367.00	\$ 6,647,492.75	\$ 6,647,492.75	\$ 6,550,831.77	93%	100%	LAS VEGAS ELECTRIC INC	DICKINSON, J./KH & ASSOC.	
3480	SR 372 & SR 160, COLDMILL, NYE	\$ 8,767,449.00	\$ 8,175,000.00	\$ 8,175,000.00	\$ 7,974,663.90	91%	105%	AGGREGATE INDUSTRIES SWR INC	BIRD, STEVE,	WD LD's assessed
3481	US 95, COLDMILL & RDBED MOD, NY	\$ 8,938,028.00	\$ 8,500,000.00	\$ 8,592,695.54	\$ 9,045,989.08	101%	100%	AGGREGATE INDUSTRIES SWR INC	BRADSHAW, JOHN,	project is over budget
3501	SR 431, WATER QLTY & EROSION C.	\$ 5,703,141.00	\$ 5,318,188.00	\$ 5,563,700.44	\$ 5,139,513.36	90%	105%	Q&D CONSTRUCTION INC	NUSSBAUMER, M./WOOD R.	Change Orders Pending, adding WD's
3503	SR 443, COLDMILL & STRESS RELIEF C.	\$ 4,492,334.00	\$ 4,192,192.00	\$ 4,192,192.00	\$ 4,298,252.02	96%	88%	GRANITE CONSTRUCTION CO DBA	FINNERTY, J./MANHARD	
3504	I-15, STATELINE TO SLOAN INT	\$ 15,305,662.00	\$ 14,200,000.00	\$ 14,200,000.00	\$ 14,576,064.07	95%	75%	LAS VEGAS PAVING CORPORATION	PETERSEN, CHRISTOPHER,	
3505	US 50, WIDEN & DRAINAGE IMP.	\$ 22,256,347.00	\$ 21,212,121.00	\$ 21,201,767.48	\$ 23,367,709.19	105%	100%	GRANITE CONSTRUCTION CO DBA	BIRD, STEVE,	project is over budget
3506	SR 225 & SR 226, CHIP SEAL	\$ 1,208,389.00	\$ 1,129,336.00	\$ 1,129,336.00	\$ 1,175,348.22	97%	90%	VALLEY SLURRY SEAL CO INC	BUSH, ANITA	
3507	SR 121 & US 95A, CHIP SEAL	\$ 1,374,949.00	\$ 1,285,000.00	\$ 1,285,000.00	\$ 1,293,171.65	94%	66%	INTERMOUNTAIN SLURRY SEAL INC	BUSH, ANITA	
3509	SR 116 & SR 860, CIR & CHIP SEAL	\$ 2,331,480.00	\$ 2,094,000.00	\$ 2,094,000.00	\$ -	0%	0%	A&K EARTH MOVERS INC	BUSH, ANITA	
3510	MULT. ROUTES, MICROSURFACING	\$ 1,896,048.00	\$ 1,772,007.00	\$ 1,772,007.00	\$ 1,794,153.01	95%	91%	SIERRA NEVADA CONSTRUCTION INC	BUSH, ANITA	
3512	LY & CH, 20 MILES CONST. FENCING	\$ 988,027.00	\$ 886,007.00	\$ 886,007.00	\$ 987,039.10	100%	68%	SIERRA NEVADA CONSTRUCTION INC	PETERS, VICTOR,	
3513	SR 306, MILL AND ROADBED MOD.	\$ 8,756,151.00	\$ 7,477,007.00	\$ 7,441,007.26	\$ 7,436,341.83	85%	99%	SIERRA NEVADA CONSTRUCTION INC	MINDRUM, GREGORY	
3514	I 80, BRIDGE DECK REPAIRS	\$ 1,862,300.00	\$ 1,693,000.00	\$ 1,825,289.10	\$ 1,890,642.45	102%	100%	Q&D CONSTRUCTION INC	FROMM, DOUGLAS	project is over budget
3515	CH,REPLACE OFF-SYSTEM BRIDGE	\$ 452,246.00	\$ 384,384.00	\$ 384,384.00	\$ 398,712.58	88%	100%	GRANITE CONSTRUCTION CO DBA	MAXWELL, KEVIN,	
3516	US 395, CC FRWY (2B-2)	\$ 9,958,381.00	\$ 9,545,454.00	\$ 9,545,454.00	\$ 6,850,083.30	69%	68%	GRANITE CONSTRUCTION CO	JOHNSON NICK/ LOUIS BERGER	
