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**MEASUREMENT AND PAYMENT****1.01 MEASUREMENT**

The determination of quantities of work performed under the contract will be made by the Engineer, based upon the lines and grades as shown on the plans and as given during the progress of the work or as evidenced by approved tickets for weight or liquid measure or by measurements made by the Engineer. All items will be computed in the units shown in the contract.

**1.02 SCOPE OF PAYMENT**

- A. The Contractor shall receive and accept the compensation provided in the contract at unit prices, if it be a unit price contract; or at the lump sum price, if it be a lump sum price contract, except as may be modified by change orders. The compensation provided for in the contract shall constitute full payment for furnishing all labor, equipment, tools, and materials and for performing all work contemplated and embraced under the contract; for all loss or damage arising out of the nature of the work or from the action of the elements; for all expenses incurred by, or in consequence of, the suspension or discontinuance of the said prosecution of the work or from any unforeseen difficulties or obstructions that may arise or be encountered during the prosecution of the work; and for all risks of every description connected with the prosecution of the work until the final acceptance of the work by the Jurisdiction.
- B. Neither the payment of any progress payment nor of any retained percentage shall relieve the Contractor of any obligation to make good any defective work or material. Payment will be made only for materials actually incorporated in the work, except as provided in [Section 1090, 1.05 - Progress Payments](#).
- C. The contract price for any item shall be full compensation for all labor, materials, supplies, equipment, tools, and all things of whatsoever nature required for the complete incorporation of the item into the work the same as though the item were to read "in place," unless the contract documents shall provide otherwise.

**1.03 LUMP SUM BREAKDOWNS**

- A. If the contract is based on a lump sum bid price, or contains one or more lump sum items for which progress payments are to be made, the Contractor shall prepare and submit a breakdown estimate covering each lump sum item to the Engineer for approval. The breakdown estimate shall show the estimated value of each kind or item of work. The sum of the lump sum items listed in the breakdown estimates shall equal the contract lump sum. Overhead and profit shall not be listed as separate items.
- B. The breakdown estimate shall be approved by the Engineer before any progress payments are prepared. An unbalanced breakdown estimate providing for overpayment to the Contractor for items of work to be performed first will not be approved but shall be revised by the Contractor and resubmitted until acceptable to the Engineer.

**1.04 PAYMENT FOR CHANGE ORDERS**

- A. The Contractor's claims for extra work will not be paid unless the extra work covered by such claims was authorized by a change order as specified in [Section 1040, 1.07 - Change Orders](#).
- B. Payment for extra work shall be made in one or more of the following ways as determined by the agreement between the parties to the contract prior to the starting of the work.

**1.04 PAYMENT FOR CHANGE ORDERS (Continued)**

- 1. Unit Prices: By unit prices contained in the Contractor's original proposal and incorporated in the construction contract, so far as the same may apply.
  - 2. Supplemental Schedule: By supplemental schedule of prices to include costs of all equipment, material, labor, supervision, management, insurance, overhead, and incidentals, said schedule to be submitted by the Contractor upon request of the Engineer and to be accepted by the Jurisdiction.
  - 3. Lump Sum: By an acceptable lump sum proposal from the Contractor.
- C. The percentage markup to be allowed to the Contractor for extra work performed by a subcontractor shall be in accordance with the following:
- 1. 10% of the first \$50,000 with a \$100 minimum.
  - 5% of the portion over \$50,000.

**1.05 PROGRESS PAYMENTS**

- A. Limits:** Progress payments made under the contract, unless provided otherwise by law, shall be made according to Iowa Code Chapter 573, and shall be made on the basis of monthly estimates of labor performed and material delivered and incorporated in to the work, as determined by the Engineer. Payment may be made for materials not incorporated into the project if they can be specifically identified and cost verified by invoice. Progress payment requests shall be accompanied by the documentation required in [Section 1090.1.07, B - Sales Tax and Use Tax](#).
- B. Retainage:** The Jurisdiction shall retain from each monthly progress payment 5% of the amount determined to be due according to the estimate of the Engineer.
- C. Quantities:** Quantities used for progress payments shall be considered as only approximate and provisional and shall be subject to recalculation, adjustment, and correction by the Engineer in subsequent partial payments and in the final payment. Inclusion of any quantities in a progress payment, or failure to disapprove the work at the time of any progress payment, shall not be construed as acceptance of the corresponding work or materials.

**1.06 PAYMENT OF RETAINAGE**

- A. Retained funds shall be retained by the Jurisdiction for a period of 30 calendar days after the completion and final acceptance of the improvement by the Jurisdiction. If at the end of the 30 calendar day period claims are on file as provided, the Jurisdiction shall continue to retain from the unpaid funds, a sum equal to double the total amount of all claims on file. The remaining balance of the unpaid fund, or if no claims are on file, the entire unpaid fund, shall be released and paid to the Contractor.
- B. The Jurisdiction, the Contractor, any claimant for labor or material who has filed a claim, or the surety on any bond given for the performance of the contract, may, at any time after the expiration of 30 calendar days, and not later than 60 calendar days, following the completion and final acceptance of said improvement, bring action in equity in the county where the improvement is located to adjudicate all rights to said fund, or to enforce liability on said bond, pursuant to Iowa Code Chapter 573. Upon written demand of the Contractor, served in the manner prescribed for original notices, on the person filing a claim, requiring the claimant to commence action in court to enforce the claim, an action shall be commenced within 30 calendar days, otherwise the retained and unpaid funds due the Contractor shall be released to the Contractor.

**1.07 SALES AND USE TAX STATEMENT**

- A. At the completion of the contract and before final payment can be made thereon, the Contractor and all subcontractors shall file with the Engineer in triplicate, with original signatures on all three sets, a statement under oath on forms provided by the Iowa Department of Revenue and Finance showing the data with reference to sales, use, and service taxes required by Iowa Code Section 423.4, as amended. On projects with a total contract cost greater than \$1 million or with supplies and materials in excess of 50% of the contract price and when directed by the Engineer, the Contractor shall submit with each progress pay estimate completed sales and use tax forms from the Iowa Department of Revenue listing all supplies and materials purchased since the previous progress payment.
- B. If a Sales Tax Exemption Certificate(s) is issued by the Jurisdiction according to [Section 1020, 1.08](#), no sales, use, or service statement is required.

**1.08 ACCEPTANCE AND FINAL PAYMENT**

- A. Final payment will be based on the actual final total amount of the work accomplished and finally accepted by the Jurisdiction under the contract. Under no circumstances or conditions will the Contractor be paid anything for anticipated profits for the work, nor will it be paid for any work not actually included in the improvement. The Jurisdiction will not give final acceptance of the work until the Contractor has submitted all documentation required by the contract documents.
- B. The Engineer shall, after determining the work has been finally and fully completed according to the contract documents, make a final estimate of the amount of work done and the value thereof.
- C. Final acceptance of construction shall be defined as final approval of the project only in the sense that it has been constructed, cleaned up, and completed in apparent substantial compliance with the contract documents. Said final acceptance is stipulated to mean a written acceptance by the Jurisdiction.
- D. It is mutually agreed between the parties to the contract that a certificate of completion of the project, submitted by the Engineer and approved by the Jurisdiction, shall constitute final acceptance of the work and materials included in the contract on the date of such approval, subject to the provision any such approval, acceptance, or payment as herein provided shall not constitute an acceptance of any unauthorized or defective work, or of any improper material.

END OF SECTION