

**APPENDIX C**  
**REIMBURSABLE COSTS AND FEES**

**1. Definitions**

- 1.1. Capitalised and italicised terms in this Appendix that are not expressly defined herein shall have the same meaning set forth in the main body of the *Contract*.
- 1.2. The following terms, wherever capitalised and italicised in this Appendix, or in any document produced pursuant to the terms of the *Contract*, shall have the following meanings:
- (a) *Staffing Agency Invoice* means the invoice, including GST, received by the *EPCM Contractor* from a personnel rental agency for the cost of its *Staffing Agency Personnel* assigned to the *Services*;
  - (b) *Staffing Agency Personnel* means any personnel hired by the *EPCM Contractor* from a personnel rental agency to perform the *Services*, or any portion thereof, and who receive their wages and benefits directly from the personnel rental agency and not from the *EPCM Contractor*;
  - (c) *Base Rate* means the actual wage paid, on an hourly basis, to an individual *Staff* member which shall be calculated as follows:
    - (i) for *Work Site Employees, Home Office Staff, Project Hire Employees* and *Staffing Agency Personnel*, the hourly rate paid, if paid by the hour, or if paid by the month or year, calculated by dividing the annualized salary by 2,080 hours; and
    - (ii) for *Contract Personnel*, the hourly rate paid by the *EPCM Contractor* which includes the *Contract Personnel's Burden*;
  - (d) *Burden* means all benefits of whatever type or nature which are set forth in Section 2.8 (Burden);
  - (e) *Contract Personnel* means individuals who are not employees of the *EPCM Contractor* and are not *Subcontractors* but who have been retained by the *EPCM Contractor* to perform *Services* under a contract to the *EPCM Contractor* and who are responsible for the cost of their own burden;
  - (f) *Consumables and Expendables* means items that are used or used up during performance of the *Services* and do not form part of the permanent *Services* or *Construction Work* including, but not limited to, the consumables and expendables listed in Exhibit ["X"]; **[Note to Users: The Owner and EPCM Contractor may want to consider formulating a list of consumables and expendables that can be attached as an Exhibit to this Appendix C; see "Small Tools, Office Supplies & Equipment and Consumables &**

**Expendables List” on the 2008 COAA Best Practices Contract Documents CD or contact COAA for a copy of this document];**

- (g) *Fee* means the payment made by the *Owner* to the *EPCM Contractor* for profit and which shall include and cover all of the *EPCM Contractor*’s costs not otherwise recovered in the *Base Rate*, *Burden* or *Overhead*, or paid as a *Reimbursable Expense*;
- (h) *Home Office Overhead* has the meaning set forth in Section 2.9(c);
- (i) *Home Office Staff* means the employees of the *EPCM Contractor* who provide *Services* at the home office of the *EPCM Contractor* but does not include *Project Hire Employees*;
- (j) *Job Classification* means the classification of positions as set forth in Exhibit 1 - Schedule of Rates attached to and incorporated in this Appendix;
- (k) *Monthly Staff List* means the list, prepared by the *EPCM Contractor*, of all *Staff* who are anticipated to perform the *Services* in the following calendar month and shall include the following information for each person:
  - (i) name and payroll/identification number;
  - (ii) employee status: whether a *Work Site Employee*, *Home Office Staff*, *Staffing Agency Personnel* or *Contract Personnel*;
  - (iii) if the person is *Staffing Agency Personnel*, the organization employing the person;
  - (iv) *Job Classification*;
  - (v) eligibility for premium pay for overtime work as set out in Exhibit 1 – Schedule of Rates; and
  - (vi) *Base Rate*;
- (l) *Non-Reimbursable Employee* means the *EPCM Contractor*’s employees, agents and subcontractors listed in Exhibit 3 – Non-Reimbursable Employees, attached to and incorporated in this Appendix, whose payroll costs are recovered through the application of *Overhead* on *Staff*;
- (m) *Office Supplies and Equipment* means, but is not limited to, the office supplies and equipment listed in Exhibit [“X”]; [**Note to Users: The Owner and EPCM Contractor may want to consider formulating a list of office supplies and equipment that can be attached as an Exhibit to this Appendix C; see “Small Tools, Office Supplies & Equipment and Consumables & Expendables List” on the 2008 COAA Best Practices Contract Documents CD or contact COAA for a copy of this document];**
- (n) *Overhead* means either or both of *Work Site Overhead* and *Home Office Overhead* as context dictates;

