

Condo Smarts November 27, 2019

### 3 Bids

**Dear Tony:** Is there anything in the Strata Act or legislation that requires a strata council to get 3 bids for projects of a certain value? Our strata council are negotiating with a contractor to replace our siding and our decks and several owners are raising concerns about the price and the reputation of the contractor. From what we can see, it looks like basically a blank cheque with no real understanding of what is going to be done. It's one thing to call in a contractor to replace a broken window, or a hot water tank or a broken entry door but removing our siding and replacing decks that are over other living spaces may have grave consequences if there is a problem. Asiz M.

**Dear Asiz:** One of the benefits of living in a strata corporation is the collective power of purchasing and negotiations. If the purchasing process is administered well, the community can look forward to secure pricing, confidence in the construction, and contingencies that address potential risks and problems before they occur. Strata councils are volunteers and are generally held to that standard of a comparable volunteer under the same circumstances in the legislation. This does not excuse the responsibility of a volunteer to ensure they have sought advice and counselling on their actions and decisions. The BC Lottery slogan, "Know your limit, play within it", applies to many facets of life. Purchasing and negotiating contracts and services is a perfect example. There are few strata council members who have sufficient knowledge and experience relating to procurements and negotiations of major construction. While there is nothing within legislation that requires multiple bids on projects within strata corporations, a prudent council member will acknowledge they have an obligation to obtain the optimum pricing for the best services with the all of the terms and conditions of the contractor and services clearly defined. It is a small investment to retain a consultant to set the specifications identifying the scope of work, and consult a lawyer before you issue the project for bids. If your community is considering construction, the value may be the only factor that determines the scope of services you require. Seeking multiple bids on a project is only reliable if there are published specifications of the scope of work and terms and conditions of the contract. At least all contractors are bidding on the same project. For major construction such as decks, siding, balconies, windows and roofing, a consultant is always recommended to ensure the project is detailed, construction is inspected and the strata corporation is not left with a construction disaster, endless expenses, or a contractor that leaves a site before the project is complete. The moment a contractor informs you they are not interested in the work if they have to compete with other contractors and bid on a scope of work, it is apparent their intentions were not credible. Strata councils routinely comment they had not budgeted funds for a consultant or legal services, yet we often don't know the cost of construction until we have completed the bidding process, so how did they reach a budget amount in the first place? Before your strata council starts a major project, determine the cost of a consultant to set up your specifications. This will help you budget for professional services in the coming year. The cost varies depending on the scope of work, condition of buildings, and the amount of supervision that may be required as the project proceeds. Next, consult your lawyer on the bidding process. Are the bidding documents sufficient? Is bonding insurance required for the scope of the project? Are the terms and conditions sufficient? How is the value determined? Are there cost allocations for unknown conditions, such as rotting wood? Are there specific site conditions that require details? If you don't secure terms and conditions in the bidding process it becomes difficult to negotiate in a contract and impossible and costly to correct after a contract is signed.

Tony Gioventu, Executive Director CHOA

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