

**SPECIAL PROVISIONS –LABOR HOUR (LH)/TIME AND MATERIALS
CONTRACT TYPES,
SP-19 REV. 0 January 25, 2021**

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1.0 PREAMBLE

These Special Provisions are requirements of any contract in which this Special Provision document is incorporated. These Special Provisions are applicable in their entirety unless specifically deleted or amended in the Contract and are in addition to the General Provisions and other Special Provisions that apply to this Contract. In the event of a conflict between these Special Provisions and the General Provisions, these Special Provisions shall take precedence.

2.0 CONTRACT TYPE

- A. Unless otherwise identified and provided for in the body of this Contract, this Contract is a **Labor-Hour Contract** and direct labor hours are to be provided at specified fixed hourly rates that include wages, overhead, general and administrative expenses, and profit.
- B. Without prior approval, Other Direct Costs (ODCs) may not be charged to the Contract, *unless* specifically identified and authorized by the Buyer at the time of Contract award or by amendment to the Contract and/or the Buyer has identified the Contract type as **Time and Materials (T&M)**.
 - 1. ODCs must be allocable, allowable and reasonable.
 - 2. ODCs may include direct materials and/or lower-tier subcontracting.
 - 3. Direct materials/ODCs, as used in this Clause, are those materials which enter directly into the end product, or which are used or consumed directly in connection with the furnishing of the end product.
 - 4. Material Handling/General and Administrative Expenses may only be added to ODCs when:
 - a. Proposed and agreed at the time of Contract award,

- b. The Contractor already has an established cost recovery account that accumulates the Contractor's costs for obtaining material or incurring other direct costs. This account must be exclusive of all other cost recovery accounts and cannot be recovered in the labor hour rate.
- c. The costs are consistent with the Federal Acquisitions Regulations (FAR) Part 31.

3.0 CONTRACTOR INVOICES

- A. The Contractor's invoice(s), as a minimum, shall identify the Contract, release and item number(s) (as applicable) for which payment is being requested. If billing is for an individual, identify his or her personal name, number of hours worked by date, hourly rate, and a brief statement detailing the work performed. Invoiced rates and any ODCs must be specifically authorized by the Contract based on the Contract type. Any authorized travel must be itemized and supported with receipts in accordance with the requirements set forth under the "Reimbursement of Travel Expenses" clause herein or as otherwise identified under this Contract. Unauthorized deviations may result in disapproval of the invoice, or reduction in payment until the required support documentation is provided.
- B. Submittal of an invoice constitutes Contractor's certification that materials, work and/or services have been delivered as specified on the invoice in accordance with the Contract. Submit the original invoice and supporting documentation to the following address:

Central Plateau Cleanup Company
Accounts Payable Mail Stop: H7-32
P.O. Box 1464
Richland, WA 99352

- C. Buyer may withhold 5 percent of the amounts due under this Contract, but the total amount withheld shall not exceed \$50,000. The amounts withheld shall be retained until the execution and acceptance by the Buyer of a final release by the Contractor as provided below.
- D. Fully Burdened Hourly Rate
 - 1. Unless specified otherwise, the invoiced amount shall be computed by multiplying the appropriate hourly rate prescribed in the Contract therein by the number of direct billable labor hours. The rates shall include wages, indirect costs, general and administrative expense, and profit. Fractional parts of an hour shall be payable on a prorated basis. The Contractor shall substantiate invoices by evidence of actual payment for ODCs and by individual daily job timecards, or other substantiation approved by the Buyer.
- E. Other Direct Materials
 - 1. Allowable costs of ODCs shall be determined by the Buyer in accordance with subpart 31.2 of the FAR in effect on the date of this Contract.
 - 2. When approved in advance, reasonable and allocable material handling costs or general and administrative expenses may be included in the charge for material/ODCs to the extent they are clearly excluded from the hourly rate. Material handling costs are comprised of indirect costs, including, when appropriate, general and administrative expense allocated to direct materials in accordance with the Contractor's usual accounting practices consistent with the FAR subpart 31.2.
 - 3. The Contractor will apply no element of profit to direct materials or ODCs.
 - 4. The Contractor shall be reimbursed for items and services purchased directly for the Contract only when cash, checks, or other forms of actual payment have been made for such purchased items or services.

