

University of Houston Master Specification

<Insert Project Name>
<Insert U of H Proj #>

<Insert Issue Name>
<Insert Issue Date>

SECTION 01 2100 – ALLOWANCES

Revise this Section by deleting and inserting text to meet Project-specific requirements.

This Section uses the term "Architect." Change this term to match that used to identify the design professional as defined in the General and Supplementary Conditions.

Verify that Section titles referenced in this Section are correct for this Project's Specifications; Section titles may have changed.

Delete hidden text after this Section has been edited for the Project.

GENERAL

1.1 RELATED DOCUMENTS

- A. Drawings and general provisions of the Contract, including General and Supplementary Conditions and other Division 01 Specification Sections, apply to this Section.
- B. The Contractor's attention is specifically directed, but not limited, to the following documents for additional requirements:
 - 1. The current version of the *Uniform General Conditions for Construction Contracts*, State of Texas, available on the web site of the Texas Facilities Commission.
 - 2. The University of Houston's *Supplemental General Conditions and Special Conditions for Construction*.

1.2 SUMMARY

- A. Section includes administrative and procedural requirements governing allowances.
 - 1. Certain items are specified in the Contract Documents by allowances. Allowances have been established in lieu of additional requirements and to defer selection of actual materials and equipment to a later date when direction will be provided to Contractor. If necessary, additional requirements will be issued by Change Order.
- B. Types of allowances include the following:

Edit this list to include only the types of allowances that occur in the contract.

- 1. Lump-sum allowances.
- 2. Unit-cost allowances.

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3. Quantity allowances.
4. Contingency allowances.
5. Testing and inspecting allowances.

1.3 SELECTION AND PURCHASE

Coordinate first paragraph below with Section 013300 "Submittal Procedures." Indicate critical dates on both Contractor's construction schedule and submittal schedule.

- A. At the earliest practical date after award of the Contract, advise Architect of the date when final selection and purchase of each product or system described by an allowance must be completed to avoid delaying the Work.
- B. At Architect's request, obtain proposals for each allowance for use in making final selections. Include recommendations that are relevant to performing the Work.
- C. Purchase products and systems selected by Architect from the designated supplier.

1.4 ACTION SUBMITTALS

Retain this article because actual cost is seldom the same as allowance amount. This is good practice even if costs are identical (for example, zero-dollar Change Order).

- A. Submit proposals for purchase of products or systems included in allowances, in the form specified for Change Orders.

1.5 INFORMATIONAL SUBMITTALS

- A. Submit invoices or delivery slips to show actual quantities of materials delivered to the site for use in fulfillment of each allowance.
- B. Submit time sheets and other documentation to show labor time and cost for installation of allowance items that include installation as part of the allowance.
- C. Coordinate and process submittals for allowance items in same manner as for other portions of the Work.

1.6 COORDINATION

- A. Coordinate allowance items with other portions of the Work. Furnish templates as required to coordinate installation.

Edit the paragraph title to coordinate with types of allowance included in the section.

1.7 LUMP-SUM UNIT-COST AND QUANTITY ALLOWANCES

Requirements in this article coordinate with AIA Document A201. Revise to suit Project. For individual allowance items that include installation labor or other costs, provide detailed description of covered costs in "Schedule of Allowances" Article.

- A. The costs included in the Allowances shall be determined in accordance with the UGC and SGC except that any claim by Contractor for an adjustment to the GMP based on the cost for allowance work shall be made within a reasonable time after the cost of the allowance is known.
- B. Allowance shall include cost to Contractor of specific products and materials ordered by Owner or selected by Architect under allowance and shall include freight and delivery to Project site.
- C. Unless otherwise indicated, Contractor's costs for receiving and handling at Project site, labor, installation, overhead and profit, and similar costs related to products and materials ordered by Owner under allowance shall be included as part of the Contract Sum and not part of the allowance.

Retain "Unused Materials" Paragraph below if allowances are not used for low-cost or single-unit items only.

- D. Unused Materials: Return unused materials purchased under an allowance to manufacturer or supplier for credit to Owner, after installation has been completed and accepted.
 - 1. If requested by Architect, retain and prepare unused material for storage by Owner. Deliver unused material to Owner's storage space as directed.

1.8 CONTINGENCY ALLOWANCES

Retain this article for contingency allowances. See Evaluations.

- A. Use the contingency allowance only as directed by the contract documents and only by Change Orders that indicate amounts to be charged to the allowance.

First two paragraphs below provide an equitable way to reimburse Contractor for unknown costs associated with contingency allowances. Retain first paragraph because contingency allowances differ from lump-sum and unit-cost allowances. Contractor does not know what Owner will use contingency allowances for when preparing the bid. See Evaluations.

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- B. Contractor's overhead, profit, and related costs for products and equipment ordered by Owner under the contingency allowance are included in the allowance and are not part of the Contract Sum. These costs include delivery, installation, insurance, equipment rental, and similar costs.
- C. Change Orders authorizing use of funds from the contingency allowance will include Contractor's related costs and reasonable overhead and profit margins.

