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USACE / NAVFAC / AFCEA UFGS-01013 (August 2004)  
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Preparing Activity: NAVFAC Superseding  
UFGS-01013N (February 2004)

UNIFIED FACILITIES GUIDE SPECIFICATIONS

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UNIFIED FACILITIES GUIDE SPECIFICATIONS

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SECTION 01013

SPECIAL CONDITIONS FOR ICELAND PROJECTS  
08/04

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NOTE: This guide specification covers the  
requirements for special  
requirements for projects located in Iceland.

Comments and suggestions on this guide specification  
are welcome and should be directed to the technical  
proponent of the specification. A listing of  
technical proponents, including their organization  
designation and telephone number, is on the Internet.

Recommended changes to a UFGS should be submitted as  
a Criteria Change Request (CCR).

Use of electronic communication is encouraged.

Brackets are used in the text to indicate designer  
choices or locations where text must be supplied by  
the designer.

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PART 1 GENERAL

1.1 NO CURRENCY ADJUSTMENTS TO CONTRACT PRICE (Nov 2002)

This will be a firm fixed price contract awarded under competitive  
procedures. There will be no adjustments to the contract price other than  
necessary changes to the work itself. Therefore, the contractor is  
encouraged to consider the length of time to perform the contract and the  
estimated amount of locally bought materials expected to be used. This, in  
conjunction with historical exchange rate data obtainable, for example,  
from the Central Bank of Iceland, should be utilized when constructing a  
bid to compensate for any perceived future currency fluctuations during the  
term of the contract.

1.2 PRICE ESCALATION

- a. The Contractor warrants that the price set forth in the contract  
does not include allowance for contingency to cover increased  
costs of performance resulting from increase in Contractor's rates  
of pay set forth in the "Wage Rate Schedule" included in the  
contract specifications. The Contractor shall submit to the  
Contracting Officer within 30 days after receipt of a notice to

proceed a schedule of proposed labor distribution for the project, listing trade categories, type, and wage category level. The submission of the labor distribution schedule is mandatory to effect equitable adjustments if wage increases occur during the completion time specified for the project.

- b. If at any time during the time set forth for completion of the work in the contract documents there is an increase or decrease in the rates of pay as set forth in the "Wage Rate Schedule," the Contractor shall notify the Contracting Officer of the changes within 60 days of such increase or decrease or within such further period as may be approved in writing by the Contracting Officer; but in any event no later than final payment under the contract. Such notice shall include the Contractor's proposal for an equitable adjustment in the contract price to be negotiated in accordance with subparagraph c below and shall be accompanied by data, in such form as the Contracting Officer may require explaining (1) the causes, (2) the effective date, and (3) the amount, both of the increase or decrease and of the Contractor's proposal for an equitable adjustment.
- c. Promptly upon receipt of notice and data described in subparagraph b above, the Contractor and the Contracting Officer will negotiate an equitable adjustment, and the effective date thereof, in the contract price to effect any change in the cost of performance of the contract due to the increase or decrease in rates of pay as set forth in the "Wage Rate Schedule"; provided however, that such negotiations may be postponed by the Contracting Officer until an accumulation of such increases and decreases results in an adjustment allowable under subparagraph d. The equitable adjustment, and the effective date thereof, will be set forth in a modification to the contract. Such modification will also revise the rates of pay as set forth in the "Wage Rate Schedule" to reflect the increase or decrease therein. Failure of the parties to agree to an adjustment under this clause shall be deemed to be a dispute concerning a question of fact within the meaning of the General Conditions Clause entitled "Disputes." Pending agreement on, or determination of, any such adjustment and its effective date, the Contractor shall continue performance.
- d. Notwithstanding other provisions of this clause, price adjustments under this clause shall be subject to the following limitations:

There shall be no adjustment other than for increases or decreases in the rates of pay as set forth in the "Wage Rate Schedule."
- e. The final invoice submitted under this contract shall include a certification that the Contractor has not experienced a decrease in rates of pay for labor set forth in the "Wage Rate Schedule" or that the Contractor has given notice of such decreases in compliance with subparagraph b above.
- f. The equitable adjustment, and the effective date thereof, will be set forth in a modification to the contract. Such modification will also revise the rates of pay for labor set forth in the "Wage Rate Schedule" to reflect the increases. Failure of the parties to agree to an adjustment under this clause shall be deemed to be a dispute concerning a question of fact within the meaning of the General Conditions Clause entitled "Disputes." Pending agreement

on, or determination of, any such adjustment and its effective date, the Contractor shall continue performance.

