

1980 WL 121063 (S.C.A.G.)

Office of the Attorney General

State of South Carolina

September 12, 1980

**\*1 Re: Allowances for Purchase of Certain Items in Construction Contracts**

Mr. John A. McPherson, Jr.  
State Engineer  
Bankers Trust Tower  
Suite 420  
Columbia, SC 29211

Dear Mr. McPherson:

You have written this office requesting a clarification as to the validity of including in the bidding documents for permanent improvement projects of a monetary allowance to be used in the base bid for the purchase and installation of certain basic equipment, with finalization for the allowance being rebid after the primary contract has been awarded.

These fixed allowances include, but are not limited to, such items as built-in case work, builder's hardware, and carpets, which are itemized in the bid document with a fixed monetary value. The specifications for these basic equipment items are prepared by the agency or its duly authorized representatives as the basis for securing competitive bids from vendors. After the bids have been received and evaluated, the purchase and installation of this basis equipment becomes the responsibility of the general contractor.

The reason for having such allowances for basic equipment in a construction contract is that at the time of the original design or bidding, the agency or its architect-engineer cannot clearly define the quality of quantity of basic equipment to be purchased and installed. Also, certain basic equipment has to be purchased in the final construction stages to be compatible with owner furnished and installed equipment.

Allowances for such basic equipment may be included in the general construction contract provided that competitive bids from vendors of such items are received either by the agency, its duly authorized representative, or the contractor, based on detailed specifications prepared by the owner or its duly authorized representative. Upon receipt of the bids, should the selected vendor's price be less than the allowance set forth in the prime construction document, then the difference between the two prices is treated as a credit to the contract, thus reducing the total contract price by that amount. Should the price of the lowest selected vendor accepted by the owner be more than that set forth in the contract document, then the difference would be added to the contract as an increase in the contract amount.

In light of your procedures which include monetary allowances within the statutory bidding process, this procedure is in compliance with competitive bidding procedures.

Please do not hesitate to call me if I may be of any further assistance.

Sincerely,

Judith Evans Finuf  
Assistant Attorney General

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