

## DEFINITIONS

### ACCOUNTING IDENTIFICATION NUMBER

A 5-digit number used by the Office of Finance to identify individual projects for the contractor pay system (formerly known as the contract number).

### AWARD AMOUNT

The total cost of a contract at the time of award. Award amounts are calculated by summing bid amounts listed on the contract, plus any included in addendums.

### BID AMOUNT

A contracted dollar value representing a Line Number's total cost. Bid amounts are calculated by multiplying a particular item Quantity times that item's Unit Price.

### CONTRACT IDENTIFICATION NUMBER

The same number as the Proposal Number. Basically both are the same number used on an employee's time sheets. (Refer to *PPM 130.01* for additional information about how to interpret this number.)

### CONTRACT ITEM

Refers to a specific item appearing on the:

- a. Original (as let) contract, or
- b. Progress voucher for those items added by Change Orders

A Contract Item is identifiable as having a unique Line Number, a specific Item Number, Item Description, Item Quantity and Units, Unit Price, and Bid Amount.

### CONTRACT ITEM QUANTITY

Refers to a specific quantity and units, which appear on the contract and/or addendum(s). A particular Item Quantity directly relates to that item's Line Number, Item Number, and Item Description.

### CONTRACT UNIT PRICE

Refers to the Unit Price as listed on the contract. Unit Prices are fixed at time of contract award and are not subject to adjustments unless a contract item's quantity has been:

- a. Overrun or underrun by more than 25%, and that item is a major item of work, or
- b. Totally deleted and that item is a major item of work.

### FINAL ACCEPTANCE DATE (FAD)

The date the "Final Acceptance of Work" (Form 830435) is signed by the District Construction Engineer.

### ITEM

A generic slang term used to designate "some" **xxxxx** Line Number, Item Number, or Item Description.

### ITEM NUMBER

A 12-character number (**xxxx-xxxxxxxx**) maintained to identify each bid item. This number is used to identify items for Change Orders. The first 4 digits correspond to the specification section where requirements for the bid item can be found. The "*Bid Item Description*" book is the best resource for this information.

### LINE NUMBER

A sequential, four-digit numbering system used to identify each bid item on a proposal. Note: Line Numbering is sequentially continuous for multi-project contracts.

### LUMP SUM

A bid amount that is complete payment for that item's work as described in the contract documents including all necessary work to complete that item. Further, no direct measurement will be made.

Lump sum items have no specified Method of Measurement and have a Basis of Payment equal to 1. In Field Manager, lump sum quantities cannot overrun. Changes to the lump sum quantity are to be accomplished by creating an additional lump sum item with a change order.

### **MAJOR ITEM OF WORK**

Any contract item for which the bid amount plus authorized additions (7xxx items): (Pick the one which is the lesser cost.)

a. is greater than 10% of the award amount, **OR**

b. is greater than \$50,000.

NOTE: Major Item of Work is only used when determining if a contractor is allowed to recover administration expenses for underruns greater than 25% of the original contracted bid amount. (Refer to *Specification 1109.16.*) If an item was, or becomes a major item of work, **AND** is underrun or deleted; the contractor could request reimbursement for administrative expenses related to the amount underrun or deleted. These expenses are not automatic and must be substantiated by the contractor.

### **MUTUAL BENEFIT**

A term used to signify that both parties to a contract benefit are approximately equal. Therefore, Mutual Benefit Change Orders typically note a contractual change without costs incurred by either party.

### **NHS**

An abbreviation designating the FHWA's "National Highway System." Refer to *PPM 130.01* for a description of projects using federal funds.

### **PLAN QUANTITY**

A bid amount that is complete payment for that item's work as described in the contract documents including all necessary work to complete that item. The difference between Lump Sum and Plan Quantity is: Plan Quantity has a specific Basis of Payment, but will not be overrun or underrun unless the item has been affected by a related Change Order or as outlined on the following page.

There are occasions when plan errors may affect Plan Quantities. Since there is no field measurement required for Plan Quantity, potential payment discrepancies have to be identified by whoever detects the error. All discrepancies must have backup data to support a change. Typically, a discrepancy shall be field-verified through actual measurements. Based on such field verification(s), adjustments to Plan Quantity items can be made.

Generally, Basis of Payment for Plan Quantity is written: "*The quantity of xxxx for which payment will be made, will be the quantity shown in the contract documents.*"

### **SUBSTANTIAL**

A term applied to Change Orders signifying costs or work requiring additional source funds to be designated to a project or indicating work beyond what was reasonable for a contractor to anticipate at the time of bid. Substantial Change Orders for NHS contracts must be pre-approved by the Office of Construction and FHWA.

### **30-DAY PERIOD (AFTER PROCESSING FORM 830435)**

A 30-day window for creditors to file claims of unpaid invoices against a contract is provided by the Iowa Code. If there are no claims, the retention release or final payment may be processed on the thirty-first calendar day after the District Construction Engineer signs Form 830435.

### **90-DAY PERIOD (AFTER PROCESSING FORM 830435)**

The 90-day period is the maximum grace period allotted by 761 IAC, Chapter 27 for a contractor to submit final contract documentation and still accrue interest on retainage. Time starts the first calendar day following the District Construction Engineer's signature on Form 830435.

### **573 CLAIM**

A 573 claim is a term used to signify an Iowa Code Chapter (573) that establishes procedures by which unpaid subcontractors, material suppliers, etc. may file a claim for payment against the contract.