36.207 Pricing fixed-price construction contracts.

(a) Generally, firm-fixed-price contracts *shall* be used to acquire *construction*. They *may* be priced-

(1) On a lump-sum basis (when a lump sum is paid for the total work or defined parts of the work),

(2) On a unit-price basis (when a unit price is paid for a specified quantity of work units), or

(3) Using a combination of the two methods.

(b) Lump-sum *pricing shall* be used in preference to unit *pricing* except when-

(1) Large quantities of work such as grading, paving, building outside utilities, or site preparation are involved;

(2) Quantities of work, such as excavation, cannot be estimated with sufficient confidence to permit a lump-sum *offer* without a substantial contingency;

(3) Estimated quantities of work required *may* change significantly during *construction*; or

(4) *Offerors* would have to expend unusual effort to develop adequate estimates.

(c) Fixed-price contracts with economic price adjustment *may* be used if such a provision is customary in contracts for the type of work being acquired, or when omission of an adjustment provision would preclude a significant number of firms from submitting *offers* or would result in *offerors* including unwarranted contingencies in proposed prices.

Parent topic: Subpart 36.2 - Special Aspects of Contracting for Construction