This Section specifies requirements which expand on the valuation of changes articles in the General Conditions of Contract. It includes an integral requirement for the Contractor to submit, after contract award, a Schedule of Labour Rates applicable to changes in the work.

Use this Section on projects when the nature of the work is such that it is reasonable to expect that there will be change orders of significant dollar value.

The text and schedules in this Section are intended to be used as is. No editing of this section is required.

This Master Specification Section contains:

.1 This Cover Sheet

.2 Specification Section Text:

.1 Intent

.2 Definitions

.3 Schedule of Labour Rates

.4 Change Order Procedures ‑ Lump Sum Method of Valuation

.5 Field Order Procedures

.3 eForms:

.1 Document 01 26 63B-A eForm - Schedule of Labour Rates

 Refer to Article 3.1 for link.

**Changes made in this Section Update (2023-09-07):**

1. Article 3.1: Updated link to 01-26-63B-A eForm.

1. INTENT
	1. This Section is to be read in conjunction with, and is subject to the article related to Valuation of Changes in the General Conditions of Contract.
2. DEFINITIONS
	1. “Administrative Fee” means the fee permitted for the administration of all paperwork related to a change in the work and any other work not covered by Direct Cost and Overhead Cost. The Administrative Fee does not cover profit.
	2. "Construction Equipment Cost" means the cost of rented or owned equipment, including cost of loading, transportation, unloading, erection, maintenance, fuel, dismantling and removal. This excludes small tools customarily used to carry out the Work by workers and valued at less than $500.00.
	3. “Direct Cost" means actual costs of material and labour as used in the valuation of changes article in the General Conditions of Contract. Direct Cost is 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 Cost shall exclude Overhead Cost and profit but shall include:
		1. Operation and maintenance of site offices,
		2. Administration at site offices,
		3. Material Cost,
		4. Total Labour Cost,
		5. Travel and Subsistence Cost,
		6. Temporary Work Cost,
		7. Construction Equipment Cost,
		8. additional bonding and insurance cost,
		9. salaries and other compensation of on-site superintendents and other supervisory personnel,
		10. planning, estimating, and scheduling of work costs,
		11. consumable and expendable materials for small tools, and
		12. Schedule Impact Cost, only where the change has an impact on critical path items,
	4. "Direct Labour Cost" means base wage costs of employees including overtime premium where applicable, but excludes Payroll Burden Cost.
	5. "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 the Province.
	6. "Overhead Cost" means Contractor's, Subcontractors' and Sub-subcontractors' costs related to:
		1. operation and maintenance of head offices and branch offices,
		2. administration at head offices and branch offices,
		3. general management, legal, audit, and accounting services,
		4. buying organization,
		5. corporate tax,
		6. financing and other bank charges,
		7. salaries and other compensation of off-site personnel,
		8. recruitment and training of on-site staff, and
		9. all other costs not defined as direct costs.
	7. "Payroll Burden Cost" means actual costs paid by the employer for statutory charges and benefit costs additional to Direct Labour Cost. It includes the employer’s contributions to Canada Pension Plan, Employment Insurance, Workers' Compensation Board, vacation pay, statutory holiday pay, health and wellness plan, and pension plan. It also includes the actual employer paid incentives for expendable and non-expendable small tools with a value of less than $500.00, safety and protective equipment, education and training, and other payroll costs which are hourly wage dependent.
	8. “Schedule Impact Cost” means Contractor's, Subcontractors' and Sub-subcontractors' costs related to an increase in the Contract Time where the change has an impact on the Project’s critical path.
	9. "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.
	10. "Total Labour Cost" means sum of Direct Labour Cost and Payroll Burden Cost.
	11. "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.
3. SCHEDULE OF LABOUR RATES
	1. Submit to the Province for approval, within 21 days after date of commencement of Contract, a **Schedule of Labour Rates** in the form of Document **01 26 63B-A eForm** appended to this Section and available at:

<https://www.alberta.ca/contractor-forms-owned-infrastructure#jumplinks-0>.

* 1. 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.
	2. The approved Schedule of Labour Rates will be used solely for evaluating Contractor Proposals for changes in the Work. Nothing specified herein, nor the submission of a Schedule of Labour Rates by the Contractor, shall be construed to mean that the Province has established, or will establish, minimum wages or benefits applicable to the Work, other than those required by law.
	3. Include all trades that will be employed in the Work, including trades employed by Subcontractors and Sub subcontractors.
	4. 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.
	5. 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 45% of rates for Direct Labour Cost.
	6. The Province'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 the Province on Alberta construction industry wages and benefits.
	7. 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 the Province's satisfaction that a different rate will actually be paid, the Province may, at its sole discretion, approve such a change in rate.
1. CHANGE ORDER PROCEDURES - LUMP SUM METHOD OF VALUATION
	1. The Province will issue a Request for Proposal to Contractor.
	2. Contractor shall submit a Contractor Proposal 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.

* 1. 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.

* 1. 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.
	2. Include in detailed breakdown of Contractor Proposal only those labour rates included in Schedule of Labour Rates and previously approved by the Province, in writing, unless the extra work cannot be performed during regular working hours and the Province has given approval, in writing, for premium time labour rates.
	3. Upon the Province's approval and acceptance of the Contractor Proposal, a "Change Order" will be issued to Contractor.
1. FIELD ORDER PROCEDURES
	1. The Province may issue a Field Order to the Contractor to have the work of a required change proceed without undue delay in the event of any of the following:
		1. the work is required to proceed to avoid progress delays in the Work;
		2. the required changes in the work are of an urgent nature, or
		3. the Province and the Contractor cannot come to an agreement in price for required changes in the Work.
	2. In the event of 5.1.1, the Field Order will be issued subject to the Province’s acknowledgement of the Contractor’s estimate for that change in the Work.
		1. Following the Province’s review, agreement, and approval of cost; the Province will issue a Change Order for that work.
		2. If the Province and the Contractor cannot come to an agreement in price for the required work in 5.1.1, then the Field Order procedures in 5.3 will apply.
	3. In the event of circumstances identified in 5.1.2, 5.1.3 or 5.2.2, the Field Order will contain a maximum upset amount as determined by the Province which the Contractor shall not exceed without the Province’s written consent based on the Contractor’s submitted written rationale for the excess.
		1. Upon receipt of a Field Order, the Contractor shall proceed with the work of the required change on a time and material basis with records signed daily by the Contractor. Labour and equipment costs must be approved by the Province prior to commencement of that work.
		2. Once the work of the required change has been completed, the Province will issue a Change Order for that work based on the actual time and material expended in the performance of that work.
		3. If the Field Order was issued due to a disagreement in the pricing of a change and the Province and the Contractor comes to an agreement during the performance of that work, the Province will issue a Change Order for that agreed amount and the recorded time and material expended will no longer be required or considered.

END OF SECTION