- (o) *Project Hire Employees* means employees of the *EPCM Contractor* who are hired for a limited term for the *Project*;
- (p) *Reimbursable Expense* means *Owner* authorized costs incurred by the *EPCM Contractor* for which reimbursement by the *Owner* is provided under Section 4 (Reimbursable Expenses);
- (q) *Salary Range* means a salary range set forth in Exhibit 1 – Schedule of Rates which corresponds to a particular *Job Classification*;
- (r) *Small Tools* means tools with a replacement value of less than \$2,000.00; [**Note to Users: The Owner and EPCM Contractor may want to consider formulating a list of small tools that can be attached as an Exhibit to this Appendix C; see “Small Tools, Office Supplies & Equipment and Consumables & Expendables List” on the 2008 COAA Best Practices Contract Documents CD or contact COAA for a copy of this document**]
- (s) *Staff* means all of the *Work Site Employees*, *Home Office Staff*, *Project Hire Employees*, *Contract Personnel* and *Staffing Agency Personnel* assigned by the *EPCM Contractor* to perform the *Services* and are reimbursable in accordance with Exhibit 1 – Schedule of Rates;
- (t) *Staff Expenses* means those expenses incurred by *Staff* members, and approved, which are claimed as an expense on an individual *Staff* member’s expense account for which the *EPCM Contractor* is reimbursed by the *Owner*;
- (u) *Work Site Assignment Policy* means the site assignment policy of the *EPCM Contractor* as approved in writing by the *Owner* and attached hereto as Exhibit 4 – Work Site Assignment Policy;
- (v) *Work Site Employees* means the employees of the *EPCM Contractor* who provide *Services* at the *Work Site* but does not include *Project Hire Employees*; and
- (w) *Work Site Overhead* has the meaning set forth in Section 2.9(a).

## 2. Reimbursement for Staff

### 2.1. Monthly Staff List, Job Classifications and Salary Ranges

- (a) The *EPCM Contractor* shall provide the *Owner* with the *Monthly Staff List* no later than the last *Work Day* of each month. The *Monthly Staff List* shall forecast the *Staff* that will be performing the *Services* during the subsequent month.
- (b) The *EPCM Contractor* may amend the *Monthly Staff List* during the month that the *Services* are performed by adding other *Staff* to the list, provided that such *Staff* has been authorized by the *Owner* to work on the *Project*.

- (c) The *EPCM Contractor* shall only be reimbursed for *Staff* who have been identified in the *Monthly Staff List* provided, however, that reimbursement is for only that portion of their time spent providing the *Services*.
- (d) Subject to Section 2.1(e), the *Salary Ranges* are subject to review by *EPCM Contractor* once per calendar year during performance of the *Services*, and any adjustment to Exhibit 1 - Schedule of Rates, shall be subject to the written approval of the *Owner*.
- (e) The *EPCM Contractor* shall be reimbursed for increases in *Base Rates* paid by the *EPCM Contractor* to all *Staff*, except *Staffing Agency Personnel*, after [ ] days written notice to the *Owner* of such increase where such increase to the *Base Rate* is:
  - (i) within the salary ranges set forth in Exhibit 1 – Schedule of Rates, (except where the *Owner* has authorized in writing an increase above the *Salary Range*);
  - (ii) administered in good faith and in accordance with the established practices of the *EPCM Contractor*; and
  - (iii) made no more that once in each calendar year, except where the *Owner* has authorized in writing such increase.

2.2. Calculation of Reimbursement for Staff

- (a) In accordance with the other provisions of this Section 2 (Reimbursement for Staff), the *EPCM Contractor* shall be reimbursed for *Staff* as follows:

	<i>Work Site Employees</i>	<i>Home Office Staff</i>	<i>Project Hire Employees</i>	<i>Contract Personnel</i>	<i>Staffing Agency Personnel</i>
<i>Base Rate</i>	Yes	Yes	Yes	Yes	No
<i>Staffing Agency Invoice</i>	No	No	No	No	Yes
<i>Burden</i>	Yes	Yes	Yes	Yes	No
<i>Site or Home Office Overhead (as applicable)</i>	Yes	Yes	Yes	Yes	Yes
<i>Fee</i>	Yes	Yes	Yes	Yes	Yes

**[Note to Users: This chart represents one example of how costs are allocated and should be negotiated to reflect each Project specific application.]**

