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## Condo Smarts

Headline: Competitive bidding

Topic: Contracts; quotes

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**Dear Tony:** Our strata corporation has just approved \$125,000 from our contingency fund for roofing replacement. We received estimates from only 1 company and several owners are concerned we have not detailed the project correctly and did not get at least 3 bids before proceeding. As independent corporations are we required to obtain multiple bids or for any specific values? It would be a good consumer practice but there are not always more than 1 or two companies available on the Sunshine Coast. If 3 bids minimum were imposed, we would never likely be able to comply?

*JDR Council member*

**Dear JDR:** When it comes to how a strata corporation spends their money, the purchasing and financial practices of the strata corporations is determined through the bylaws of a strata corporation and the wording of the resolutions the owners approve at general meetings.

The *Strata Property Act* does not require or set a minimum number of bids or special procurements conditions. For an expense on a major project or an operating contract, the owners at a general meeting may direct or restrict the council by majority and give specific instructions on the methods or limitations for purchasing.

In a normal sequence the strata council will establish the proposed resolution for the project, including the details of the project and how the funds will be approved, either by approving a contingency reserve fund expenditure or a special levy. A meeting is then held where owners debate the resolutions and either approve or defeat the proposed projects. Many resolutions often fail due to lack of information or

unknown purchasing procedures that are challenged by owners. This results in mistrust between strata councils and owners, and delays in projects that inevitably cost more for everyone. While the *Act* does not require any minimum purchasing requirements, it is in everyone's best interest to set specifications for projects and develop a bidding process on the specifications.

Multiple quotes for projects are helpful to set budgeting plans and targets for scheduling, but they are not comparable as they are established from the perspective of each of the companies providing the quotes. Major construction and renewals companies have variables that may affect pricing and contracting relationship. Consultants, technical writers and project managers routinely set the specifications for the scope of work and can assist with the processing of tendering projects to ensure the client is provided with comparable bids that meet the minimum conditions of product and materials, methods and details of construction, insurance requirements, site conditions, warranties, access to the property, environmental conditions, and any other contractual conditions a strata council negotiates.

Depending on the value of construction or the risks associated with the project, a legal review of the bidding process and the contract conditions and terms is highly recommended. For a small investment, usually below \$2,500 you can avoid a number of disputes that originate from a lack of a written agreement or failure to detail the conditions of the contract. Remember your objective as the client and owners. The best pricing for the best products, terms and conditions.

The solution is competition and detailed written agreements. Even if you can only obtain a single quote, it is in your best interest to have the terms and

conditions in a detailed written agreement. A contractor that is unwilling to enter into a written agreement is unlikely to act with integrity. Whether it is a \$5,000 contract to replace gutters or \$125,000 roofing project, a written agreement is essential to protect your interests. With or without consulting or legal services, confirm all details in writing before you proceed with your projects.