

Contract Types

8/30/06

1. **Lump Sum, Fixed Price, of Stipulated Sum**
 - a. **Obligates contractor to perform work for a fixed dollar amount**
 - b. **Contractors estimating skill are crucial**
 - c. **Contractor at risk**
 - i. **Weather conditions**
 - ii. **Site conditions**
 - iii. **Labor scarcity**
 - iv. **Increasing cost of**
 1. **Materials**
 2. **Equipment**
 3. **Supplies**
 4. **Labor**
2. **Cost plus Fee**
 - a. **Contractor to be reimbursed for allowable cost plus fee**
 - i. **Fixed fee**
 - ii. **Variable amount based on the total cost of project**
 - iii. **Appealing on fast track projects, plan not complete**
 - iv. **Fee adjustment for expanded scope or extension**
 - b. **Owner is at risk**
 - i. **Increasing costs**
 - ii. **Inaccurate estimates**
 - iii. **Undue delays**
 - c. **Guaranteed Maximum Price**
 - i. **Contractor guarantees maximum price**
 - ii. **Contractor can share in savings**
3. **Unit Price**
 - a. **Owner pays set amount for unit of work**
 - b. **Common in highway and utility construction**
 - c. **Similar to lump sum, because price is fixed however contractor not at risk for quantities**
 - d. **Unbalance contract**
 - i. **Bid higher price for units that contractors believes are underestimated in the bid process, bid lower for item overestimated**
4. **Change orders**
 - a. **Change in scope**
 - b. **Additions to contract**
 - c. **Fee usually a percentage of cost of work**
5. **Contract Acquisition**
 - a. **Negotiated contract**
 - b. **Competitive bid**
 - i. **Open bid, public sector**
 - ii. **Closed bid, "short list"**