

The Roof Needs Replacement, The Buildings Need Painting, The Roads Need Repaving!

Selecting the best contractor to provide a service is one of the toughest parts of a community association manager's job.

Managers should thoroughly investigate potential contractors so that their community associations hire reputable service providers. A community association is more likely to receive quality workmanship if the manager develops detailed bid specifications, researches potential contractors' qualifications, looks at what the roofing manufacturer specifications are, and carefully evaluates each bid.

COMPLETE JOB DESCRIPTION

Bid specifications tell contractors exactly what work the association wants done. It is critical that bid specifications are comprehensive and detailed - but they should not be unrealistic.

By providing the following information in the bid specifications, managers can clearly convey their associations' contract requirements: Include complete addresses, telephone numbers and names of contacts. Identify the association as the contracting party--this prevents the association representative from being held personally responsible for the contract.

- * Tell contractors when their bids are due, when the work will begin and when the association expects the work to be complete. State days of the week and hours when the contractor can work.
- * Detail measures the association will take if the contractor fails to meet the project deadlines or does not comply with any provision in the contract.
- * Tell when and how the association will pay the contractor. Never pay for a job before the contractor begins working. Small contractors usually prefer to be paid several times during the contract. State that prior approval is required for any work that would result in additional costs.
- * List the types and quantities of material to be used. Tell the contractors who is responsible for storing the materials and where they should be stored.
- * It is important to know where their employees will use restrooms and where any portable units will be positioned.
- * State who the association will hold responsible if any property is damaged or people are injured during the contract.
- * Provide proof that the contractor has the appropriate State of Nevada Contractors Board licensing and that the job doesn't exceed their authority. This can be double checked on the Contractor's Board's Website. Managers have taken over new accounts and in looking at the contractors working for the community, some have been working for 10 years or more and have never had the proper licensing through the State of Nevada Contractor's Board.
- * Determine what and how much insurance the association will require the contractor to carry including liability, workers compensation and non-owned vehicle coverages. Require contractors to submit proof of coverage before beginning work.
- * State all warranty requirements.

Thorough and accurate bid specifications serve several purposes. They give bidders a clear idea about the type of work the association expects, increase the chances of receiving competitive bids and protect the association and management company if there is a breach of contract.

If you don't have good bid specifications, you won't have a leg to stand on if the contractor's work is unsatisfactory. Managers put themselves at risk when they don't demand that the board have good bid specifications.

In the case of large jobs such as streets, roofing, condo painting, high rise work, etc. the bid specs should be developed by a professional consultant within the subject industry or the actual manufacturer of the product.

SELECTING A CONSTRUCTOR

Once you have your bid specifications developed and prepared the RFP letter, you are ready to begin the bidding process.

To avoid bidding to unqualified contractors, research industry contractors in your area. Check with other similar communities in your area as to which contractors they have used and how satisfied they have been with them. Verify those selected with the local Contractors Board for any complaints or actions taken against them. If there is a CAI Chapter in your area there will be contractor members who can be considered. However, do due diligence as with any other contractor. Ask contractors to submit a list of references with their bids. Send your bid proposals to at least three recommended contractors. If there is difficulty getting bids from at least three contractors, keep copies of the bid letters sent out so you have proof that you tried.

Once the bids are in, the Board will open them at the next scheduled board meeting and make a decision. They should be leery of bids that are considerably lower or higher than the others. Low-priced bids could force the association to pay higher expenses in the long run. Contractors who submit low bids may anticipate taking shortcuts to save money. On the other hand, contractors who submit high bids may have allowed for an unreasonable profit margin or may not understand the specifications.

CHOOSING A CONTRACTOR

In Nevada, bids must be opened at a noticed board meeting. Many management companies request a copy of the bid without a dollar amount showing. This allows the manager to:

- 1: Review each bid to see if it meets the standards in the bid specifications.
- 2: Check each bidder's references.
- 3: Call your local Better Business Bureau to learn if customers have registered complaints against the bidders. (This may already have been done)
- 4: Eliminate any bids that are unacceptable based on the first three steps.

Last, but not least, there is no requirement that an association accept only the lowest bid. This is a very foolish approach to a very important process. The only way it would make sense to accept the lowest bid is if there was a complete, detailed set of specifications accompanying the RFP and it had been prepared by an industry consultant. NOT THE MANAGER. That is not the manager's job and leaves the manager open to extreme liability.

Serious Due Diligence must be given to this process. The result of failing to properly vet contractors or other professionals during this process can result in un-wanted problems, both financial and possibly legal.