### 2.3. Work Site Employees

- (a) The *EPCM Contractor* shall be reimbursed by the *Owner* for the hours during which the *Services* are performed by *Work Site Employees* on the following basis:
  - (i) reimbursement in accordance with Section 2.3(b) for actual hours of *Services* performed by *Work Site Employees*; and
  - (ii) payment of the overtime premium of 0.5 times the *Base Rate* for those hours of *Services* in excess of the *Project* work week, as notified by the *Owner* from time to time, performed by *Work Site Employees* who are eligible for premium pay for overtime work, as set forth in Exhibit 1 – Schedule of Rates, provided however this premium shall not be subject to the application of *Overhead*, *Burden* or *Fee*.
- (b) The *Owner* shall reimburse the *EPCM Contractor* for *Work Site Employees* by paying the *EPCM Contractor* for each hour of *Services* actually performed:
  - (i) the sum of:
    - (A) the *Base Rate* for *Work Site Employees* in accordance with the *Job Classification* specified for each individual multiplied by the applicable *Burden* multiplier, as provided for in Section 2.8 (*Burden*);
    - (B) the *Work Site Overhead* mark-up, in accordance with Section 2.9 (*Overhead*); and
    - (C) the costs associated with the *Work Site Assignment Policy*;
  - (ii) which sum shall be multiplied by the *Fee* mark-up in accordance with Section 2.10 (*Fee*).

**[Note to Users: Section 2.3(b) is based on each hour of Services actually performed but needs to be considered on a Project specific basis; example formulas may be added to illustrate the calculations.]**

### 2.4. Home Office Staff

- (a) The *EPCM Contractor* shall be reimbursed by the *Owner* for the hours during which the *Services* are performed by *Home Office Staff* in the home office of the *EPCM Contractor* on the following basis:
  - (i) reimbursement in accordance with Section 2.2(a), Exhibit 1 (Schedule of Rates) and Exhibit 2 (Home Office Overhead and Burden) for actual hours of *Services* performed by *Home Office Staff* at the home office of the *EPCM Contractor*;
  - (ii) reimbursement in accordance with Section 2.3(b), except that the reference to *Work Site Employees* shall be read as *Home Office Staff*, for

actual hours of *Services* performed by *Home Office Staff* outside of the home office of the *EPCM Contractor*; and

- (iii) payment of the overtime premium of 0.5 times the *Base Rate* for those hours of *Services* in excess of the *Project* work week, as notified by the *Owner* from time to time, performed by *Home Office Staff* who are eligible for premium pay for overtime work, as set forth in Exhibit 1 – Schedule of Rates, provided however this premium shall not be subject to the application of *Overhead, Burden* or *Fee*.
- (b) The *Owner* shall reimburse the *EPCM Contractor* for *Home Office Staff* performing *Services* in the home office of the *EPCM Contractor* by paying the *EPCM Contractor* for each hour of *Services* actually performed:
  - (i) the sum of:
    - (A) the *Base Rate* for *Home Office Staff* in accordance with the *Job Classification* specified for each individual multiplied by the applicable *Burden* multiplier, as provided for in Section 2.8 (*Burden*);
    - (B) the *Home Office Overhead* mark-up, in accordance with Section 2.9 (*Overhead*); and
    - (C) the *Burden* in accordance with Section 2.8(a);
  - (ii) which sum shall be multiplied by the *Fee* mark-up in accordance with Section 2.10 (*Fee*).

**[Note to Users: Section 2.4(b) is based on each hour of Services actually performed but needs to be considered on a Project specific basis; example formulas may be added to illustrate the calculations.]**

## 2.5. Project Hire Employees

- (a) The *Owner* shall reimburse the *EPCM Contractor* for *Project Hire Employees* performing *Services* at the *Work Site* by paying the *EPCM Contractor* for each hour of *Services* actually performed:
  - (i) the sum of:
    - (A) the *Base Rate* for *Project Hire Employees* in accordance with the *Job Classification* specified for each individual multiplied by the applicable *Burden* multiplier, as provided for in Section 2.8 (*Burden*);
    - (B) the *Work Site Overhead* mark-up, in accordance with Section 2.9 (*Overhead*); and
    - (C) the *Burden* in accordance with Section 2.8(a), as applicable;

- (ii) which sum shall be multiplied by the *Fee* mark-up in accordance with Section 2.10 (Fee).
- (b) The *Owner* shall reimburse the *EPCM Contractor* for *Project Hire Employees* performing *Services* in the home office of the *EPCM Contractor* by paying the *EPCM Contractor* for each hour of *Services* actually performed:
  - (i) the sum of:
    - (A) the *Base Rate* for *Project Hire Employees* in accordance with the *Job Classification* specified for each individual multiplied by the applicable *Burden* multiplier, as provided for in Section 2.8 (Burden);
    - (B) the *Home Office Overhead* mark-up, in accordance with Section 2.9 (Overhead); and
    - (C) the *Burden* in accordance with Section 2.8(a), as applicable;
  - (ii) which sum shall be multiplied by the *Fee* mark-up in accordance with Section 2.10 (Fee).

