

PAYMENT FOR EXTRA WORK - COST PLUS FEE

Establish a clear basis for defining costs of extra work.

When an actual-cost-plus-a-fee method is used for payment of extra work, the definition of what is to be included as cost and fee should be included in the contract documents.

- When extra work is required, and it has been established that the additional cost to the Owner should be determined by the cost of the work plus a mutually acceptable fixed or percentage fee, such provisions should be made in the contract.
- It is recommended that the Project Manual define a method for validating on a daily basis the effort expended by the contractor in completing extra work under this method of payment.
- Define and agree upon the scope of the extra work prior to beginning the work.

REFERENCES:

AIA A201 General Conditions

ConsensusDOCS 510 Owner/CM Agreement (Cost of the Work)

Consensus DOCS 525 Change Order/CM Fee Adjustment

All standard forms of agreements between Owner and Contractor for this method of payment

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