Retain paragraph below to credit Owner with unused amounts remaining when Project is complete. See Evaluations.

- D. At Project closeout, credit unused amounts remaining in the contingency allowance to Owner by Change Order.

1.9 TESTING AND INSPECTING ALLOWANCES

Retain this article if Project includes allowances for testing and inspecting. Confirm whether authorities having jurisdiction allow code-mandated special inspections to be paid for under an allowance. Coordinate requirements with Section 014000 "Quality Requirements." See Evaluations.

- A. Testing and inspecting allowances include the cost of engaging testing agencies, actual tests and inspections, and reporting results.
- B. The allowance does not include incidental labor required to assist the testing agency or costs for retesting if previous tests and inspections result in failure. The cost for incidental labor to assist the testing agency shall be included in the Contract Sum.
- C. Costs of services not required by the Contract Documents are not included in the allowance.
- D. At Project closeout, credit unused amounts remaining in the testing and inspecting allowance to Owner by Change Order.

1.10 ADJUSTMENT OF ALLOWANCES

Retain this article if allowances are not used for low-cost or single-unit items. Specify requirements for extra materials (attic stock) in the Section that specifies the product covered by the allowance.

- A. Allowance Adjustment: To adjust allowance amounts, prepare a Change Order proposal based on the difference between purchase amount and the allowance, multiplied by final measurement of work-in-place where applicable. If applicable, include reasonable allowances for cutting losses, tolerances, mixing wastes, normal product imperfections, and similar margins.
 - 1. Include installation costs in purchase amount only where indicated as part of the allowance.

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2. If requested, prepare explanation and documentation to substantiate distribution of overhead costs and other margins claimed.

Delete both subparagraphs below if no unit-cost allowances.

3. Submit substantiation of a change in scope of work, if any, claimed in Change Orders related to unit-cost allowances.

Subparagraph below reflects the major problem of unit-cost allowances. No matter who performs the Work, a final quantity survey is needed.

4. Owner reserves the right to establish the quantity of work-in-place by independent quantity survey, measure, or count.

Paragraph below is expanded in AIA Document A201. If the Supplementary Conditions modify the provisions in AIA Document A201, coordinate requirements with the Supplementary Conditions.

- B. Submit claims for increased costs because of a change in scope or nature of the allowance described in the Contract Documents, whether for the purchase order amount or Contractor's handling, labor, installation, overhead, and profit.

Both subparagraphs below severely restrict Contractor's markup for overhead and profit. Delete these requirements if the Supplementary Conditions contain these or similar restrictions. To stipulate maximum amounts for indirect expenses, see AIA Document A503, "Guide for Supplementary Conditions," for suggested modifications to AIA Document A201.

1. Do not include Contractor's or subcontractor's indirect expense in the Change Order cost amount unless it is clearly shown that the nature or extent of work has changed from what could have been foreseen from information in the Contract Documents.
2. No change to Contractor's indirect expense is permitted for selection of higher- or lower-priced materials or systems of the same scope and nature as originally indicated.

PART 2 - PRODUCTS (Not Used)

PART 3 - EXECUTION

3.1 EXAMINATION

- A. Examine products covered by an allowance promptly on delivery for damage or defects. Return damaged or defective products to manufacturer for replacement.

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3.2 PREPARATION

- A. Coordinate materials and their installation for each allowance with related materials and installations to ensure that each allowance item is completely integrated and interfaced with related work.

3.3 SCHEDULE OF ALLOWANCES

The sample schedule of allowances below illustrates several types of common occurrences where allowances enable deferred design or indeterminate scope elements to be bid under lump-sum contracts. Revise to suit Project.

Copy and re-edit "Allowance No. (Insert number)" Paragraph below for each allowance required for Project.

- A. Allowance No. <Insert number>: [**Lump-Sum**] [**Unit-Cost**] [**Quantity**] [**Contingency**] [**Testing and Inspecting**] Allowance: Include the sum of <Insert dollar or quantity amount of allowance>: Include <Insert allowance description> as specified in Section <Insert Section number> "<Insert Section title>" [and as shown on Drawings].

Retain first subparagraph below if costs in addition to material costs are covered under this allowance. Revise to suit Project. Delete below if this allowance is for material costs only.

- 1. This allowance includes [**material cost**] [**receiving, handling, and installation**] [**and Contractor overhead and profit**].

Retain subparagraph below if this allowance is a quantity allowance with a corresponding unit price to be used to adjust the Contract Sum once final quantities are established. Revise to suit Project.

- 2. Coordinate quantity allowance adjustment with corresponding unit-price requirements in Section 01 22 00 "Unit Prices."

END OF SECTION 01 2100

Note:

Expenditure from Allowance and Construction Contingency amounts shall be only upon approval and written authorization of Owner via the execution of an Allowance Expenditure Authorization (AEA) or a Construction Contingency Expenditure Authorization (CCEA), respectively. Expenditures shall be kept within amounts set forth, unless specific approval and authorization by Owner provides otherwise. Unexpended balances of Allowances and Construction Contingency shall revert to Owner.