## 2.6. Contract Personnel

- (a) *Contract Personnel* shall not be eligible for premium pay for overtime hours.
- (b) The *Owner* shall reimburse the *EPCM Contractor* for *Contract Personnel* by paying to the *EPCM Contractor* for each hour of *Services* actually performed by the *Contract Personnel*:
  - (i) the sum of:
    - (A) the *Base Rate* for *Contract Personnel*, in accordance with the *Job Classification* specified for each individual, multiplied by the *Burden* multiplier, as provided for in Section 2.8 (Burden); and
    - (B) the *Work Site Overhead* mark-up, in accordance with Section 2.9 (Overhead);
  - (ii) which sum shall be multiplied by the *Fee* mark-up applied in accordance with Section 2.10 (Fee).

## 2.7. Staffing Agency Personnel

- (a) Unless otherwise agreed to by *Owner*, *Staffing Agency Personnel* shall not be eligible for premium pay for overtime hours.
- (b) The *Owner* shall reimburse the *EPCM Contractor* for *Staffing Agency Personnel* by paying to the *EPCM Contractor* for *Services* performed by the *Staffing Agency Personnel* the *Staffing Agency Invoice* plus a markup for *Fee* in accordance with Section 2.10 (Fee).

## 2.8. Burden

- (a) *Burden* includes but is not limited to:
- (i) accidental death and dismemberment plan (AD&D) (basic and optional);
  - (ii) bereavement leave;
  - (iii) Canada/Quebec Pension Plan;
  - (iv) deferred profit sharing plan;
  - (v) dental plan;
  - (vi) Employment Insurance and supplement unemployment benefit plan;
  - (vii) extended health care and enhanced medial services plan, including foreign travel plan;
  - (viii) incentive plans;
  - (ix) bonuses;
  - (x) life insurance (basic, dependent and optional);
  - (xi) long term disability;
  - (xii) maternity/paternity leave;
  - (xiii) pension plan;
  - (xiv) prescription drug plan;
  - (xv) provincial health care premiums;
  - (xvi) RRSP (group plan);
  - (xvii) savings plan;
  - (xviii) sick leave/weekly indemnity;
  - (xix) stand-by pay;
  - (xx) statutory or other publicly or religiously celebrated holidays;
  - (xxi) stock purchase plan;
  - (xxii) supplemental hospital insurance;
  - (xxiii) survivor income benefit;
  - (xxiv) travel insurance;



- (xxv) vacations;
- (xxvi) vision/hearing plan; and
- (xxvii) worker's compensation (WCB) premiums.

**[Note to Users: this list to be considered on a Project specific basis]**

- (b) For greater certainty, *Burden* shall not include *Overhead*.
- (c) The *EPCM Contractor* shall be reimbursed using a multiplier for the *Burden* in accordance with this Section.
- (d) In each calendar year starting in the year 20\_\_\_\_, the *EPCM Contractor* shall be reimbursed for the *Burden* by multiplying the *Base Rate* for actual hours charged by the *EPCM Contractor* pursuant to this Appendix by 1.\_\_\_\_ for actual hours during which the *Services* are performed by all *Staff*, except *Contract Personnel* and *Staffing Agency Personnel*. **[Note to Users: Need to address the burden rates for normal and overtime hours.]**
- (e) For each calendar year subsequent to 20\_\_\_\_, the *EPCM Contractor* shall be reimbursed for *Burden* in accordance with Section 2.8(d), except that the multiplier stipulated therein shall be re-calculated to reimburse the *EPCM Contractor* for *Burden* such that the actual *Burden* from the previous year shall be used as the basis for reimbursement in the current year and shall be calculated in the following manner:
  - (i) the *EPCM Contractor* shall determine the actual *Burden* incurred for the previous calendar year as a percentage of the *Base Rate* paid to all of its full and part-time employees for that same period;
  - (ii) the *EPCM Contractor* shall apportion each of the components of *Burden* incurred in the previous year, corresponding with the list set forth in Sections 2.8(a)(i) to 2.8(a)(xxvii), adding as needed any further categories, as an expressed percentage of the total *Burden* incurred by the *EPCM Contractor* for all of its employees for the previous year;
  - (iii) the *EPCM Contractor* shall provide to the *Owner* evidence of the calculations referred to in Sections 2.8(e)(i) and 2.8(e)(ii), and the *Owner* shall have the right to audit documentation regarding this calculation and the *Burden* paid by the *EPCM Contractor* related to all of its full and part-time employees for the previous year;
  - (iv) following the first year that the calculation referred to in Section 2.8(e)(ii) is performed, which will calculate the *Burden* multiplier for the 20\_\_\_\_ calendar year, and each subsequent year during performance of the *Services*, the *Owner* may, subject always to Section 2.8(f), elect to not reimburse the *EPCM Contractor* for any further programs or benefits or enhancements which increases, year over year, the calculated percentage of overall *Burden* of any particular