5. Reimbursable costs shall not include any costs arising for the letting, administration or supervision of performance of the Subcontract, if the costs are included in the fully burdened hourly rates identified in the Payment Schedule identified in this Contract.
6. To the extent able, the Contractor shall obtain materials and services at the most advantageous prices available with due regard to securing prompt delivery of satisfactory materials; and obtain all cash and trade discounts, rebates, allowances, credits, salvage, commissions, and other benefits. Credit shall be given to the Buyer for cash and trade discounts, rebates, allowances, credits, salvage, the value of any appreciable scrap, commissions, and other amounts that have accrued to the benefit of the Contractor, or would have accrued except for the fault or neglect of the Contractor. The benefits lost without fault or neglect on the part of the Contractor, or lost through fault of the Buyer, shall not be deducted from gross costs.

4.0 REIMBURSEMENT OF TRAVEL EXPENSES AND EXTENDED PERSONNEL ASSIGNMENTS

- A. **Travel Authorization:** Only when authorized in advance by Buyer as part of the Contract, will Contractor personnel be reimbursed for travel expenses incurred in performance of this Contract. Expense reimbursement is limited to costs incurred for lodging plus meals and incidental expenses (M&IE) considered reasonable, allowable, and allocable, and that do not exceed the maximum per diem rates in effect at the time of travel as set forth in Federal Travel Regulations (FTR). Contractor is expected to take reasonable steps to minimize the amount of travel expenses. Links to the FTRs and current per diem rates can be found on the GSA web site (www.gsa.gov)
- B. **Eligibility:** Expense reimbursements will only be allowed for contractor personnel who travel from their permanent residence, if beyond a 100 mile radius of the temporary work location, for temporary assignment to the project site.
- C. **Invoicing:** Expense reimbursement requests must be invoiced in accordance with contract invoicing requirements in a timely manner, and must identify the name of the traveler, destination, purpose and date of the travel as well as document any required Buyer pre-approval. Submittal of an invoice to Buyer that includes travel expenses signifies Contractor's certification to all requirements identified herein.
- D. **Receipts:** Unless agreed in advance by Buyer, invoices must include original or legible copies of receipts to support the actual lodging and travel expenses incurred. Receipts for M&IE expenses are not typically required.
- E. **Cancellation:** When travel, arranged in accordance with these requirements, is cancelled in writing by Buyer, airline cancellation or rebooking charges may be invoiced and reimbursed provided that supporting documentation showing authorized travel and subsequent cancellation are provided.
- F. **Short-Term Assignments: thirty (30) Days or Less:** Lodging and M&IE will be paid in accordance with the rates established by the Federal Travel Regulations unless otherwise specified in this Contract.
- G. **Rates:** Expenses will be reimbursed using the following guidelines:
 1. **Transportation Other than Airline:** Reimbursement of transportation costs will be at the current FTR per mile rate, for travel by personal automobile, or actual fares for other public conveyance, reasonably incurred by contractor's personnel in traveling by the shortest and most direct route from his/her home office to (Hanford Site) Richland, Washington, or to other such locations and return, at the request of Buyer. When travel is by automobile the most direct route must be used. Local mileage costs while at the Hanford Site will not be reimbursed, unless specifically authorized in advance by Buyer.
 2. **Transportation by Airline:** Every reasonable effort must be made to plan required travel to obtain the lowest advance-purchase fares available. Actual receipts must accompany invoices for all airfare costs.

