

MATERIALS MANAGEMENT

POLICIES AND PROCEDURES

SECTION: MATERIALS MANAGEMENT - CONTRACT MANAGEMENT
POLICY: 7.01.01 REIMBURSEMENT OF CONTRACTOR SERVICES

1. Policy

- 1.1. The reimbursable hours (billable time) for contractors working for Teck Alaska Incorporated (TAK) shall be clearly established in all agreements for services and will be in accordance with this standard policy for reimbursement.
- 1.2. Only time charged for services in accordance with this policy shall be considered reimbursable to the contractor and eligible for payment by TAK Representatives.
- 1.3. Unless otherwise specifically agreed, contractors shall not be reimbursed for time or expenses incurred away from the Red Dog property.

2. Purpose/Scope

- 2.1. This policy will apply to all contractor personnel working at, and traveling from, the Red Dog property, and is considered applicable to all TAK agreements for work, unless specifically agreed otherwise in the agreement or specifically accepted by the TAK Representative.
- 2.2. The policy is independent of any specific agreements or arrangements that contractors may have with their own employees.
- 2.3. This policy may only be superseded by specific terms and conditions mutually agreed upon in contracts for services or purchase orders.
- 2.4. This policy is in accordance with, and subject to, AAC Title 8, Part 1, Chapter 15, and 29 CFR Part 785.

3. Procedure

3.1. Reimbursement for Services

- 3.1.1. Only labor services provided on the Red Dog property, when the person is ready to commence work, including MSHA trained and certified, shall be considered reimbursable to the Contractor.
- 3.1.2. Travel time between Anchorage and the Red Dog property, or regional village and the Red Dog property, will not be reimbursed to the contractor, except as noted in Section 3.2.
- 3.1.3. Reimbursement for services shall begin when the next scheduled shift commences.

- 3.1.3.1. A partial shift may be worked if there is a minimum of four hours of time remaining in the regularly scheduled shift, and the employee has all tools, training, and required PPE to effectively work.
- 3.1.4. Reimbursement for labor services shall end when the scheduled shift ends unless previously agreed that the shift shall be extended.
 - 3.1.4.1. On days of travel reimbursement for labor services shall end when the contractor employee changes from work clothes to non-work clothes in the designated change area or dry.
- 3.1.5. There is no set minimum amount of reimbursable labor hours per day. Per written agreement with the contractor, or as specified in the purchase order or agreement for services, the daily labor hours reimbursed shall be, at a maximum, either 8, 10, 11-1/2, or 12 hours per day per person.
 - 3.1.5.1. Hours worked in excess of the agreed upon daily hours shall only be reimbursed if the TAK Representative agrees in advance.
 - 3.1.5.2. In the case of the contractor employee being reimbursed for work on more than one TAK work assignment/project, with different TAK Representatives, all the TAK Representatives must be notified in advance of the excess hours to be worked.
- 3.1.6. The Contractor shall not be reimbursed for any employee time in the permanent accommodations facility, or other rest area, when the employee has the opportunity to pursue their own interests and activities.
- 3.1.7. When traveling to Red Dog, the cost of inbound travel (travel expenses) to the Red Dog departure points of Anchorage and/or Kotzebue shall not be reimbursable unless specifically agreed in advance by the TAK Representative.
- 3.1.8. When traveling from Red Dog, the cost of outbound travel (travel expenses) after the Red Dog arrival points of Anchorage and/or Kotzebue shall not be reimbursable unless specifically agreed in advance by the TAK Representative.
- 3.1.9. Exceptions will be made to the above sections 3.1.7 and 3.1.8 when regional personnel travel on regular weekly rotational flights chartered by TAK between regional villages and Red Dog. (ie. TAK will provide travel at no charge from regional villages when the contractor employee travels on a regular rotation change chartered flight).
- 3.1.10. The Contractor will not be reimbursed by TAK for any "per diem" charges or travel expenses for contractor personnel while they are residents, guests, or visitors at the Red Dog Operations and being provided accommodations and board at TAK facilities at no-charge, or without back-charge to the contract.
 - 3.1.10.1. If specific terms of assignment require the Contractor reimburse their employee or sub-contractor, this shall be a cost to the Contractor and not reimbursable by TAK.

