

1. DAVIS-BACON ACT PRICE ADJUSTMENT - OPTION PURCHASE ORDERS/CONTRACTS (Clause G-11.1) (February 2004)

- a. This article applies to purchase orders/contracts for construction work that include option renewal periods, and which are subject to prevailing area wage determinations issued by the Secretary of Labor pursuant to the Davis-Bacon Act (40 U.S.C. 275A).
- b. The Seller warrants that the prices in this purchase order/contract do not include any allowance for any contingency to cover increased costs for which adjustment is provided under this article.
- c. The Wage Determination, issued under the Davis-Bacon Act by the Secretary of Labor, current at the beginning date of each option renewal period, shall apply to this purchase order/contract.
- d. The purchase order/contract price or purchase order/contract unit price labor rates will be adjusted to reflect the Seller's actual increase or decrease in applicable wages and fringe benefits to the extent the increase or decrease is made to comply with, or the decrease is voluntarily made by the Seller as a result of, the Wage Determination current at the beginning date of each option renewal period in accordance with paragraph (c) above. Any such adjustment shall be limited to increases or decreases in wages and fringe benefits and the accompanying increases or decreases in Social Security and Unemployment Taxes and Workers' Compensation Insurance, but shall not otherwise include any amount for general and administrative costs, overhead, or profit. For example, the Wage Determination under the existing purchase order/contract required a minimum wage rate of \$10.00 per hour. The Seller chose to pay \$10.10 per hour. The new wage determination current at the beginning date of the option renewal period increases the minimum rate to \$10.50 per hour. Even if the Seller voluntarily increases the rate to \$10.75 per hour, the allowable price adjustment is \$.40 per hour.
- e. Seller shall notify the Buyer of any increase claimed under this article within 30 days after receiving a new wage determination unless this notification period is extended by the Buyer. The Seller shall promptly notify the Buyer of any decrease under this article, but nothing in this article shall preclude the Buyer from asserting a claim within the period permitted by law. The notice shall contain a statement of amount claimed and any relevant supporting data, including payroll records, which the Buyer may reasonably require. Upon agreement by the parties, the purchase order/contract price or purchase order/contract unit price labor rates shall be modified in writing. The Seller shall continue performance pending agreement on or determination of any such adjustment and its effective date.
- f. The Buyer, the U.S. Department of Energy, the National Nuclear Security Administration, or authorized representatives of either, shall have access to and the right to examine any directly pertinent books, documents, papers and records of the Seller until the expiration of 3 years after final payment under this purchase order/contract.