June 20, 2018

CONSUMERS PRICE INDEX (CPI) – A measure of time-to-time fluctuations in the price of a quantitatively constant market basket of goods and services, selected as representative of a special level of living. (November 1990)

CONTINGENCY –
(1) An amount added to an estimate to allow for items, conditions, or events for which the state, occurrence, or effect is uncertain and that experience shows will likely result, in aggregate, in additional costs. Typically estimated using statistical analysis or judgment based on past asset or project experience. Contingency usually excludes: 1) Major scope changes such as changes in end product specification, capacities, building sizes, and location of the asset or project; 2) Extraordinary events such as major strikes and natural disasters; 3) Management reserves; and 4) Escalation and currency effects. Some of the items, conditions, or events for which the state, occurrence, and/or effect is uncertain include, but are not limited to, planning and estimating errors and omissions, minor price fluctuations (other than general escalation), design developments and changes within the scope, and variations in market and environmental conditions. Contingency is generally included in most estimates, and is expected to be expended. See also: MANAGEMENT RESERVE.
(2) In earned value management (based upon the ANSI EIA 748 Standard), an amount held outside the performance measurement baseline for owner level cost reserve for the management of project uncertainties is referred to as contingency. (October 2013)

CONTINGENCY PLAN – A risk response plan made to address identified residual risks if they occur. Syn.: FALLBACK PLAN. See also: CONTINGENT RISK RESPONSE; RESIDUAL RISK. (December 2011)

CONTINGENT RISK RESPONSE – A planned alternative response to a risk that will be taken only in defined circumstances. See also: RISK RESPONSE. (December 2011)

CONTRACT – Legal agreement between two or more parties, which may be of the types enumerated below:

1. CONTRACT, COST PLUS CONTRACTS – In cost plus contracts the contractor agrees to furnish to the client services and material at actual cost, plus an agreed upon fee for these services. This type of contract is employed most often when the scope of services to be provided is not well defined.

   a. CONTRACT, COST PLUS CONTRACTS, COST PLUS PERCENTAGE BURDEN AND FEE – the client will pay all costs as defined in the terms of the contract, plus "burden and fee" at a specified percent of the labor costs which the client is paying for directly. This type of contract generally is used for engineering services. In contracts with some governmental agencies, burden items are included in indirect cost.

   b. CONTRACT, COST PLUS CONTRACTS, COST PLUS FIXED FEE – the client pays costs as defined in the contract document. Burden on reimbursable technical labor cost is considered in this case as part of cost. In addition to the costs and burden, the client also pays a fixed amount as the contractor's "fee".

   c. CONTRACT, COST PLUS CONTRACTS, COST PLUS FIXED SUM – the client will pay costs defined by contract plus a fixed sum which will cover "non-reimbursable" costs and provide for a fee. This type of contract is used in lieu of a cost plus fixed fee contract where the client wishes to have the contractor assume some of the risk for items which would be reimbursable under a cost plus fixed fee type of contract.

   d. CONTRACT, COST PLUS CONTRACTS, COST PLUS PERCENTAGE FEE – the client pays all costs, plus a percentage for the use of the contractor's organization.

2. CONTRACT, FIXED PRICE CONTRACTS – Fixed price types of contract are ones wherein a contractor agrees to furnish services and material at a specified price, possibly with a mutually agreed upon escalation clause. This type of contract is most often employed when the scope of services to be provided is well defined.