3. Car Rental: Travelers must use the least expensive compact car available.. Should a compact or intermediate size vehicle not be available, use of a more expensive vehicle must be approved in advance by the Buyer Contract Specialist and must be limited only to the time necessary to obtain a lower cost alternative and include a certification by the employee of the effort made to obtain the compact vehicle. Actual receipts must document all car rental and fuel costs. NOTE: A Pre-Paid refueling option and optional rental car insurance will not be reimbursed.
 4. Personally-Owned Vehicle: Instead of using a rental car, a personally-owned vehicle may be used if determined to be more cost effective. However, arrangements must be pre-approved by the Buyer Contract Specialist. Buyer assumes no liability for accidents when personally owned or rental vehicles are used. Contractor retains all risks and liabilities associated with using personally-owned or rental vehicle.
 5. Lodging: Lodging will be reimbursed at the current FTR rate or at the actual cost if less than the allowable FTR rate. Actual receipts must document all lodging costs being invoiced under this contract. If contractor employee moves from hotel lodging into residential accommodations earlier than 30 days, the lodging will be reduced to 55% of the FTR rate day effective date of establishing residential accommodations.
 6. Meals and Incidental Expenses (M&IE): M&IE will be reimbursed at a flat rate per day; not to exceed the limits specified for the geographical location in the FTR. The daily living expense (M&IE) will be prorated per the FTR during the first and last day of travel, inclusive of weekend trips home. Weekend stay-over(s) are paid when continued work is required during the following week.
- H. Long-Term Temporary Work Assignments – (More than thirty (30) days, but less than three hundred sixty-five (365) Days). M&IE and lodging reimbursement limits will be reduced in accordance with DOE policy for extended travel assignments exceeding 30 days (ref. DOE-AL-2013-01 and DOE-H-2069).
1. Lodging: For the first 60 days and last 30 days of a long-term assignment, Buyer will reimburse costs associated with lodging at the lesser of actual cost or 100% of the FTR authorized rate at the assignment location. The intervening days will be reimbursed at the lesser of actual cost or 55% of the FTR rate.
 2. M&IE: For the first 30 days and last 30 days of the assignment, Buyer will reimburse costs associated with M&IE at the lesser of actual cost or 100% of the FTR M&IE rate for the assignment location. The intervening days will be reimbursed at the lesser of actual cost or 55% of the FTR rate. The M&IE will be prorated per the FTR during the first and last day of travel, inclusive of weekend trips home.
- I. Travel Home: When on a long-term work assignment (more than 30 consecutive days), one trip home, to the primary residence, after each four (4) consecutive weeks of assignment (on travel status) to the Contract will be reimbursed when approved in advance by Buyer as follows:
1. Travel home must be booked via the most economical method and direct route in accordance with FTR guidance. If the project work assignment or an urgent situation prevents the Contractor employee from obtaining a minimum of (14) day airfare rates; approval must be obtained from Buyer prior to booking the airfare. If a personal vehicle is used to return to the primary residence, mileage will be paid at the current FTR rates up to a total not to exceed the fourteen (14) day advance airfare value.
 2. While traveling and at home, lodging and M&IE expenses are not reimbursable.
 3. The trips home are neither “bankable,” transferable nor cumulative.
- J. Permanent Work Assignments: Unless pre-approved by Buyer, work assignments of more than three hundred sixty-five (365) consecutive days are considered permanent. All incurred travel and living expenses, after three hundred sixty-five (365) consecutive days, are not reimbursable without written pre-approval from Buyer. The consecutive-day count for Contractor personnel who change employment to another contractor or whose break between assignments is less than 120 calendar days will not restart, but continue from the original contract assignment date.

5.0 CONTRACTOR TIMEKEEPING RECORD SIGNATURE REQUIREMENT

Contractors shall maintain adequate timekeeping procedures, controls and processes for billing work to the Buyer. Contractors shall provide monthly to the Buyer all timecards for Contractor and lower-tier subcontractor employees that perform work and charge time under this Contract.

