

SECTION 01 21 00

ALLOWANCES

PART 1 - 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.

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:
 - 1. Lump-sum allowances.
 - 2. Unit-cost allowances.
 - 3. Quantity allowances.
 - 4. Contingency allowances.
 - 5. Testing and inspecting allowances.
- C. Related Requirements:
 - 1. Section 01 25 00 "Contract Modifications" for change orders incorporating allowances.
 - 2. Section 01 29 00 "Payment Procedures" for incorporating alternates into the Schedule of Values.
 - 3. Section 01 40 00 "Quality Requirements" for procedures governing the use of allowances for testing and inspecting.
 - 4. Section 01 60 00 "Product requirements" for product selection procedures.
 - 5. Divisions 02 through 51 Sections for items of Work covered by allowances.

1.3 DEFINITIONS

- A. Allowance Expenditure Authorization (AEA): Form signed by Architect, Owner, and Contractor authorizing Contractor to proceed with a predetermined item of work, for an agreed-upon price. Cost of work charged to Cash or Contingency Allowance does not change Contract Sum.

1.4 SELECTION AND PURCHASE

- 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.

1.5 ACTION SUBMITTALS

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

1.6 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.

1.7 COORDINATION

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

1.8 LUMP-SUM, UNIT-COST, AND QUANTITY ALLOWANCES

- A. Allowance shall include cost to Contractor of specific products and materials ordered by Owner or selected by Architect under allowance and shall include taxes not specifically exempted by Project's tax exempt status, freight, and delivery to Project site.
- B. 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 selected by Architect under allowance shall be included as part of the Contract Sum and not part of the allowance.
- C. Contractor's costs for receiving and handling at Project site, labor, installation, overhead, profit, and similar costs for related to products, and equipment ordered by Owner under allowance shall be included in the allowance and are not part of the Contract Sum. These costs include taxes not specifically exempted by Project's tax exempt status, freight, and delivery to Project site, insurance, equipment rental, and similar costs.
- 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.

1.9 CONTINGENCY ALLOWANCES

- A. Use the contingency allowance only as directed by Architect for Owner's purposes and only by Change Orders that indicate amounts to be charged to the allowance.

- B. Contractor will be authorized to perform work covered by Owner's Construction Contingency Allowance only upon the Architect's or Owner's approval of expenditure.
- C. Use of the Owner's Construction Contingency Allowance will not be authorized to cover costs for the following:
 - 1. Errors or omissions in Contractor's bid.
 - 2. Contractor's change or replacement of subcontractor or supplier.
 - 3. Contractor's failure to carry out the Work.
 - 4. Correction or replacement of nonconforming Work.
 - 5. Correction or replacement of damaged Work.
 - 6. Correction or replacement of existing construction damaged by Contractor's operations.
 - 7. Acceleration or overtime to recover time lost due to any of the above.
- D. 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 taxes not specifically exempted by Project's tax exempt status, insurance, equipment rental, and similar costs.
- E. Change Orders authorizing use of funds from the contingency allowance will include Contractor's related costs and reasonable overhead and profit margins.
- F. At Project closeout, credit unused amounts remaining in the contingency allowance to Owner by Change Order.

1.10 TESTING AND INSPECTING ALLOWANCES

- 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.

1.11 ADJUSTMENT OF ALLOWANCES

- 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.
 - 2. If requested, prepare explanation and documentation to substantiate distribution of overhead costs and other margins claimed.
 - 3. Submit substantiation of a change in scope of work, if any, claimed in Change Orders related to unit-cost allowances.

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

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

- A. Allowance
 1. Allowance No. 1: Owner contingency in the amount of \$50,000.00
 2. Allowance No. 2: Roofing repairs due to new HVAC penetrations in the amount of \$8,000.00.
 3. Allowance No. 3: Materials testing and windstorm inspections in the amount of \$10,000.00.
 4. Allowance No. 4: Flooring repairs and leveling in the amount of \$7,500.00.

END OF SECTION 01 21 00