ALLOWANCES
Keep allowances to a minimum to avoid confusion and delays.

Allowances, when necessary, should be clearly defined in bid documents and not used to delay design decisions.

- When it is not possible to define a particular scope of work, the Design Professional should designate a fixed amount for the General Contractor to include in his bid for the item.
- Sections of the specification which identify allowances should include detailed information of each allowance so the bidder can determine an accurate cost for the scope of work.
- Specifications should define whether Contractor's overhead and profit are to be applied to adjustments in the contract price when actual costs are determined. It is recommended that no additional overhead and profit adjustment should be applied.
- Allowances should clearly state if costs of freight, installation, unloading and handling, and tax are included.
- Allowances can lead to construction delays unless they are converted to a defined scope of work as quickly as possible.
- Documentation of costs needs to be tracked for both Owner and contractor so that contract amount can be modified on request.

REFERENCES:
AIA A201 Conditions of the Contract
ConsensusDOCS 200 Owner/Contractor Agreement and General Conditions (Lump Sum)
Manual or Practice, Construction Specifications Institute

Issued: 2001