category of *Burden*, provided however, the *Owner* shall reimburse the *EPCM Contractor* for any increase in *Burden* mandated or required by *Law* or settled in accordance with Appendix J – Dispute Resolution Procedure;

- (v) the *Owner* shall, subject always to Section 2.8(f), advise the *EPCM Contractor*, in writing, when it accepts the calculation of the *Burden* for the previous year;
  - (vi) when the *Owner* has advised the *EPCM Contractor* that it has accepted the calculation of the *Burden* for the previous year the percentage calculated as the percentage of *Base Rate* for *Burden* for the previous year shall be converted to a multiplier that shall then replace the multiplier to the *Base Rate* to reimburse the *EPCM Contractor* for the *Burden* for the current calendar year;
  - (vii) changes in the multiplier to reimburse the *EPCM Contractor* for the *Burden* shall be effective January 1<sup>st</sup> of each year during performance of the *Services* for which the above calculation is performed; and
  - (viii) where the calculation and acceptance of the *Burden* multiplier is not made until after January 1<sup>st</sup> of any given year during performance of the *Services*, the *EPCM Contractor* shall continue to apply the multiplier for the previous year until the multiplier for the current year is calculated and accepted, upon which, the *EPCM Contractor* shall prepare and submit to the *Owner* an adjustment of invoices submitted in the current year to account for any adjustment in the multiplier used to reimburse the *EPCM Contractor* for *Burden* and the *EPCM Contractor* shall be paid, or shall pay to the *Owner*, as the case may be, the amount of such adjustment within 15 days of delivery of the invoice for adjustment to the *Owner*.
- (f) Where the *EPCM Contractor* disputes:
- (i) the election of the *Owner* in Section 2.8(e)(iv) to not reimburse the *EPCM Contractor* for any further programs or benefits or enhancements; or
  - (ii) any notice from the *Owner* in Section 2.8(e)(v) that it has accepted the calculation of the *Burden* for the previous year;

such election or notice, or both, shall not be effective until the dispute thereof is settled in accordance with the Appendix J – Dispute Resolution Procedure.

## 2.9. Overhead

- (a) *Work Site Overhead* means the overhead of the *EPCM Contractor* for *Staff* working on the *Work Site* and shall include the following:
  - (i) business development;

- (ii) business licenses;
- (iii) business losses and financing costs;
- (iv) charitable and other donations;
- (v) *Consumables and Expendables*;
- (vi) corporate governance;
- (vii) employee development and training programs including *Work Site* orientation;
- (viii) employee termination and severance costs;
- (ix) holding (storekeeping, handling and the like);
- (x) insurance premiums purchased specifically for the *Project*;
- (xi) legal costs, subject to approval in writing by the *Owner*, that are incurred by the *EPCM Contractor* in resolving disputes with third parties;
- (xii) maintenance, obsolescence & deterioration of equipment used solely to provide the *Services*;
- (xiii) *Office Supplies and Equipment*;
- (xiv) penalties or fines incurred for any reason;
- (xv) professional and corporate registrations;
- (xvi) recruitment;
- (xvii) salaries and burdens for *Non-Reimbursable Employees*;
- (xviii) security services;
- (xix) *Small Tools*;
- (xx) taxes, except those expressly paid to the *EPCM Contractor* by the *Owner* pursuant to the *Contract*;
- (xxi) basic personal protective equipment including, but not limited to, hard hat, safety boots, safety glasses and hearing protection; and
- (xxii) cost of electronic communication devices and base plans associated with such electronic communication devices.

