WFLHD SUPPLEMENT 9.6.8.6-1

9.6.8.6 Assessment of Cost Uncertainties and Risks

This supplement explains the procedure for including Adjustments for Price Fluctuations into a contract. Add the following to the end of Section 9.6.8.6:

See WFLHD Library of Supplemental Specifications Section 109 Measurement and Payment for the specifications to include in the contract. This SCR also outlines the procedures to follow with clarifications found below.

Adjustments for Price Fluctuations should be identified as a contingency in the Engineer's Estimate. At the Plan-in-Hand milestone, a decision should be made by the CFT regarding the inclusion of this provision based on the volatility of prices, size of adjustment, and duration of project. This decision requires the concurrence of the Project Manager with approval by a Contracting Officer. A justification form of Determination and Findings (see sample) is required for using this SCR. Allow two to three months for approval of the justification.

Inclusion of this SCR should be re-visited at the 95% stage. Additionally, coordination with the Construction Contract Administration Specialist is required for obtaining and maintaining prices for the indices through subscriptions. A separate PR needs to be prepared by the designer and approved by the PM for subscriptions. See Figure B.

The SCR allows for a maximum adjustment of 50% of the Base Price Index (BPI), which corresponds to a maximum payment by the government of 40% (since the first 10% cost increase is not eligible for payment). For the engineer's estimate, use half of the maximum cost (20%), which would be calculated using a 30% adjustment in the Base Price Index, unless there are extenuating circumstances. See the sample calculations within the Fuel Escalation Cost Worksheet template and the sample Engineer's Estimate, Figure C. Construction is responsible for monitoring this item and they will have to obtain any additional funds anticipated beyond those budgeted.

Figure A - Monthly Performance Price Index (MPPI)

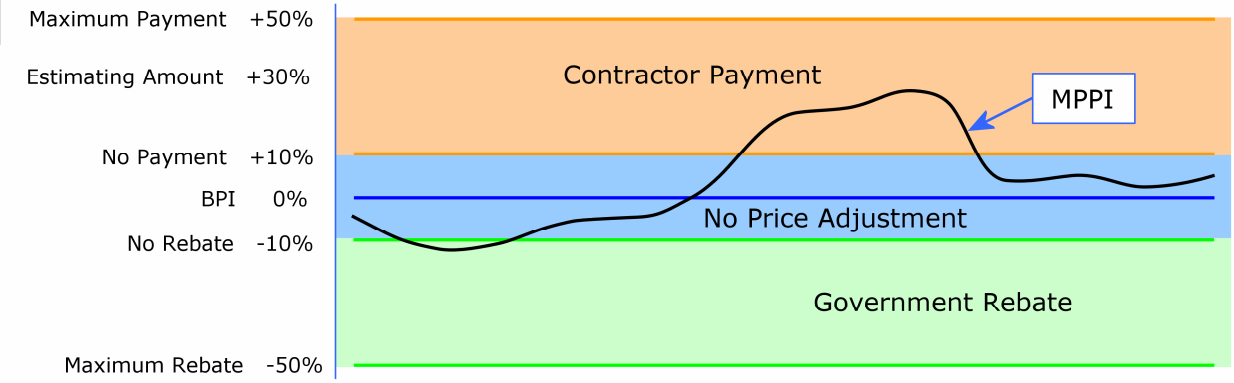

Figure B Sample Procurement Request

READ INSTRUCTIONS ON REVERSE *NO CARBON REQUIRED* PAGE OF PAGES

DEPARTMENT OF TRANSPORTATION

PROCUREMENT REQUEST
PROCESS RAPIDLY

PROCUREMENT REQUEST NO.

DATE RECEIVED

1. NAME, PHONE NUMBER, AND ROUTING SYMBOL OF PERSON TO CONTACT
Johnson, Reuben, A.

2. TYPE OF REQUEST *(Check one)*
A. ☑ NEW REQUEST
B. ☐ CHANGE TO PENDING PR NO. ____
C. ☐ MODIFICATION TO CONTRACT OR ORDER NO. ____

3. ORIGINATING OFFICE DATA

4. ADDITIONAL INFORMATION *(Suggested supply sources, security data, etc.)*

5. APPROVALS

APPROVING OFFICIALS (A)	ROUTING SYMBOL (B)	DATE (C)	INTERNAL ROUTING INITIALS (D)	INTERNAL ROUTING ROUTING SYMBOL (E)
(1) AUTHORIZED REQUISITIONER				
(2) ACCOUNTING CERTIFICATION OFFICER				
(3)				
(4)				

6. CONSIGNEE AND DESTINATION

7. DATE(S) REQUIRED

8. GOVERNMENT FURNISHED PROPERTY
☐ YES ☐ NO *(If "YES," see par. 8 of Instructions on reverse.)*

9. DESCRIPTION OF ITEMS OR SERVICES

ITEM NO. (A)	ITEM OR SERVICE *(Include Specifications and Special Instructions)* (B)	QUANTITY (C)	UNIT (D)	ESTIMATED COST UNIT (E)	ESTIMATED COST AMOUNT (F)
1	Oil Producers Information Service Subscription to track oil costs for the fuel escalation clause on South Century Drive OR PFH 92-1(1) 2 years @ $432/year	2	years	$432.00	$864.00
	STATEMENT OF ESSENTIAL NEEDS:			TOTAL ESTIMATED COST	$864.00

10. ACCOUNTING DATA
1517410920001 510.D0.F150.41

FORM DOT F 4200.1 (3-71)

Figure C Sample Engineer's Estimate

Schedule A **E N G I N E E R 'S E S T I M A T E** 10/30/07

Project No. : **OR PFH 92-1(1)**

Project Name: **SOUTH CENTURY DRIVE**

State: OR County: DESCHUTES

Federal Location: DESCHUTES

Construction Type: not indicated File: 07_042A

C O M B I N E D S U M M A R Y

Account Nos.: 1517410920001 540.00.F150.41 1741000000 25255

Project Termini	Project Length
Beg.Proj. 499+00, End Proj. 1056+00	10.549

Total of Bid Items:	11,051,746.91
Incentives:	
Estimate for Quality Material Incentive	182,000.00
Partnering Cost	5,000.00
Estimate for Pavement Smoothness	165,000.00
Fuel Escalation Cost	200,000.00
Total Construction Amount:	11,603,746.91
Construction Engineering Amount:	1,416,271.00
Total Estimated Cost:	13,020,017.91

Remarks:

Contract Completion Date:

Reviewed by/Date:

The following Items are Contract Quantity:
20101-0000, 31001-0000