- 3.1.11. Overtime rates shall be applicable only to work performed in excess of 40 hours per work week, and in excess of 8 hours per work day.
 - 3.1.11.1. For the purposes of calculating overtime pay the standard work week will commence on the Monday.
 - 3.1.11.2. Overtime pay shall be in accordance with AS 23.10.060
 - 3.1.11.3. The Overtime rate shall only reflect the actual marginal cost applicable to the Overtime work. Profits, overheads, and other expenses shall not be marked-up.

3.2. Travel Delays and Cancellations

3.2.1. Northbound from Anchorage or Kotzebue

- 3.2.1.1. Reimbursement for Weather Cancellations: In the case where contractor personnel has checked in with the designated air carrier, and the flight is canceled due to weather prior to departure, the contractor shall be reimbursed for the greater of four (4) hours straight time pay or actual hours worked, for each scheduled shift missed or portion thereof. These hours will be applied to the scheduled shift missed (not the day the flight was cancelled).
- 3.2.1.2. Reimbursement for Inconvenience: In the case where contractor personnel has boarded the aircraft, and if aircraft departs the originating airport but cannot land at the Red Dog Airport and returns to the originating airport, the contractor will be reimbursed four (4) hours straight time pay regardless of whether they were scheduled to work or not that day. These hours will be applied to the day of the cancelled flight.

3.2.2. This reimbursement shall not apply if:

- 3.2.2.1. The particular employee does not return for the re-scheduled flight or the contractor cancels the travel plans for the particular employee.
- 3.2.2.2. The employee is prohibited from traveling due to security concerns or other personal reason.
- 3.2.2.3. The agreement covering the work specifically excludes this reimbursement, or is of a lump-sum or fixed-price basis.

3.2.3. If the contractor employee remains at, or returns to, the designated point of departure, Anchorage or Kotzebue, there will be no additional reimbursement for accommodations or expenses.

- 3.2.3.1. In the case where the contractor employee departs from the designated departure point, Anchorage or Kotzebue, and is delayed en route to Red Dog and cannot return to the departure point, TAK will reimburse the contractor for all accommodations and meals at cost until they arrive at the Red Dog property.
- 3.2.3.2. Reimbursement for accommodations or meals will only be considered when the contractor employee is delayed

overnight at a location other than the original point of departure.

3.2.4. Southbound from Red Dog to Anchorage or Kotzebue

- 3.2.4.1. In the case of flight cancellation or delay while on the Red Dog property, the contractor shall only be reimbursed for period(s) of time the employee has reported to their supervisor and is ready and able to work.

3.3. Stand-By Time

- 3.3.1. In the case where the TAK Representative notifies the contractor that work on site cannot proceed, or weather prohibits access or safe work in the work area, and that the contractor shall place their employees on Stand-By, the maximum hours that will be reimbursed will be eight (8) hours per day per person.

- 3.3.2. It is required that the Contractor promptly notify the TAK Representative of any anticipated Stand-By Time to allow TAK the opportunity to provide alternative work assignments to the Contractor to minimize the occurrence of Stand-by Time.

- 3.3.3. In the case of Stand-By Time;

- 3.3.3.1. The Contractor must include the Stand-By Time on the daily time sheet of the date that it was incurred, with a brief explanation of the reason for the stand-by time. Stand-By Time may not be retroactively charged, or timesheets modified after the initial approval to include Stand-By Time, unless the changes are specifically approved in advance, or requested, by the TAK Representative.

- 3.3.3.2. Any Stand-By Time will be limited to a maximum total of eight (8) hours per day per person, including both Stand-By and other reimbursable hours. (ie. If six reimbursable hours are worked, only two additional stand-by hours may be charged). At no time shall the cumulative Stand-By hours plus reimbursable hours exceed the maximum agreed reimbursable hours per day.