**[Note to Users: this list to be considered on a Project specific basis]**

- (b) The *EPCM Contractor* shall be reimbursed for *Work Site Overhead* by applying an hourly fee of \$            per hour, for both *Work Site* and overtime hours,

during which *Services* are performed by *Work Site Employees* and *Contract Personnel*.

- (c) *Home Office Overhead* means the home office overhead of the *EPCM Contractor* and shall include the following:
- (i) administrative & financial co-ordination;
  - (ii) building maintenance;
  - (iii) business development;
  - (iv) business licenses;
  - (v) business losses and financing costs;
  - (vi) charitable and other donations;
  - (vii) *Consumables and Expendables*;
  - (viii) corporate governance;
  - (ix) depreciation of buildings and equipment other than in respect of equipment used solely to provide the *Services*;
  - (x) employee development and training programs including *Work Site* orientation activities;
  - (xi) heat, water, light and all other utilities;
  - (xii) inter-office and inter-departmental communications (including all software and hardware);
  - (xiii) interest on capital invested;
  - (xiv) legal costs, subject to approval in writing by the *Owner*, that are incurred by the *EPCM Contractor* in resolving disputes with third parties;
  - (xv) local telephone and courier;
  - (xvi) *Office Supplies and Equipment*;
  - (xvii) penalties or fines incurred for any reason;
  - (xviii) profession and corporate registrations;
  - (xix) property insurance;
  - (xx) recruitment;
  - (xxi) rent and all equipment, except as expressly provided for in this Appendix;

- (xxii) reproduction costs in the home office of the *EPCM Contractor*;
- (xxiii) research and development;
- (xxiv) safety programs;
- (xxv) salaries and burdens for *Non-Reimbursable Employees*;
- (xxvi) *Small Tools*; and
- (xxvii) taxes, except those expressly paid to the *EPCM Contractor* by the *Owner* pursuant to the *Contract*.

**[Note to Users: this list to be revised by the EPCM Contractor and the Owner on a case by case basis]**

- (d) The *EPCM Contractor* shall be reimbursed for *Home Office Overhead* by applying an hourly fee of \$\_\_\_\_\_ per hour for regular and overtime hours during which *Services* are performed by *Home Office Staff*.
- (e) In each calendar year starting in the year 20\_\_\_\_\_, the *EPCM Contractor* shall be reimbursed for *Overhead* by multiplying the *Base Rate* for actual hours charged by the *EPCM Contractor* pursuant to this Appendix by 1.\_\_\_\_ for actual hours during which the *Services* are performed by all *Staff*, except *Contract Personnel* and *Staffing Agency Personnel*.
- (f) For each calendar year subsequent to 20\_\_\_\_\_, the *EPCM Contractor* shall be reimbursed for *Overhead* in accordance with Section 2.9(e), except that the multiplier stipulated therein shall be re-calculated to reimburse the *EPCM Contractor* for *Overhead* such that the actual *Overhead* from the previous year shall be used as the basis for reimbursement in the current year and shall be calculated in the following manner:
  - (i) the *EPCM Contractor* shall determine the actual *Overhead* incurred for the previous calendar year as a percentage of the *Base Rate* paid to all of its full and part-time employees for that same period;
  - (ii) the *EPCM Contractor* shall apportion each of the components of *Overhead* incurred in the previous year, corresponding with the list set forth in Sections 2.9(a)(i) to 2.9(a)(xxii), adding as needed any further categories, as an expressed percentage of the total *Overhead* incurred by the *EPCM Contractor* for all of its employees for the previous year;
  - (iii) the *EPCM Contractor* shall provide to the *Owner* evidence of the calculations referred to in Sections 2.9(f)(i) and 2.9(f)(ii), and the *Owner* shall have the right to audit documentation regarding this calculation;
  - (iv) following the first year that the calculation referred to in Section 2.9(f)(ii) is performed, which will calculate the *Overhead* multiplier for the 20\_\_\_\_\_ calendar year, and each subsequent year during

performance of the *Services*, the *Owner* may, subject always to Section 2.9(g), elect to not reimburse the *EPCM Contractor* for any incremental increase in *Overhead* provided however, the *Owner* shall reimburse the *EPCM Contractor* for any increase in *Overhead* mandated or required by *Law* or settled in accordance with Appendix J – Dispute Resolution Procedure;

