

DB Section 197 – Payment for Force Account Work

DB197.00 Scope - The Materials, Equipment, and labor rates established in this Section apply only to Extra Work ordered by Agency to be performed as Force Account Work. These rates do not apply to any other Work performed under the Contract.

DB197.01 General - Before ordering Force Account Work, Agency will discuss the proposed work with Design-Builder, and will seek Design-Builder's comments and advice concerning the formulation of Force Account Work Specifications. Agency is not bound by Design-Builder's comments and advice, and has final authority to:

- Determine and direct the Materials, Equipment, and labor to be used on the approved Force Account Work
- Determine the time of Design-Builder's performance of the ordered Force Account Work

If Agency orders the performance of Extra Work as Force Account Work, Agency will record, on a daily basis, the Materials, Equipment, labor, and Special Services used for the Force Account Work during that day. Agency and Design-Builder shall sign the record daily to indicate agreement on the Materials, Equipment, labor, and Special Services used for the Force Account Work performed on that day.

The following shall be reflected on the daily record:

- Materials used in the Force Account Work as directed by Agency, except those furnished and paid under rental rates for use of Equipment
- Equipment that Agency considers necessary to perform the Force Account Work. Equipment hours will be recorded to the nearest quarter hour.
- Labor costs, including that of Equipment operators and supervisors in direct charge of the specific operations while engaged in the Force Account Work
- Special Services
- Agency and Design-Builder's signatures confirming its accuracy

DB197.10 Materials

(a) General - Design-Builder will be paid for Materials actually used in the Force Account Work as directed by Agency, except for those furnished and paid for under rental rates included with the use of Equipment. Payments will be at actual cost, including transportation costs to the specified location, from the supplier to the purchaser, whether the purchaser is Design-Builder, a Subcontractor, or other forces. All costs are subject to the provisions of this Subsection.

(b) Trade Discount - If a commercial trade discount is offered or available to the purchaser, it shall be credited to Agency, even though the discount may not have actually been taken. Agency will not take any discounts for prompt or early payment, whether or not offered or taken.

(c) Not Directly Purchased From Supplier - If Materials cannot be obtained by direct purchase from and direct billing by the supplier, the cost shall be considered to be the price billed to the purchaser less commercial trade discounts, as determined by Agency, but not more than the purchaser paid for the Materials. No markup other than actual handling costs shall be permitted.

(d) Purchaser-Owned Source - If Materials are obtained from a supply or source wholly or partly owned by the purchaser, the cost shall not exceed the price paid by the purchaser for similar Materials furnished from that source under the Contract, or the current wholesale price for the Materials delivered to the Project Site, whichever is lower.

DB197.20 Equipment

(a) General - Equipment approved by Agency to perform the Force Account Work will be eligible for payment at the established rates only during the hours it is operated, or on standby if so ordered by Agency. Equipment hours will be recorded on the daily record to the nearest quarter hour.

Except as modified by these provisions, Equipment use approved by Agency will be paid at the rental rates given in the most current edition of the *Rental Rate Blue Books for Construction Equipment* ("Blue Book"), Volumes 1, 2, and 3, published by Primedia Information, Inc., 1735 Technology Drive, Suite 410, San Jose, CA 95110-1313 [telephone 800-NOW-DATA (800-669-3282)].

(b) Equipment Description - On the billing form for Equipment costs, Design-Builder shall submit to Agency sufficient information for each piece of Equipment and its attachments to enable Agency to determine the proper rental rate from the Blue Book.

(c) Rental Rates (without Operator)

(1) Rental Rate Formula - Rental rates for Equipment will be paid on an hourly basis for Equipment and for attachments according to the following formula:

$$\text{Hourly Rate} = \frac{\text{Monthly Base Rate} \times \text{Rate Adjustment Factor}}{176 \text{ hours/month}} + \text{Hourly Operating Rate}$$

Some attachments are considered "standard Equipment" and are already included in the monthly base rate for the Equipment. That information can be obtained from Primedia Information, Inc.

(2) Monthly Base Rate - The monthly base rate used above for the machinery and for attachments represents the major costs of Equipment ownership, such as depreciation, interest, taxes, insurance, storage, and major repairs.

(3) Rate Adjustment Factor - The rate adjustment factor used above will be determined as per page iii of each section of the Blue Book.

(4) Hourly Operating Rate - The hourly operating rate used above for the machinery and for attachments represents the major costs of Equipment operations, such as fuel

and oil, lubrications, field repairs, tires or ground engaging components, and expendable parts.

(5) Limitations - The Blue Book "Regional Adjustment Factor" shall not apply.

If multiple attachments are included with the rental Equipment and are not considered "standard Equipment," only the attachment having the higher rental rate will be eligible for payment, provided the attachment has been approved by Agency as necessary to the Force Account Work.

Rental will not be allowed for small tools that have a daily rental rate of less than \$5.00, or for unlisted Equipment that has a fair market value of \$400.00 or less.

The above rates apply to approved Equipment in good working condition. Equipment not in good working condition, or larger than required to efficiently perform the Work, may be rejected by Agency or approved and paid for at reduced rates.

(d) Moving Equipment - If it is necessary to transport Equipment located beyond the Project Site exclusively for Force Account Work, the actual cost to transport the Equipment to, and return it from, the Work Location will be allowed as an additional item of expense. However, the return cost will not exceed the original delivery cost. These costs will not be allowed for Equipment that is brought to the Project Site for Force Account Work if the Equipment is also used on other Work.