- 3.3.4. Any exceptions to the above must be approved in advance by the TAK Representative with a documented correspondence.

3.4. Reporting

- 3.4.1. The Contractor shall provide a daily record or timesheet to the TAK Representative indicating for each employee with reimbursable time on a TAK project the hours reimbursable for each job or work package.

- 3.4.1.1. The time record shall indicate the charge rate or employee wage classification for each person on the job.

- 3.4.1.2. Any reimbursement for travel delays shall be clearly designated on the time record separately from other reimbursable time.

- 3.4.1.3. Any Stand-by Time, or billable time that is extra to the agreed upon scope or work, shall be clearly identified and communicated to the TAK Representative.
- 3.4.1.4. The acknowledgement of the time record by the TAK Representative shall not be considered an approval for payment of services, but only an acknowledgement that the time record has been reviewed. Changes made after the original acknowledgement to the time record must be reviewed and accepted by the TAK Representative.
- 3.4.1.5. The Contractor may use their standard timesheets or daily reports for this reporting purpose if the required information is included.
- 3.4.2. In the case where individual Contractor employees work under different trade classifications or levels on the same or multiple projects at Red Dog, the Contractor shall notify the TAK Representative in advance of the change.
 - 3.4.2.1. The TAK Representative may request documentation or verification that the individual is capable or skilled in the new or different duties.
- 3.4.3. In cases where the Contractor is working on multiple jobs concurrently on the Red Dog site, the Contractor may be required to prepare a report showing total hours across all jobs for each Contractor employee. This may be prepared on a monthly or weekly basis, and shall be upon the request of the TAK Representative.
- 3.4.4. The Contractor may be required to provide a weekly report to the TAK Loss Control Department to provide information for the compilation of safety or manpower reports.
- 3.4.5. Unless otherwise provided in the original quotation or proposal, the Contractor should be prepared to provide a list of personnel assigned at Red Dog, their title or job classification, and their corresponding reimbursable rate for billing purposes. The TAK Representative may request updates or revisions at least once every six months, or if there are additions/changes of personnel to the Contractors crew roster.

3.5. **Applicability**

- 3.5.1. The above Sections shall apply to all cost reimbursable (time and materials) agreements or service orders.
- 3.5.2. The above Sections shall not apply to Lump-Sum or Fixed-Price contracts of work unless specifically included in the agreement for services.

4. **Definitions**

- 4.1. Original Point of Departure: The agreed point at which the contractor employee boards a TAK chartered aircraft, or with a TAK-purchased and provided airline ticket. This will generally be Anchorage or Kotzebue, or one of the villages in the Northwest Arctic Borough with TAK-chartered service.

- 4.2. Reimbursement for Services: Payment to the contractor at an agreed upon rate multiplied by the applicable hours or days worked.
- 4.3. Reimbursable Time: Time that is expended by the contractor for providing services that are reimbursed at an agreed upon rate multiplied by the applicable hours or days worked.
- 4.4. Standby-Time: When requested and authorized by the TAK representative, reimbursable time that is reimbursed at an agreed upon rate when no direct services are being performed other than being prepared at a certain location to commence an activity when the TAK representative allows.
- 4.5. Travel Expenses: Non-labor costs incurred for travel away from the Red Dog site, included airfares, accommodations, and meals.
- 4.6. TAK Representative: An authorized and specified person that represents TAK in communications and authorizations to the contractor. This person may be either a TAK employee, or a third-party contractor that has been retained to represent TAK in certain contractual arrangements.

5. General Requirements

- 5.1. None

6. Key Responsibilities

- 6.1. The TAK Representative or TAK Project Manager shall ensure that contractors adhere to this policy, or other contractual agreements, when approving daily time sheets or invoices.
- 6.2. Contractors shall be responsible to ensure that their daily timesheets and invoices reflect this policy, or other agreements relating this policy.

7. Key Documents/Tools/References

- 7.1. None