- A. Timekeeping Records shall be provided with each invoice submittal or as otherwise directed by the Buyer.
 - 1. In the event the Contractor is utilizing the Buyer's Contracted Labor Time Recording System, Contractor timecards shall be submitted to a specific Buyer-designated location electronically no later than the 28th of each month.
 - 2. Timekeeping records submitted may be a system-generated document, or equivalent, that identifies the project (job) number, employee name, dates worked and all associated daily hours and totals.
 - 3. Timekeeping records shall be signed by the Contractor employee or, when applicable, lower-tier subcontractor employee and certified by the Contractor or lower-tier subcontractor employee's supervisor.
 - 4. Timekeeping records must be provided for each Contract or Contract Release until all Contractor invoices are received and Work is complete.
- B. Submitting timecard records is a condition of payment under this Contract. Failure to provide timekeeping records as specified shall be a basis for Buyer to withhold Contractor payments.
- C. Consistent with the Accounts, Records, and Inspection clause of this Contract, all books of account and records relating to this Contract shall be subject to inspection and audit by Buyer, DOE, or a designee, at all reasonable times until a minimum of three years after the final payment has been made.

The Contractor shall include this clause in all cost-reimbursement, time and material, fixed hourly rate, and other non-fixed price lower-tier subcontracts where hours are billed directly to the Buyer.

6.0 REFUNDS

- A. The Contractor agrees that any refunds, rebates, or credits (including any related interest) accruing to or received by the Contractor or any assignee, that arise under the materials portion of this Contract and for which the Contractor has received reimbursement, shall be paid by the Contractor to the Buyer.

7.0 FINAL PAYMENT

- A. All invoices and charges against this Contract must be submitted within 60 days of completion of the work unless a longer period of time is authorized by the Buyer. Unless otherwise notified and agreed in advance, the Buyer will begin the closeout process for this Contract at the end of this 60-day period and no additional invoices or charges may be submitted.
- B. The Buyer may, as a precedent to final payment under this Contract, request the Contractor to execute and deliver a release discharging the Buyer, the Government and their officers, agents, and employees of and from all liabilities, obligations, and claims arising out of or under this Contract.

8.0 LIMITATION OF FUNDS

- A. The Contract specifies the dollar amount authorized on this Contract, the items covered, and the period of performance the amount will cover. The Contractor agrees to perform, or have performed, work on the contract up to the point at which the total amount paid and payable under the Contract, approximates, but does not exceed the total amount authorized on the Contract.
- B. When the parties have negotiated a total award value which exceeds current funding, the authorized funds on the resulting Contract may be limited using a limitation of funding clause.
- C. The authorized funding shall be considered a ceiling price which may not be exceeded until the Buyer notifies the Contractor in writing that the ceiling price has been increased and shall have specified in the notice a revised ceiling that shall constitute the ceiling price for performance under this Contract.

- D. The Contractor shall notify the Buyer identified in the Contract, in writing, whenever it has reason to believe that the costs it expects to incur under this Contract in the next 30 days, when added to all costs previously incurred, will exceed 75 percent of the total amount so far allotted to this Contract. The notice shall state the estimated date when such allotted amount will be reached and estimated amount of additional funds required to continue performance for the period specified in the payment schedule. If, after such notification, additional funds are not obligated by the end of the estimated reach date or by an another agreed upon date, the Buyer shall upon Contractor's written request, terminate this Contract on the performance end date or the date set forth in the request, whichever is later, pursuant to the provisions of the Termination Clause of this Contract.
- E. Except as provided by other provisions of this Contract, specifically citing and stated to be an exception to this Clause:
 - 1. The Buyer is not obligated to reimburse the Contractor for costs incurred in excess of the total authorized funding, and
 - 2. The Contractor is not obligated to continue performance under this Contract (including actions under the Termination Clause) or otherwise incur costs in excess of the allotted amount of this Contract, until the Buyer notifies the Contractor in writing that the allotted amount has been increased and specifies the revised total allotted amount.
- F. No notice, communication, or representation in any form or by anyone other than the Buyer shall affect the authorized amount of this Contract. In the absence of the Contractor's notification as described above, the Buyer is not obligated to reimburse the Contractor for any costs in excess of the total authorized funding, whether incurred during the course of the performance period, a termination, or as the result of an audit.
- G. When, and to the extent that the amount authorized by the Buyer is increased, any excess costs the Contractor incurred before this modification shall be allowable to the same extent as if incurred afterward, unless this Contract was terminated.
- H. Change Orders shall not be considered an authorization to exceed the authorized amount specified in the payment schedule, unless they identify an increased funding amount.

