Designation: E 2168 – 01

Standard Classification for Allowance, Contingency and Reserve Sums in Building Construction Estimating[1]

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INTRODUCTION

In building construction estimating the terms allowance, contingency and reserve are often used almost interchangeably and are assumed to be universally understood, yet they often mean different things to different people. Consequently they can be ambiguous in meaning and intent.

Applying these terms, as classified herein, adds a needed precision and rigour in their use as each term is held to be specific in its meaning, intent, and use.

1. Scope

1.1 This standard establishes a classification for allowance, contingency, and reserve sums used in construction, project, and program estimating.

1.2 This classification applies to all construction work.

1.3 This classification is not based on permanent physical elements of construction (as defined and classified in Classification E 1557. Rather, the classification items are cost components common to construction, project, and program estimates.

2. Referenced Documents

2.1 *ASTM Standards:*

E 833 Terminology of Building Economics[2]

E 1557 Classification for Building Elements and Related Sitework UNIFORMAT II[2]

E 1804 Practice for Performing and Reporting Cost Analysis During the Design Phase of a Project[2]

E 1946 Practice for Measuring Cost Risk of Buildings and Building Systems[2]

3. Terminology

3.1 *Definitions*—For definitions of terms used in this classification, refer to Terminology E 833.

4. Significance and Use

4.1 When preparing construction, project, and program cost estimates, it is often necessary to make monetary provision for change and/or risk or other exigencies where information is incomplete.

4.2 Such allowance, contingency or reserve sums are employed by many persons engaged in the planning, delivery, and financing of construction work.

4.3 These users include owners, developers, facilities programmers, cost planners, estimators, schedulers, architects and engineers, specification writers, operating and maintenance staff, manufacturers, educators, financial managers, and comptrollers.

4.4 *Usage*:

4.4.1 These sums are especially appropriate when performing the following activities:

Cost budgeting,
Conceptual, design and construction cost estimating,
Preparing complete forecast cost for economic evaluation, investment analysis and approval,
Controlling cost during planning, design and construction.

4.4.2 In any of these activities a needed requirement, or component, of the planned construction can be known while the defined solution, design or specification, for providing this may not. The usual, and appropriate, response in these situations, is the inclusion of a monetary sum, within an estimate, to provide for this (these) requirement(s).

4.4.3 Such sums may be general or specific in scope, may be planned to be spent or may only be included as possible mitigation for unplanned events and requirements.

4.4.4 To distinguish between these sums, and in recognition of their differing purpose, they are described, and classified here, using the terms allowance, contingency or reserve.

NOTE 1—Section 5 includes a generic statement of purpose for each of the three terms and provides a sub-classification that distinguishes between sums included for specific purposes and for non-specific i.e. general purposes. In cost budgeting, conceptual and design estimating especially, an estimator may intuitively recognize the need for a general purpose sum. This recognition comes in the absence of any known specific requirement other than the need to ensure the estimate total is a reasoned forecast of a reasonable bid result.

[1] This classification is under the jurisdiction of ASTM Committee E06 on Performance of Buildings and is the direct responsibility of Subcommittee E06.81 on Building Economics.

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[2] *Annual ASTM Book of Standards*, Vol