- g. The Contracting Officer may examine the Contractor's books and other supporting data relevant to the cost of labor during reasonable times until 3 years after final payment under the contract.

### 1.3 USE OF FOREIGN CURRENCY

If tender of payment is made in the currency of the country where the work is performed or in the currency of another foreign country where materials are purchased, the Contractor agrees to accept such currency in payment for work and services rendered under the contract, pursuant to the General Conditions Clause entitled "Payments Under Fixed-Price Construction Contracts." The agreement is dependent upon the limitation that the amount tendered shall not exceed the Contractor's requirements for purchasing foreign currencies; that to the extent available, the Contractor shall accept from the Contracting Officer foreign currencies to meet the requirements when and as needed; and that the exchange rates at which such foreign currencies are offered do not result in added cost to the Contractor. If disagreement arises hereunder, the Contractor shall comply with the decision of the Contracting Officer.

### 1.4 ICELANDIC TAXES

- a. The present agreement under which work is being accomplished at the job site grants Contractors and subcontractors freedom from custom and import duties, Icelandic taxes, both personal and corporate, and franchise and excise taxes. Should future agreements or interpretations of the present agreement include taxes on account of performance of the contract or subcontract thereunder, an adjustment will be made in the contract price to reflect the amount of such taxes paid by the Contractor and the amount of payments made by the Contractor as reimbursement to the Contractor's subcontractors for their payments of such taxes. The contract shall be modified in writing accordingly. The Contractor agrees that immediately upon notification by the Icelandic Government that the Contractor or any of the Contractor's subcontractors in connection with the performance of the contract or of the subcontracts thereunder is liable for such taxes, the Contractor shall forthwith notify the Contracting Officer. If the Contractor is required to and does pay any such taxes, the payment shall be made only with the prior written approval of the Contracting Officer, and if so directed by the Contracting Officer, the payment shall be under protest and accompanied by a request for refund of the payment. Regardless of whether so directed by the Contracting Officer, the Contractor shall take steps necessary to procure refunds, where grounds for refunds exist, of such taxes paid by the Contractor or by the Contractor's subcontractors to the Icelandic Government. If the Contractor or any of the Contractor's subcontractors receives a refund or credit of such taxes from the Icelandic Government, which sums have been the basis of a price adjustment under this clause, the Contractor shall forthwith pay such refund or credit to the Government. If requested by the Contracting Officer, the Contractor shall assign to the Government all rights to refund of such taxes paid under protest. It is understood and agreed that the provisions of this clause shall not be applicable to any harbor dues which the

Contractor may be required to pay on any cargo brought into or sent out of Iceland. Notwithstanding anything in this paragraph to the contrary, no adjustment of the contract price will be made under this clause because of taxes paid or payable by the Contractor or any subcontractor which the Contractor or subcontractor would not be obligated to pay except for the reason that the Contractor or subcontractor is a national, citizen, or resident of the said foreign country.

- b. The Contractor represents not to include in the price hereunder and agrees not to hereafter include in any price to the Government any change or reserve for such taxes for which price adjustment is provided for in subparagraph a above.
- c. The provisions of the clause, with respect to price adjustment, shall not be applicable to any penalties or interest charges paid by the Contractor because of or in connection with any of the taxes mentioned herein, except the penalties or interest charges resulting from delays by the Contracting Officer in granting required prior written approval of payment.

[1.5 PRICE VARIATION (AUG 1996)

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**NOTE: Include the following paragraphs for all  
Internal Competitive Bid (ICB) projects and for all  
National Competitive Bid (NCB) projects.**  
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a. Price Variation

- (1) The price of this contract is subject to adjustment or revision within the limits defined herein.
- (2) If during the performance of this contract a variation occurs in the cost of wages and/or materials forming part of the basic contract price, that price shall vary in accordance with the following General Principles:
- (3) The invoice amount shall be submitted inclusive of all work accomplished which meets the standards of quality established under the contract.

b. General Principles

The final price of an invoice inclusive of variation shall vary in accordance with the following formula provided that the maximum variation in subparagraph (c) is not exceeded. Separate calculations are required for work under the basic contract and each modification or change order. The final price of the invoice inclusive of variation will be the summation of these separate calculations.

$$P = 0.1P_o + 0.9P_o (B/Bo)$$

In which

P = Final price for deliverable items in the invoice inclusive of variation for work in the basic contract, modification, or change order.