- (v) the *Owner* shall, subject always to Section 2.9(g), advise the *EPCM Contractor*, in writing, when it accepts the calculation of the *Overhead* for the previous year;
  - (vi) when the *Owner* has advised the *EPCM Contractor* that it has accepted the calculation of the *Overhead* for the previous year the percentage calculated as the percentage of *Base Rate* for *Overhead* for the previous year shall be converted to a multiplier that shall then replace the multiplier to the *Base Rate* to reimburse the *EPCM Contractor* for *Overhead* for the current calendar year;
  - (vii) changes in the multiplier to reimburse the *EPCM Contractor* for *Overhead* shall be effective January 1<sup>st</sup> of each year during performance of the *Services* for which the above calculation is performed; and
  - (viii) where the calculation and acceptance of the *Overhead* multiplier is not made until after January 1<sup>st</sup> of any given year during performance of the *Services*, the *EPCM Contractor* shall continue to apply the multiplier for the previous year until the multiplier for the current year is calculated and accepted, upon which, the *EPCM Contractor* shall prepare and submit to the *Owner* an adjustment of invoices submitted in the current year to account for any adjustment in the multiplier used to reimburse the *EPCM Contractor* for *Overhead* and the *EPCM Contractor* shall be paid, or shall pay to the *Owner*, as the case may be, the amount of such adjustment within 15 days of delivery of the invoice for adjustment to the *Owner*.
- (g) Where the *EPCM Contractor* disputes:
- (i) the election of the *Owner* in Section 2.9(f)(iv) to not reimburse the *EPCM Contractor* for increased incremental costs of *Overhead*; or
  - (ii) any notice from the *Owner* in Section 2.9(f)(v) that it has accepted the calculation of the *Overhead* for the previous year;

such election or notice, or both, shall not be effective until the dispute thereof is settled in accordance with the Appendix J – Dispute Resolution Procedure.

- (h) In the event that the *Owner* approves an increase to the hourly fee to compensate the *EPCM Contractor* for *Overhead* in accordance with this Section, the increased hourly fee to compensate the *EPCM Contractor* for either *Work Site Overhead* or *Home Office Overhead*, or both as the case may be, shall become effective the first day of the calendar month following the approval.

## 2.10. Fee

- (a) The *EPCM Contractor* shall be paid the following *Fees*, which are expressed as multipliers, for the different types of *Staff* members:
- (i) *Work Site Employees, Home Office Staff, Project Hire Employees and Contract Personnel* shall be subject to either a:
- (A) *Fee* multiplier of \_\_\_\_\_; or
- (B) \_\_\_\_\_% mark-up;
- of the sum of *Base Rate*, applicable *Burden* and *Overhead*, in accordance with Section 2 (Reimbursement for Staff); and
- (ii) *Staffing Agency Personnel* shall be subject to either a:
- (A) *Fee* multiplier of \_\_\_\_\_; or
- (B) \_\_\_\_\_% mark-up;
- of *Staffing Agency Invoices*, in accordance with Section 2 (Reimbursement for Staff).

## 3. Non-Reimbursable Employees

- 3.1. The salaries, payroll burdens, overhead and administration costs related to *Non-Reimbursable Employees* are included in the *Overhead* hourly fee applied to *Staff*. The *EPCM Contractor* shall receive no additional compensation for *Non-Reimbursable Employees* except as provided in Section 3.2.
- 3.2. The *Owner* may request the services of *Non-Reimbursable Employees* to perform a specified task or to provide consultation and expertise not otherwise contemplated in the *Contract*. The *EPCM Contractor* shall be reimbursed for services performed by *Non-Reimbursable Employees* that the *Owner* requests in writing. Even where reimbursement is approved by the *Owner*, in no event shall the *Owner* be liable to pay for any services by *Non-Reimbursable Employees* other than those identified in the request, or for more hours than *EPCM Contractor* has estimated as required to satisfy the request.

