

1. INTENT

- .1 Read this Section in conjunction with the conditions governing changes in the Work and valuation of changes in the General Conditions of Contract.
- .2 The General Conditions of Contract provide for valuation of changes by three different methods: lump sum, unit price, and cost plus. This Section applies to the lump sum method only.

2. DEFINITIONS

- .1 "Actual cost of material and labour" as used in the valuation of changes article in the General Conditions of Contract, means the sum of costs directly related to or necessarily and properly incurred by Contractor, Subcontractors and Sub-subcontractors in the performance of a change in the Work. Direct costs shall include:
 - .1 Materials cost,
 - .2 total labour cost,
 - .3 travel and subsistence cost,
 - .4 temporary work cost,
 - .5 construction equipment cost,and shall exclude overhead cost and profit.
- .2 "Material cost" means cost of all Materials, including transportation and storage thereof. All rebates, refunds, returns from sale of surplus Materials, and trade discounts other than prompt payment discounts, shall be credited to Consultant.
- .3 "Total labour cost" means sum of direct labour cost and payroll burden cost.
- .4 "Direct labour cost" means base wage costs of employees, excluding payroll burden cost.
- .5 "Payroll burden cost" means costs statutory charges and fringe benefit costs additional to direct labour cost and includes unemployment insurance, workers' compensation, vacation pay, statutory holiday pay, health and welfare, pension plan, training fund, and other payroll costs which are hourly wage dependent and are paid by the employer.
- .6 "Travel and subsistence cost" means travel and subsistence costs incurred by employees when working beyond a reasonable commuting distance from their normal place of residence.
- .7 "Temporary work cost" means cost of temporary structures, facilities, services, controls, and other temporary items used in the performance of a Change in the Work, including maintenance, dismantling and removal, less any residual value after dismantling and removal.
- .8 "Construction equipment cost" means the cost of rented or owned equipment, including cost of loading, transportation, unloading, erection, maintenance, dismantling and removal.

- .9 "Overhead cost" means Contractor's, Subcontractors' and Sub-subcontractors' costs related to:
- .1 operation and maintenance of head offices, branch offices, and site offices,
 - .2 administration at head offices, branch offices, and site offices,
 - .3 general management, legal, audit, and accounting services,
 - .4 buying organization, corporate tax,
 - .5 financing and other bank charges,
 - .6 bonding and insurance,
 - .7 salaries and other compensation of off-site personnel,
 - .8 salaries and other compensation of on-site superintendents and other supervisory personnel,
 - .9 planning, estimating, and scheduling of work,
 - .10 expendable and non-expendable small tools, including maintenance thereof,
 - .11 recruitment and training of on-site staff, and
 - .12 all other costs not defined as direct costs.

3. SCHEDULE OF LABOUR RATES

- .1 Submit to Consultant for approval, within 14 days after date of commencement of Contract, a Schedule of Labour Rates form in Section 01 26 63.01.
- .2 Labour rates stated in Schedule shall be the hourly labour rates that will be applied when estimating increases and decreases in cost resulting from changes in the Work. Assume that work will be performed during regular working hours, not premium time.
- .3 Approved schedule of Labour Rates will be used by Consultant solely for evaluating Contractor Proposals for changes in the Work. Nothing specified herein, nor the submission of a Schedule of Labour Rates by Contractor, shall be construed to mean that the Consultant has established, or will establish, minimum wages or benefits applicable to the Work, other than those required by law.
- .4 Include all trades that will be employed in the Work, including trades employed by Subcontractors and Sub-subcontractors.

- .5 Provide a breakdown indicating hourly labour rates for direct labour cost, payroll burden cost, and the resulting total labour cost for journeymen, apprentices, foremen and other applicable classifications within each trade.
- .6 Labour rates stated in Schedule shall be consistent with rates that will actually be paid in the normal performance of the Work, during regular working hours, and shall not exceed the following:
 - .1 Where collective agreements apply:
 - .1 rates for direct labour cost shall not exceed rates established by collective agreements, and
 - .2 rates for payroll burden cost shall not exceed rates established by collective agreements and statutory charges.
 - .2 Where collective agreements do not apply:
 - .1 rates for direct labour cost shall not exceed rates prevailing in the locality of the Project, and
 - .2 rates for payroll burden cost shall not exceed 25% of rates for direct labour cost.
- .7 Consultant's approval of rates provided in the Schedule of Labour Rates will be conditional upon compliance with the foregoing requirements. Approval will be based on most current information available to Consultant on Alberta construction industry wages and benefits.
- .8 Contractor may request an amendment to an approved rate stated in the Schedule of Labour Rates, if and when required on account of a change in the rate that will actually be paid in the normal performance of the Work. If Contractor can prove to Consultants satisfaction that a different rate will actually be paid, Consultant may, at his sole discretion, approve such a change in rate.

4. CHANGE ORDER PROCEDURES - LUMP SUM METHOD OF VALUATION

- .1 Consultant will issue a Request for Proposal to Contractor.
- .2 Contractor shall submit a quotation stipulating:
 - .1 a lump sum increase, decrease, or no change in the Contract Price, and
 - .2 an increase, decrease, or no change in the Contract Time,on account of the proposed change in the Work.
- .3 Include in Contractor Proposal a detailed breakdown of lump sum increase or decrease, indicating Contractor's, and where applicable Subcontractors' and Sub-subcontractors':

- .1 itemized direct costs applicable to the proposed change in the Work, and
- .2 applicable amounts for overhead and profit, in accordance with percentages specified in the General Conditions of Contract.

Do not include costs that would otherwise be incurred in the normal performance of the Work.

- .4 Include in detailed breakdown of Contractor Proposal a further breakdown of the total labour cost component indicating, for each applicable trade and trade classification, the labour rate(s) and the number of hours from which the total labour cost is derived.
- .5 Include in detailed breakdown of Contractor Proposal only those labour rates included in Schedule of Labour Rates and previously approved by Consultant, in writing, unless the extra work cannot be performed during regular working hours and Consultant has given approval, in writing, for premium time labour rates.
- .6 Upon Consultant's approval and acceptance of Contractor Proposal, a "Change Order" will be issued to Contractor.

END OF SECTION