Po = Basic contract price at the effective date of a modification for deliverable items in the invoice.

Bo = The Icelandic Building Cost Index (Byggingarvisitala) effective at the date of contract award or the effective date of a modification or change order.

B = The mathematical average of the monthly Icelandic Building Cost Indices (Byggingarvisitala) for the month immediately following the date of submission of the latest invoice paid, through the month of the date of submission of the invoice or one month following final acceptance of work, whichever is earlier. In the event that the value as determined above, is greater than the maximum index Bm from subparagraph 3 below, the value of Bm shall be used.

c. Maximum Variation

The maximum index for determining price variation shall be determined using the following formula. Separate calculations are required for work under the basic contract and each modification or change order:

$$B_m = B_o + 2n (B_o - B_a)$$

In which

Bm = maximum index for price variation for deliverable items in the invoice for work in the basic contract, modification, or change order.

Bo = The Icelandic Building Cost Index (Byggingarvisitala) effective at the date of contract award or the effective at the date of a modification or change order.

Ba = The Icelandic Building Cost Index (Byggingarvisitala) effective one year prior to the date of a modification or change order (e.g., if a contract was awarded on 18 August 1996, this index would be the BCI index for August 1995).

n = The current year of the contract (e.g., for a contract awarded 18 August 1996, the period from 18 August 1996 through 17 August 1997 will be the first year and the value of n will equal 1. For the second year of the contract, the value of n would equal 2.)

Calculation and payments shall be made in the same currencies attributable to each deliverable and all the prices may be varied in accordance with this provision unless specifically excluded in the schedule or elsewhere in the contract.

d. Indices

For the purposes of calculating the adjustment in price subsequent to the effective date of the contract, the Icelandic Building Cost Index (Byggingarvisitala) developed by the Icelandic Building Research Institute (Rannsóknarstofnun Byggingaridnadarins) and published monthly by the Icelandic Bureau of Statistics (Hagstofa Islands) shall be used. The indices can be found daily in the Morgunbladid newspaper.

e. Payment of Price Variations

(1) Calculations of price increases shall be mad as soon as possible after publication of the last index figure relating to the approved period of application of the variable.

(2) Where any index figure published is stated to be provisional figure, the contractor may opt either to use that provisional figure in his calculation and present an appropriate invoice, to delay presentation of his invoice until definitive index figure is published. No further adjustment will be allowed, up or down, following revision of any index figure if an invoice is presented using provisional indices.

(3) Payment of price variation increases will be made on simple presentation and verification of an invoice, supported by details of the calculation(s), in accordance with the invoice instruction of this contract.

] [1.6 ICELANDIC TAX RELIEF (MAY 1996)

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**NOTE: Include the following paragraphs for all  
Internal Competitive Bid (ICB) projects and for all  
National Competitive Bid (NCB) projects.**  
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a. Relief from certain Icelandic laws and duties is provided in accordance with Icelandic law. The Contractor's obligation to pay the tax or duty of taxes listed in subparagraph b below is not removes; however, the Contractor may obtain reimbursement through the Chief Magistrate's Office, Keflavik Airport.

b. The tax rates for the taxes listed below are information only and not necessarily current. The actual tax rate in accordance with Icelandic law at time of application on the tax shall be used for the purposes of this clause. The Icelandic taxes for which Contractor's may obtain reimbursement are:

Commodity tax on all imported construction material 12.0 percent

Value Added Tax (VAT) on vehicles, equipment and  
machinery imported to Iceland 24.5 percent

c. For VAT, custom regulations currently authorize calculation of a rental tax for vehicles, equipment, and machinery to be reported at completion of a project. The monthly rental tax for each month the equipment is in Iceland is one sixtieth of the total VAT that otherwise would have been levied on the equipment.

d. Certification by the Contracting Officer is required on all requests for reimbursement of taxes prior to being sent by the Contractor to the Chief Magistrate's Office, Keflavik Airport. The Contractor shall forward his request and all supporting documentation, originals, and two copies, to the Contracting Officer. Documentation shall be sufficiently detailed to determine that the materials or equipment were used for this contract. Certification signature by the Contracting Officer only

represents that the material or equipment imported to Iceland were used to the extent represented in the Contractor's documentation solely for the use of this contract; this signature does not and is not intended to alter the other terms and conditions of this contract' including terms concerning transfer of title of the material s and equipment. This certification process shall not be cause to submit any claim, including delays incident to obtaining the signature of the contracting Officer."