## 4. Reimbursable Expenses

- (a) Excepting that the *EPCM Contractor* shall not be entitled to any mark-up for goods and services procured by the *EPCM Contractor* for and in the name of the *Owner* other than the appropriate reimbursement for actual hours spent performing *Procurement Services*, the *EPCM Contractor* shall be entitled to reimbursement in respect of:
- (i) *Subcontractor* invoices;



- (ii) *Staff Reimbursable Expenses* in accordance with the *EPCM Contractor's* staff expense policy (at cost) titled “[*Note to Users: Insert title of staff expense policy.*]”;
- (iii) rental costs of tools, machinery and equipment not owned by the *EPCM Contractor* and used solely in the performance of the *Services*;
- (iv) an amount for depreciation and fees for tools, equipment and machinery owned by the *EPCM Contractor*;
- (v) consumables specifically acquired for the *Services* & not recovered as overhead;
- (vi) the cost of all equipment and services required for the office of the *EPCM Contractor* at the *Work Site* not recovered as *Overhead*;
- (vii) deposits lost arising out of the provision of the *Services*;
- (viii) costs paid in royalties or patent license fees, in respect of *Intellectual Property* owned by others; damages for infringement of patents and costs of defending suits subject always to the obligation of the *EPCM Contractor* to indemnify the *Owner* pursuant to the Contract; costs of protection of *Intellectual Property* generated in the course of performing the *Services* including, but not limited to, costs relating to filing an application, fees payable to the competent authorities to grant *Intellectual Property* or its territorial extension or extension of duration, translation costs;
- (ix) premiums for all bonds and project specific insurance which the *EPCM Contractor* is required, by the *Contract Documents*, to purchase and maintain;
- (x) losses and expenses sustained by the *EPCM Contractor* for matters which are the subject of the insurance coverages obtained pursuant to insert INSURANCE when such losses and expenses are not recoverable because the amounts are in excess of collectible amounts, within the deductible amounts or are not insurable;
- (xi) charges for long distance charges, photocopying, reproduction of documents, courier services, and petty cash items;
- (xii) costs incurred due to emergencies affecting the health and safety of persons or property;
- (xiii) legal costs, subject to approval in writing by the *Owner*, that are incurred by the *EPCM Contractor* in resolving disputes with third parties;
- (xiv) costs incurred by the *EPCM Contractor*, with the *Owner's* permission, in expediting the rejected work or the warranty work of *Works Contractors*



and costs incurred by the *EPCM Contractor* in correcting defects or deficiencies in the work undertaken by his own forces and repairing damages resulting therefrom either during the course of construction or the warranty period except those arising from a negligent or willful act of the *EPCM Contractor*;

- (xv) basic personal protective equipment including, but not limited to, hard hat, safety boots, safety glasses and hearing protection;
- (xvi) hazard-specific personal protective equipment including, but not limited to, gloves, fire retardant clothing, breathing apparatus;
- (xvii) health and safety equipment such as monitors and detectors, fire extinguishers, signage, security tape, fencing and flagging;
- (xviii) the cost of computer time and usage in accordance with the method determined by the parties; and
- (xix) such other costs directly incurred by the *EPCM Contractor* in the performance of the *Contract*.

## **5. Non-Reimbursed Costs**

5.1. The *EPCM Contractor* is not entitled to reimbursement of the following unless otherwise agreed to in writing by the *Owner*:

- (a) resources made available to the *EPCM Contractor* at no charge;
- (b) free issue items;
- (c) value of contributions in kind;
- (d) unnecessary, unapproved or ill-considered expenses;
- (e) entertainment or hospitality expenses except such reasonable expenses wholly and exclusively necessary for carrying out the *Services*;
- (f) extra over costs of leasing compared with purchase;
- (g) cost of events for which the *Contract* requires the *EPCM Contractor* to insure; and
- (h) traffic and parking fines of *Staff*.

**6. Taxes**

- 6.1. The *EPCM Contractor* shall identify on each invoice the amount of GST as a separate line item, immediately following the summation of all other charges and costs.
- 6.2. All taxes other than the GST for which the *EPCM Contractor* seeks reimbursement, except for those included in *Base Rates, Burden, Overhead* and *Fee*, shall be itemized, including, but not limited to import duties, provincial sales tax and other similar government or regulatory assessments.

EXHIBIT 1

Schedule of Rates

SALARY RANGES FOR REIMBURSABLE PERSONNEL

Location	Position	Salary Range	Typical/Norm

EXHIBIT 2(A)

Home Office Overhead and Burden

Location	<i>Overhead</i>	<i>Burden</i>

EXHIBIT 2(B)

Project Hire Employees Overhead and Burden

Location	<i>Overhead</i>	<i>Burden</i>

EXHIBIT 3

Non-reimbursable Employees

NON-REIMBURSABLE PERSONNEL CLASSIFICATIONS

EXHIBIT 4

Work Site Assignment Policy