

Condominium Home Owners' Association

Serving BC's Strata Property Owners since 1976

Bulletin: 300-190

Condo Smarts

Headline: Get everything in writing

Topic: Contracts

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Dear Condo Smarts: Our strata recently hired a company to do our 85 decks and patios at a cost of \$150,000, all of which was approved by the owners at a special general meeting in March. Unfortunately, within a week of starting the project everything went sideways. The company was using inexperienced workers, no contract was signed by our council, there was no construction insurance, no WCB coverage, and now we've been told that due to the trade shortages, material increases and deck damage, the cost will likely be over \$250,000. Now work has stopped and we're in a pickle. Doesn't strata law require a minimum of three bids and a proper contract?

- Mr. D. Bell, Richmond

Dear Mr. Bell: There are no such laws for strata corporations. So unless your bylaws have restrictions, or the resolution was written with specific directions, or the owners by majority vote at the general meeting added some directions, the council is on its own with funds and the project approved. This can be terrifying for seven volunteers often with little business experience, and unfortunately there is no quick fix here. Just take it one step at a time and formalize. Your informal contract process may have put your strata back at the start, facing delays and higher costs, but it would be prudent to clear all of this up before your strata proceeds.

In cases like yours, if competitive bids are desired, the only way to make it fair is to have a third party like a certified inspector, technical writer or engineer write the scope of work and specification, then the contractors are bidding on exactly the same scope of work, otherwise a bidding process often means little.

A negotiated contract can be just as successful as a tendered contract, however in both methods, before you sign on the bottom line you need to confirm everything in writing.

Here are a few basics to know before work can commence: who is paying for the construction insurance and WCB costs; what are the terms and conditions of payment; what are the specifications of the contract; are sub-trades allowed; who is inspecting and certifying the work; who is responsible for building permits, licenses and warranties; when is the work to be commenced and completed; who pays for the waste removal; what are the expectations of site conditions and work schedules; who is acting on behalf of the strata to approve work order changes; how are hold-back funds being managed; what is the total upset cost including labour and materials; and most important who is going to perform your legal review before you sign the contract?

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