#### ]1.7 COMPLIANCE WITH APPLICABLE LAWS

The Contractor shall comply with laws, regulations, directives, and requirements of any country or political subdivision thereof, or of any departments or agencies thereof, which are applicable to the work and services to be performed under the contract, and shall, when so requested by the Contracting Officer, furnish the Government with appropriate evidence of such compliance.

#### 1.8 AUTOMOBILE INSURANCE IN ICELAND

Without limiting the Contractor's obligation to comply with applicable Iceland laws in the performance of the work under the contract, the Contractor hereby specifically agrees to procure and maintain or to cause to be procured and maintained, such insurance coverage on vehicles used by the Contractor in the performance of the work under the contract, as is required for said vehicles by the provisions of the Icelandic Vehicular Traffic Law, identified as Law No. 50, dated 30 March 1987, as heretofore or hereafter amended or reenacted. The obligation of the Contractor under this clause shall be applicable to vehicles described herein, whether they are owned by the Contractor, by the Government, or by others.

#### 1.9 RETURN OF CONTRACTOR PERSONNEL

The Contractor shall have the responsibility to effect return of employees either to their respective countries of origin or to the area of recruitment.

#### 1.10 CONDUCT OF CONTRACTOR PERSONNEL

The location of the work in a foreign country places obligations on the Contracting Officer to the United States and to local law enforcement agencies with regard to the conduct of U.S. citizens involved in the construction. Therefore, the Contractor shall promptly and accurately report to the Contracting Officer, immediately upon receipt and discovery, information and dates, whether or not verified, relating to physical security incidents, misconduct, crimes, and misdemeanors, including but not limited to murder, arson, larceny of any weapon, ammunition, or explosives, larceny of other property, robbery, burglary, narcotics and dangerous drugs, destruction of Government property, fraud, malfeasance and misfeasance, sabotage, subversions, disaffections, treasons, and espionage.

The Contractor shall recognize and comply with the rules and regulations promulgated by the Government of Iceland to the extent required by pertinent international agreements, but action in connection therewith shall at all times be subject to the prior approval of the Contracting Officer.

#### 1.11 LABOR STATISTICS

Report, and by agreement require subcontractors to report, at such time, in



such manner, and covering such matters as the Contracting Officer may direct such labor statistics, applicable only to the work performed under the contract at the site of the work, as may be required.

#### 1.12 SALE OF JOB-PRODUCED MATERIALS

The Contractor shall not sell to others or use for purposes other than for the performance of the work under the contract any job-produced materials, in the production of which Government-furnished equipment or property is used, without the prior written consent of the Contracting Officer.

#### 1.13 SALE OF CONTRACTOR INVENTORY

The Contractor shall obtain the written approval of the Contracting Officer prior to concluding proposed sales of Contractor-owned personal property at the job site to which the Government has any obligation or right under the contract to purchase from the Contractor, including such property which has been acquired or procured by the Contractor for the performance of work and services under contract. In requesting approval of proposed sales, where required under this paragraph, the Contractor shall submit the following information to the Contracting Officer:

- a. Name, address, and citizenship of the proposed purchaser.
- b. Description, quantity, and location of the property.
- c. Final destination and end use of the property as asserted by the prospective purchaser.

#### 1.14 DAMAGE TO WORK DUE TO FLOOD OR EARTHQUAKE

The responsibility for damage to any part of the permanent work shall be as set forth in the General Conditions Clause entitled "Permits and Responsibilities." However, if any part of the permanent work performed by the Contractor is damaged by flood or earthquake, and in the judgment of the Contracting Officer damage is not due to the failure of the Contractor to take reasonable precautions or to exercise sound engineering and construction practices in the conduct of the work, the Contractor shall make the repairs as ordered by the Contracting Officer, and full compensation for such repairs shall be made at the applicable contract unit or lump sum prices as fixed and established in the contract. If, in the opinion of the Contracting Officer, there are no contract unit or lump sum prices applicable to any part of such work, an equitable adjustment pursuant to the General Conditions Clause entitled "Changes," shall be made as full compensation for the repairs of that part of the permanent work for which there are no applicable contract unit or lump sum prices. Except as herein provided, damage to work including temporary construction, utilities, materials, equipment, and construction plant shall be repaired to the satisfaction of the Contracting Officer at the Contractor's expense, regardless of the cause of such damage.

#### PART 2 PRODUCTS

Not used.

#### PART 3 EXECUTION

Not used.

-- End of Section --