9.0 ALLOWABLE COST AND PAYMENT – FAR 52.216-7 (MODIFIED)

- A. Applicability: If the contract is a time-and-materials contract this clause in conjunction with 52.232-7 "Payments under Time-and-Materials and Labor-Hour Contracts" (below) applies to the portion of the contract that provides for reimbursement of materials.
- B. Invoicing.

Buyer shall make payments to the Contractor when requested as work progresses, but not more often than once every 4 weeks, in amounts determined to be allowable by Buyer in accordance with Subpart 31.2 of the Federal Acquisition Regulation (FAR) as supplemented by subpart 931.2 of the Department of Energy Acquisition Regulations (DEAR) in effect on the date of this Contract and the terms of this Contract. The Contractor may submit to an authorized representative of Buyer, in such form and reasonable detail as the representative may require, an invoice or voucher/invoice supported by a statement of the claimed allowable cost for performing this Contract.
- C. Reimbursing costs.
 - 1. For the purpose of reimbursing allowable costs (except as provided in subparagraph B. 2. below, with respect to pension, deferred profit sharing, and employee stock ownership plan contributions), the term "costs" includes only:
 - a. Those recorded costs that, at the time of the request for reimbursement, the Contractor has paid by cash, check, or other form of actual payment for items or services purchased directly for the Contract;

- b. When the Contractor is not delinquent in paying costs of Contract performance in the ordinary course of business, costs incurred, but not necessarily paid, for:
 - i. Materials issued from the Contractor's inventory and placed in the production process for use on the Contract;
 - ii. Direct labor;
 - iii. Direct travel;
 - iv. Other direct in-house costs; and
 - v. Properly allocable and allowable indirect costs, as shown in the records maintained by the Contractor for purposes of obtaining reimbursement under Buyer contracts; and
 - c. The amount of progress payments that have been paid to the Contractor's subcontractors under similar cost standards.
2. Contractor contributions to any pension or other postretirement benefit, profit-sharing or employee stock ownership plan funds that are paid quarterly or more often may be included in indirect costs for payment purposes provided, that the Contractor pays the contribution to the fund within 30 days after the close of the period covered. Payments made 30 days or more after the close of a period shall not be included until the Contractor actually makes the payment. Accrued costs for such contributions that are paid less often than quarterly shall be excluded from indirect costs for payment purposes until the Contractor actually makes the payment.
 3. Notwithstanding the audit and adjustment of invoices or voucher/invoices under paragraph G. below, allowable indirect costs under this Contract shall be obtained by applying indirect cost rates established in accordance with paragraph D. below.
 4. Any statements in specifications or other documents incorporated in this Contract by reference designating performance of services or furnishing of materials at the Contractor's expense or at no cost to Buyer shall be disregarded for purposes of cost-reimbursement under this Clause.
- D. Small business concerns.
- If requested as part of their proposal and agreed to by Buyer in the resulting contract, a small business concern may request payments more frequently than every 4 weeks.
- E. Final indirect cost rates.
1. Final annual indirect cost rates and the appropriate bases shall be established in accordance with Subpart 42.7 of the Federal Acquisition Regulation (FAR) in effect for the period covered by the indirect cost rate proposal.
 2. The Contractor shall, within six months after the expiration of each of its fiscal years, or by a later date approved by Buyer, submit to the cognizant Buyer responsible for negotiating its final indirect cost rates and, if required by agency procedures, to the cognizant audit activity proposed final indirect cost rates for that period and supporting cost data specifying the contract and/or subcontract to which the rates apply. The proposed rates shall be based on the Contractor's actual cost experience for that period. The appropriate Buyer or Buyer representative and Contractor shall establish the final indirect cost rates as promptly as practical after receipt of the Contractor's proposal.
 3. The Contractor and the appropriate Buyer or Buyer representative shall execute a written understanding setting forth the final indirect cost rates. The understanding shall specify (1) the agreed-upon final annual indirect cost rates, (2) the bases to which the rates apply, (3) the periods for which the rates apply, (4) any specific indirect cost items treated as direct costs in the settlement, and (5) the affected contract and/or subcontract, identifying any with advance agreements or special terms and the applicable rates. The understanding shall not change any monetary ceiling, contract obligation, or specific cost allowance or disallowance provided for in this Contract. The understanding is incorporated into this Contract upon execution.
 4. Failure by the parties to agree on a final annual indirect cost rate shall be a dispute within the meaning of the Disputes Clause.