3518	I 580, MOANA INTCH. DDI	\$ 6,978,978.00	\$ 6,978,978.01	\$ 6,978,978.01	\$ 6,911,100.73	99%	0%	GRANITE CONSTRUCTION CO	SEARCY, ADAM	
3519	I 515, FLAMINGO INTER, L & AESTHETICS	\$ 2,356,103.00	\$ 2,144,539.61	\$ 2,167,402.61	\$ 2,218,956.62	94%	97%	LAS VEGAS PAVING CORPORATION	JOYCE, LUCY/ STANTEC	
3522	US 93, RR CROSS, ADV. WARN. SIGNALS	\$ 306,753.00	\$ 249,301.00	\$ 249,301.00	\$ 264,038.00	86%	70%	TITAN ELECTRICAL CONTRACTING	CERAGIOLI, JIM,	
3524	I 80, RUBBLIZE, PBS AND OG	\$ 34,221,117.00	\$ 32,106,106.01	\$ 32,108,436.01	\$ 22,706,851.35	66%	68%	GRANITE CONSTRUCTION CO	BRADSHAW, JOHN,	
3525	I 80, NEAR DUNPHY, MULT STRUCTURES	\$ 15,187,265.00	\$ 14,222,222.00	\$ 14,222,222.00	\$ 9,971,750.85	66%	58%	ROAD & HIGHWAY BUILDERS LLC	BRADSHAW, JOHN,	
3526	I 15 N.,PART 2 PCKG 2, ITS FAST PCKG D	\$ 6,764,790.00	\$ 4,850,856.00	\$ 4,731,019.00	\$ 4,700,402.71	69%	95%	TRANSCORE HOLDINGS INC DBA	GARAY, LUIS/KIMLEY-HORN & ASSOC.	
3527	US 93, BOULD. CITY BYPASS, TORT FENCE	\$ 1,459,890.00	\$ 1,327,000.00	\$ 1,327,000.00	\$ 1,393,529.25	95%	96%	LAS VEGAS PAVING CORPORATION	LORENZI, ANTHONY	
3529	MULT. INTER. SIGNAL SYTEM MOD	\$ 2,074,259.00	\$ 1,753,671.20	\$ 1,753,671.20	\$ 1,133,760.06	55%	100%	TRANSCORE HOLDINGS INC DBA	BRADSHAW, JOHN,	
3530	I 15, CACTUS INTERCHANGE	\$ 40,534,954.00	\$ 38,900,000.00	\$ 38,938,352.00	\$ 16,919,248.25	42%	38%	LAS VEGAS PAVING CORPORATION	MIRANDA EDUARDO/ LOUIS BERGER G.	
3531	SR 593, REPAIR/REPLACE EXP. JOINTS	\$ 397,860.00	\$ 308,500.00	\$ 308,500.00	\$ 426,785.59	107%	43%	LAS VEGAS PAVING CORPORATION	MANUBAY, JENNIFER	project is over budget
3532	I 15, REOPEN F STREET	\$ 14,201,021.00	\$ 13,600,000.00	\$ 13,600,000.00	\$ 3,883,581.91	27%	33%	LAS VEGAS PAVING CORPORATION	FINNERTY, JENICA	
3533	I 80, W. EMIGRANT PASS, OVERLAY	\$ 15,357,027.00	\$ 14,283,000.01	\$ 14,283,000.01	\$ 11,618,023.06	76%	98%	Q&D CONSTRUCTION INC	MAXWELL, KEVIN,	
3534	US 93, JNCT AT CURRIE, PASSING LANES	\$ 10,592,452.00	\$ 9,886,886.00	\$ 9,853,396.00	\$ 2,397,496.94	23%	41%	GRANITE CONSTRUCTION CO	CERAGIOLI, JIM,	
3535	US 6, SR 361, SR 375 & SR 160, CHIP SEAL	\$ 6,790,358.00	\$ 3,966,996.00	\$ 3,810,508.10	\$ 3,078,937.43	45%	74%	INTERMOUNTAIN SLURRY SEAL INC	CERAGIOLI, JIM,	
3536	SR 854 & SR 396, CHIP SEAL	\$ 394,837.00	\$ 369,007.00	\$ 369,007.00	\$ 390,719.36	99%	0%	SIERRA NEVADA CONSTRUCTION INC	BUSH, ANITA	
3537	I 80, CARLIN TUNNELS PCKG 1, CMAR	\$ 2,847,133.00	\$ 2,818,944.00	\$ 2,818,944.00	\$ 1,861,203.22	65%	80%	Q&D CONSTRUCTION INC	KELLER, DALE	