If transportation of such Equipment is by common carrier, payment will be made in the amount paid for the freight. No markups will be allowed on common carrier transportation costs. If the Equipment is hauled with Design-Builder's own forces, transportation costs will include the rental rate of the hauling unit and the hauling unit operator's wage. If Equipment is transferred under its own power, the rental rate allowed for transportation time will be 75% of the appropriate hourly rate for the Equipment without attachments, plus the Equipment operator's wage.

(e) Standby Time – If ordered by Agency, standby time will be paid at 40% of the hourly rental rate calculated according to this Subsection, excluding the hourly operating rate. Rates for standby time that are calculated at less than \$1.00 per hour will not be paid. Payment will be limited to not more than eight (8) hours in a 24-hour period or 40 hours in a one-week period.

(f) Blue Book Omissions - If a rental rate has not been established in the Blue Book, Design-Builder may:

- If approved by Agency, use the rate of the most similar model found in the Blue Book, considering such characteristics as manufacturer, capacity, horsepower, age and fuel type
- Request Primedia Information, Inc. to furnish a written response for a rental rate on the Equipment, which shall be presented to Agency for approval
- Request that Agency establish a rental rate

(g) Outside Rental Equipment - If Design-Builder or Subcontractor-owned Equipment is not available and Equipment is rented from outside sources, payment will be based on the actual paid invoice.

If the invoice specifies that the rental rate does not include fuel, lubricants, field repairs, or servicing, an amount equal to the Blue Book hourly operating cost may be added for those items that were excluded.

Agency may reduce the payment when the invoice amount plus allowance is higher than the amount authorized under (c) through (f) of this Subsection.

(Refer to **DB General Provisions**, Subsection 180.20(c), for owner-operated Equipment.)

DB197.30 Labor - Design-Builder will be paid for all labor engaged directly on Force Account Work, including Equipment operators and supervisors in direct charge of the specific force account operations.

(a) Standard Calculation - The hourly amount paid to Design-Builder for each employee engaged on Force Account Work will be two (2) times the actual base hourly wage (excluding fringe benefits, vacation, and all other direct and indirect costs including subsistence) paid to the employee for:

(1) Work under each Force Account Work order, up to an accumulated total value for labor under that order of \$10,000.00

(2) Workers whose work class has an industrial accident insurance rate of 25% or less, as determined by the National Council on Compensation Insurance (NCCI) for the assigned risk pool for the appropriate worker class.

The amount paid to Design-Builder shall be full compensation for all costs associated with labor on Force Account Work, including wages, fringe benefits, vacation, insurance, markup, and other direct and indirect costs, except for per diem costs. If per diem is paid to workers for similar Work, per diem costs will be paid on an actual-cost basis for the Force Account Work. The markup described in Subsection 197.80 will not be added, except that the supplemental markup for Force Account Work performed by Subcontractors will be allowed.

(b) Work Value for Labor over \$10,000.00 or NCCI Rate over 25% - After the accumulated value of labor performed under a Force Account Work order exceeds the value determined by application of the standard calculations set forth above, payment for Force Account Work labor will be calculated as follows:

(1) Wages - The actual wages paid to laborers and supervisors, if those wages are paid at rates not more than those for comparable labor currently employed on the Project, or at the recognized, current prevailing rates in the locality of the Project.

(2) Required Contributions - The actual cost of industrial accident insurance, and unemployment compensation contributions, payroll transit district taxes, and social security for old age assistance contributions incurred or required by Law. The actual cost of industrial accident insurance is the NCCI rate for the assigned risk pool for the

appropriate work class multiplied by the experience modification factor for Design-Builder.

(3) Required Benefits - The actual amount paid to, or on behalf of, workers as per diem and travel allowances, health and welfare benefits, pension fund benefits, and other benefits, when such amounts are required by a collective bargaining agreement or other employment contract generally applicable to the classes of labor employed on the Project.

The cost of labor calculated under this Subsection will also be subject to the applicable markups in Subsection 197.80.

DB197.40 Invoices for Special Services - Invoices for Special Services that reflect current market pricing may be accepted without complete itemization of Materials, Equipment, and labor costs if the itemization is impractical or not customary. The invoice for Special Services shall show credit for commercial trade discounts offered or available.

No percentage markup will be allowed other than that specified in Subsection 197.80.

DB197.80 Percentage Allowances - To Design-Builder's actual costs incurred, as limited in this Section 197, amounts equal to a percentage markup of such costs will be allowed and paid to Design-Builder as follows:

Subsection	Percent
DB 197.10 Materials	17%
DB 197.20 Equipment	17%
DB 197.30(b) Labor	22%
DB 197.40 Special Services	17%

When a Subcontractor performs ordered Force Account Work, Design-Builder will be allowed a supplemental markup of eight (8) percent on each Force Account Work order.

These allowances made to Design-Builder will constitute complete compensation for overhead, general and administrative expenses, profit, and all other Force Account Work costs that were incurred by Design-Builder, or by other forces Design-Builder furnished. No other reimbursement, compensation, or payment will be made.

DB197.90 Billings – Billings for Force Account Work shall be submitted for Agency's approval on forms provided by or approved by Agency. Billings for Materials (other than Incidental items out of the inventory of Design-Builder or Subcontractors), rental Equipment from sources other than Design-Builder or Subcontractors, and Special Services shall be accompanied by copies of invoices for the goods and/or services provided. The invoices shall be fully itemized, showing dates, quantities, unit prices, and complete descriptions of goods and services provided. Invoices for amounts of \$10.00 or less per invoice are not required unless requested by Agency.

Costs included on the billings shall comply with the guidelines of Subsections 197.10 through 197.40.

DB 197.90

When a billing for Force Account Work has been paid at the Project level, no further corrections will be made because of further review if those corrections amount to less than \$10.00.