

Detail Driven

WHEN YOUR ASSOCIATION decides to have work performed to repair or replace a common element, the first question to ask is, "Should we solicit bids?" Not all jobs need to be sent out for bid. An excellent contractor who consistently submits competitive pricing may be the one you want.

If you decide to bid out the project, it is important to prepare a thorough request for bids. A comprehensive request will save you a substantial amount of time and frustration as you get further into the project.

PREPARING THE REQUEST

Elements to include in a bid request:

Parties to the contract. Clearly identify the association as the contracting party so an association representative cannot be held individually responsible. Include complete names, addresses and telephone numbers of all parties. The management agent should not be a contracting party for a community association.

Time period.

Include the deadline for receiving bids and the dates work is expected to begin and end. An open-ended contract could result in work that drags on for months. Specify what days of the week and during what hours work should be performed.

Location. Specify the addresses and building numbers where the work will be performed. If possible, include a marked site

map showing the work locations.

Materials.

Clarify what materials will be provided by the contractor and specify material requirements.

Penalties.

Include a penalty for not completing work by the deadline, and specify what mitigating circumstances (such as weather) can change the completion date.

Payments. If the association will be making partial payments for completed work during the contract, withhold a portion of each payment until the end of the job. Both the association and the contractor must understand payment terms to avoid confusion and to

prevent work from stopping while a payment is disputed. If a contractor asks for payment in advance for materials, ensure that you protect the association by confirming that materials have been received, or make a check payable to the material supplier and the contractor.

Insurance. Require the contractor to have liability, vehicle and workers compensation insurance, and ask the contractor to submit a

current certificate of insurance with the proposal.

Permits. Indicate who will be responsible for obtaining permits and who will pay for them.

Cleanup. Specify that the contractor must clean up and dispose of trash at regular intervals. Include a provision to allow the association to clean up and charge the contractor if the firm fails to meet this requirement as outlined in the contract.

Supervision and inspections. Indicate who is responsible for supervising the contract and specify terms for progress inspections. The association should conduct a walk-through with the contractor at the conclusion of the job—before making final payment.

Measurements. Specify whether the price is fixed for the entire project or based on actual unit measurements such as square yards of asphalt or square feet of concrete. If the latter, specify whether the measurements will be confirmed while the work is underway.

Cancellation. Include a 30-day cancellation notice for ongoing service



AT-A-GLANCE

Before seeking bids from contractors, develop a detailed bid request. It will save you time and trouble later.

PREPARING THE REQUEST. Specify who is party to the contract, what work will be done, when and where it will be done, who will pay for it and who will insure the work and workers.

EVALUATING BIDS. Don't automatically choose the lowest bid.

contracts such as trash removal. The provision should give both parties a way to exit the contract. Spell out why the contract can be canceled and how it can be canceled.

Extras. Be sure to indicate that no extra work can be done without written approval from the agent or the board of directors.

References. Ask for at least three

references from similar associations the contractor has worked for in the past year or two.

Before you send out the bid request, identify five contractors (if you want to receive three bids) because not all of them will respond. Direct the request for a bid to the person who will actually prepare the estimate. These extra steps will save you time later.

EVALUATING BIDS

When you receive the bids, prepare a spreadsheet comparing them. It will make it much easier for the board to select the contractor. Also, be sure to contact all references of each bidder prior to presenting the bids to the board. And, check with the Better Business Bureau.


Do not automatically choose the lowest bidder. Bids that are significantly lower than the others could cost the association in the long run. Low bidders may cut corners or tack on additional charges once the work has started. They may even be forced to abandon the job. The board's responsibility is to select a competent contractor who charges a reasonable price, who will back up the quality of the work, who will complete the work in the specified time period and who won't add extra, last-minute costs. If the board needs to clarify a bid, arrange a meeting with the bidder.

Don't necessarily reject bids that deviate from the specifications. Find out why they deviate. The contractor could be suggesting a better way to achieve your goal.

Don't sign the contractor's proposal. It's not written to protect your association. Incorporate all of the association's bid specifications into the contract. Have your attorney review all major contracts.

A contractor puts a lot of time into a bid. After the contract has been awarded, let the other bidders know who was awarded the contract and thank them for their effort. You may even choose to let the other bidders know the winning bidder's price, but not before the contract has been signed. Be sure to treat all bidders fairly. They will be more willing to work with you in the future. **cg**

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