Active Contract Status 11/18/13

CONTRACT	DESCRIPTION	AGREEMENT ESTIMATE (BUDGET)	BID CONTRACT AMOUNT	ADJUSTED BID CONTRACT AMOUNT	TOTAL PAID TO DATE	<sup>1</sup> % Budget	<sup>2</sup> % Time	CONTRACTOR	PROJECT MANAGER NDOT/CONSULTANT	DESCRIPTION
3538	OFF SYSTEM, DEETH BRIDGE	\$ 312,713.00	\$ 273,563.10	\$ 273,263.56	\$ 257,306.16	82%	68%	GERBER CONSTRUCTION INC	PETERS, VICTOR,	
3540	I 80, CARLIN TUNNELS PCKG 2, CMAR	\$ 28,339,999.00	\$ 28,340,000.13	\$ 28,340,000.13	\$ 12,353,031.69	44%	57%	Q&D CONSTRUCTION INC	KELLER, DALE	
3541	US 50, MULTI USE TRAIL, CMAR	\$ 1,424,013.00	\$ 1,424,013.00	\$ 1,424,013.00	\$ 937,377.39	66%	0%	Q&D CONSTRUCTION INC	RODRIGUEZ, PEDRO	
3542	I 80, BRIDGE DECK REPAIRS & OVERLAY	\$ 1,476,400.00	\$ 1,330,000.00	\$ 1,330,000.00	\$ 1,222,014.42	83%	100%	Q&D CONSTRUCTION INC	FROMM, DOUGLAS	
3543	I 580 RAMPS, COLDMILL, PBS & OG	\$ 1,659,849.00	\$ 1,496,496.00	\$ 1,496,496.00	\$ 1,074,488.91	65%	32%	GRANITE CONSTRUCTION CO	BUSH, ANITA	
3544	DIST II, MAINTENANCE YARD	\$ 669,237.00	\$ 623,007.00	\$ 623,007.00	\$ 565,639.50	85%	100%	SIERRA NEVADA CONSTRUCTION INC	BUSH, ANITA	
3545	I 80, REM. BRDG DECK & OVERLAY	\$ 879,631.00	\$ 792,459.75	\$ 792,459.75	\$ -	0%	0%	ROAD & HIGHWAY BUILDERS LLC	FROMM, DOUGLAS	
3547	US 95, CHIP SEAL	\$ 607,648.00	\$ 558,007.00	\$ 558,007.00	\$ -	0%	0%	SIERRA NEVADA CONSTRUCTION INC	BUSH, ANITA	
3548	SR 319, CHIP SEAL	\$ 1,277,928.00	\$ 1,174,007.00	\$ 1,174,007.00	\$ 251,772.00	20%	0%	SIERRA NEVADA CONSTRUCTION INC	BUSH, ANITA	
3553	SR 164, NIPTON RD, EMER. RECONST.	\$ 623,200.00	\$ 540,000.01	\$ 540,000.01	\$ -	0%	0%	AGGREGATE INDUSTRIES SWR INC	BUSH, ANITA	
<b>TOTAL</b>		<b>\$ 1,160,365,728.00</b>	<b>\$ 1,101,778,176.37</b>	<b>1,152,152,799</b>	<b>\$ 1,106,867,841.81</b>					
									<sup>1</sup> % BUDGET = Total Paid to Date /Agreement Estimate <sup>2</sup> % TIME = Charged Working Days to Date / Updated Working Days	

ASSUMPTIONS:

 Work potentially behind schedule and/or potentially over budget, recovery possible

 Work behind schedule and/or over budget, recovery unlikely; or Outstanding REA

Adjusted Bid Contract Amount = Original Bid Amount + executed Change Orders  
Data obtained from Integrated Financial System (IFS)

Total Paid to Date = Total Amount Paid to Contractor  
Data obtained from Integrated Financial System (IFS)

% Budget = % of bid item work paid (Total Paid to Date/ Agreement Estimate)

% Time = % of time expended (Days Charged/ Days in Contract)  
Data obtained from Integrated Financial System (IFS)

\* Request for Equitable Adjustment (REA)

Contractor: Data obtained from Integrated Financial System (IFS)

Resident Engineer: Data obtained from IFS

Project Manager: Data obtained from PSAMS

Description: Comments provided by Construction Division

All contracts considered active upon upload into IFS through active bid item work or outstanding REA