



Policy Title: Directive 1D-1 Unit Prices and Allowances

Responsible Office: Design & Construction

Last Revised Date: February 2020

Summary

The intent of this Directive is to provide guidance on the use of unit prices and allowances in the Bid Proposal.

Overview

The Fund generally discourages the use of unit prices; however, it will consider their use in certain limited situations. The most common conditions are when the extent of a work item cannot be fully established in the design process or when an item of work is defined on the contract documents but there is a high probability that field changes will be required. Field changes are usually covered by the field order contingency but use of unit prices may be justified and can be requested by the Consultant.

Responsibility

The Consultant and Coordinator discuss the special circumstances requiring unit prices. Prior to modifying the bid proposal, the conceptual basis for using unit prices and the related allowances must be explained.

Unit prices must be approved by the Fund before added to the bid proposal.

- a) The allowance quantity in the bid proposal must include the full quantity of work covered by the unit price, i.e., if the unit price is for rock removal then the allowance quantity must include all the rock removal included in the Final Cost Estimate and shown on the drawings. The allowance quantity cannot be limited to an additional quantity not shown.
- b) There may be small additional quantities, i.e., less than 5% of the amount already shown, that are known to exist but cannot be shown on the drawings with significant investigative effort, such as additional pointing, concrete repair, cementitious coating, etc. These additional quantities can be shown in a table on the drawings with a description of where and when they may be used, i.e., additional pointing in increments of x square feet, randomly disbursed on the building elevations outside the areas shown for pointing. The description must be sufficiently detailed to completely describe the quantity and level of work.

Procedures

- I. General
 - A. Unit prices must be accompanied by a corresponding "Allowance" that defines the quantity of "units" anticipated. Since this allowance is part of the Contractor's base bid, the Consultant should carefully estimate a conservative quantity. Quantities describing the allowance must be in the same units as the unit price. Percentage quantities are not acceptable.
 - B. Proposals or recommendations to use unit prices or allowances shall be made in writing and shall include estimate of quantity, price, and allowance. Unit prices/allowances shall not be used without the approval of the Director of Design and shall not be used to compensate for incomplete documentation.

- C. When unit prices are included in the bid proposal, it is the Consultant's responsibility to write the "description of work or materials" and, as appropriate, provide the unit of measurement. Quantities are not to be identified under the unit price heading. Under the "amount" columns the Consultant should include cost per unit, for example \$___/SF. See Sample Proposal layout below.
- D. In identifying the allowance, the Consultant write the "description of work or materials" that corresponds with the description and unit of measurement described under unit prices. Calculate quantities based on the work shown on the contract drawings and included in the approved cost estimate. Do not include quantities in the description column. Quantities are to be identified only in the "quantity" column, for example – 11,000 square feet (sf) or 500 cubic yards (cy).
- E. Under the allowance heading, there are two separate categories identifying allowances. Ensure that the appropriate category is being used for the allowance:
 - 1) A quantity of contract work to be performed, which represents the total quantity of contract work to be performed. This category is linked to a related unit price and should be quantified with the same unit of measurement as the unit price.
 - 2) Cash allowances. Cash allowances will not have a corresponding "Unit Price". Unless specifically included in the description, cash allowances exclude the labor to install the material, service, equipment, etc. covered by the cash allowance. The latter labor is part of the Contractor's base bid.

II. Typical Unit Price and Allowance

- A. Excavation and backfill with structural fill, in place compacted; identified in cubic yards.
- B. Caissons/Pilings: linear footage, identify diameter and type.
- C. Machine Trench and Pit Earth Excavation: Excavation of earth from pits, trenches, and footings by power equipment, including pumping, shoring and disposal.
- D. Mass Rock Excavation: Bulk excavation of rock by drilling, ripping and use of power equipment, including pumping, shoring and disposal.
- E. Pit and Trench Rock Excavation: Excavation of rock from pits, trenches and footing by drilling, ripping and use of power equipment, including "jackhammers", pumping and disposal. Include the means for getting the equipment into and the material out of the pit and trench.
- F. Steel Replacement: Replacement of deteriorated steel lintels, columns, beams, identified as linear footage.
- G. Cash Allowances: Examples: fixed dollar amount for utility company services, traffic signal modifications.

III. Measurement of Quantities in the field: The Consultant, Site Representative or the Construction Manager shall record daily the actual quantity of work completed and compare these quantities with quantity specified in the contract documents.

IV. Statement of Unit Prices

A. The Consultant shall insert on the Proposal the description of the unit prices for all approved items. Insert corresponding allowance for each unit price. Language on the proposal should be brief. If more detail is required, provide it in the technical specifications, and reference its location on the proposal.

B. Sample Proposal layout – edit bold text to suit project requirements.

- 1) Unit Prices: Refer to Schedule I, Section 5, paragraph (2) of the Information to Bidders, and Article IV Section 4.04 of the Agreement for clarification. The bidder or the Fund shall insert unit prices for the work or materials listed below. Such unit prices apply solely for additions. The Fund may, however, adjust any unit price filled in by a bidder to an amount agreeable to both the bidder and the Fund, or it may reject any unit price. The amount of any unit price accepted or agreed to by the Fund shall be reduced by 15 percent for any deduction in the work or materials covered by such unit price.

<u>Work or Materials Description</u>	<u>Amount in Words</u>	<u>Amount in Figures</u>
Rock Excavation per Cubic Yard (CY) (See Drawings and Section 31 23 16 complete work requirements)	_____ Dollars / CY	\$_____/ CY

- 2) Allowances: Refer to Schedule II and Sections 4.04 and 4.05 of the Agreement for clarification: The bidder further agrees that the Base Bid includes the following allowance(s):

<u>Description</u>	<u>Quantity Amount in Words</u>	<u>Work or Materials Amount in Figures</u>
1. Rock Excavation 5,000 CY (Any and all required by the Contract Documents) (See Drawings and Section 31 23 16 complete work requirements)	_____ Dollars	\$____
<u>Description</u>	<u>Quantity Amount in Words</u>	<u>Work or Materials Amount in Figures</u>
2. Cash Allowance for the work of <Name of Utility> to provide electrical service to the project, including the proper installation of the materials and/or equipment or the connection of final utilities thereto by <Name of Utility>. (Base bid includes all other work by the Contractor associated with coordinating, sequencing, cutting, patching, equipping, installing, connecting, etc., as required to complete the gas service work shown and specified)	Twenty Thousand Dollars	\$20,000.00
