

## Condo Smarts October 5<sup>th</sup> – 8<sup>th</sup>, 2016

### Are 3 Quotes Required by the Act for Major Projects?

Dear Tony: Our strata corporation is having our deck surfaces replaced on our external balconies. The owners approved \$10,000 for engineering and we are being asked to approve \$300,000 to proceed with the repairs. When council pressed for information around the process, owners have just been told “we are getting a good deal, so stop making trouble and more work for everyone.” Is it a requirement of the Act that our strata obtain at least 3 quotes for a specific value of project? This would seem like a prudent practice. Jeremy

Dear Jeremy: There are no specific requirements in the Strata Property Act that would require a strata corporation to follow specific practices when it comes to purchasing products and services. The Act requires the strata council to act in the best interest of the strata corporation, disclose any conflicts and to seek the approval of the owners where required to approve contingency expenses or to impose special levies. Some strata corporations have adopted bylaws that set specific conditions for the awarding of major contracts, or the owners by majority vote at a general meeting, may give a strata very specific instructions on how they want the strata to proceed.

Multiple bids are not always the best solution. It is possible there are only one or two companies qualified to bid on a project, or there are so many unknown conditions it is impossible to develop any type of fair bidding process. The first step your strata took to engage an engineer to investigate your decks, define the scope of work and set up the specifications bidding or negotiation is by the far most important. Whether you have 1 or 5 bidders, the only way a multiple bid process works is if everyone is bidding on exactly the same scope of work. Roofing is a good example of this. A strata calls 3 different roofing companies who all give quotes, but none of them are quoting the same product, the same installation, the same site conditions, and your strata can easily find itself paying for more for what you thought was going to be less. Strata councils should always remember they are handling the owners’ (public) money. We all want the same results: the best product, the best service and the best price. The only way we can secure the result, whether by negotiated contract or a tendering process, is to get the contractor to quote on a specific scope of work that includes product and materials, labour, installation, warranty and insurance conditions, site management conditions, waste management conditions, environmental protection and safety, and cost. I would hope that for a \$300,000 contract your strata has considered it will likely only cost \$2,500 for a legal review of the terms and conditions of your contract.

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