F. Billing rates.

Until final annual indirect cost rates are established for any period, Buyer shall reimburse the Contractor at billing rates established by the Buyer or the Contracting Officer or by an authorized representative (the cognizant auditor), subject to adjustment when the final rates are established. These billing rates:

1. Shall be the anticipated final rates; and
2. May be prospectively or retroactively revised by mutual agreement, at either party's request, to prevent substantial overpayment or underpayment.

G. Quick-closeout procedures.

Quick-closeout procedures are applicable when the conditions in FAR 42.708(a) are satisfied.

H. Audit.

At any time or times before final payment, the Buyer may have the Contractor's invoices or voucher/invoices and statements of cost audited. Any payment may be (1) reduced by amounts found by the Buyer not to constitute allowable costs or (2) adjusted for prior overpayments or underpayments.

I. Final payment.

1. The Contractor shall submit a completion invoice or voucher/invoice, designated as such, promptly upon completion of the work, but no later than one year (or longer, as the Buyer may approve in writing) from the completion date. Upon approval of that invoice or voucher/invoice, and upon the Contractor's compliance with all terms of this Contract, the Buyer shall promptly pay any balance of allowable costs and that part of the fee (if any) not previously paid.
2. The Contractor shall pay to the Buyer any refunds, rebates, credits, or other amounts (including interest, if any) accruing to or received by the Contractor or any assignee under this Contract, to the extent that those amounts are properly allocable to costs for which the Buyer has reimbursed the Contractor. Reasonable expenses incurred by the Contractor for securing refunds, rebates, credits, or other amounts shall be allowable costs if approved by the Buyer. Before final payment under this Contract, the Contractor and each assignee whose assignment is in effect at the time of final payment shall execute and deliver--
 - a. An assignment to the Buyer, in form and substance satisfactory to the Buyer, of refunds, rebates, credits, or other amounts (including interest, if any) properly allocable to costs for which the Contractor has been reimbursed by the Buyer under this Contract; and
 - b. A release discharging Buyer and the Buyer, their officers, agents, and employees from all liabilities, obligations, and claims arising out of or under this Contract, except:
 - i. Specified claims stated in exact amounts, or in estimated amounts when the exact amounts are not known;
 - ii. Claims (including reasonable incidental expenses) based upon liabilities of the Contractor to third parties arising out of the performance of this Contract; provided, that the claims are not known to the Contractor on the date of the execution of the release, and that the Contractor gives notice of the claims in writing to the Buyer within 6 years following the release date or notice of final payment date, whichever is earlier; and
 - iii. Claims for reimbursement of costs, including reasonable incidental expenses, incurred by the Contractor under the patent clauses of this Contract, excluding, however, any expenses arising from the Contractor's indemnification of the Buyer against patent liability.

10.0 CLAUSES INCORPORATED BY REFERENCE

The following Federal Acquisition Regulation (FAR) and Department of Energy Acquisition Regulation (DEAR) clauses are hereby incorporated by reference to this Contract. When included herein, text of the clause is provided for convenience only. Unless a revision is indicated, the full text of the clause as written in the regulation is invoked.

FAR/DEAR REFERENCE	CLAUSE TITLE
FAR 52.232-7	Payments Under Time-and-Material and Labor-Hour Contracts (Aug 2012)
FAR 52.245-1	Government Property (Jan 2017)