

**THE CITY OF ALEXANDRIA
COMMON INTEREST COMMUNITIES
EDUCATION SERIES**



CONTRACTING BASICS

SEPTEMBER 30, 2023

PRESENTED BY

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Contracting Basics

- Community associations routinely enter into contracts for services.
- Value of the contract may range from a few dollars to a significant portion of the association's annual budget.
- Term of the contract may be brief or quite lengthy.



Contracting - The Parties

- Association
- Contractor
- Engineer or Consultant
- Board of Directors
- Managing Agent
- Association Legal Counsel



The Contracting Process

- Contract Considerations
- Document Restrictions & Pre-Requisites
- Work Requirements
- Bidding the Contract



Contracting – Getting Started

- Requests for Proposal
- Scope of Work
- Expectations
- Qualified Contractors



Pre-Contract Considerations

- Owner Approval
 - Addition, Alteration, Improvement
- Association or Unit Owner Responsibility
- Funding – *Source of Funds*
 - Expenditure Restrictions
 - Availability of Funds
 - Budget
 - Reserves



Document Restrictions & Pre-Requisites

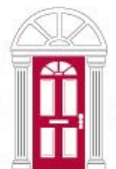
Community association governing documents or condominium instruments may include limitations or prerequisites for contracts.

- Monetary Restrictions
- Term Length
- Termination
- Execution
- Contractor Qualifications



Work Requirements

- Description (Scope) of Work
- Calendar
- Work Standards
- Special Requirements
- Contractor Qualifications
- Work Times



Bidding The Contract

- Design Documents
- Proposal Specifications
- Request for Proposals
- Proposal Analysis
- References

The Goal: Good work for a reasonable cost.



Essential Contract Provisions

PRICE

- Total Due
- When and How Payment will be Made – *Payment Terms*
- Charges for Non-Contract or Incidental Work
- Variable Costs
- Price Adjustments
- Retainage



Essential Contract Provisions

TERM OF AGREEMENT

- Time Period for Performance
- Automatic Renewal Terms
- Notice
- Penalties



Essential Contract Provisions

***CONTRACTOR IS AN
INDEPENDENT CONTRACTOR***



Essential Contract Provisions

GUARANTEES & WARRANTIES

- By Whom
- Of What – *Materials & Workmanship*
- Standards
- How Long
- Assignment
- Delivery of Warranty Certificates



Essential Contract Provisions

INDEMNIFICATION & HOLD HARMLESS PROVISIONS

- Unilateral
- Mutual
- Costs & attorneys' fees
- Recommended limitations



Essential Contract Provisions

INSURANCE

- Workers Compensation
- General Liability – Persons & Property
- Errors and Omissions
- Association Coverage
 - Directors & Officers Liability
 - General Liability
 - Fidelity Bonds
 - Certificate of Insurance
 - Consult Association Insurance Broker for written recommendations



Essential Contract Provisions

TERMINATION

- Notice
- Opportunity to Cure
- Consequences
- With Cause
- Without Cause
- Penalties



Contract Requirements

STANDARD CONTRACT PROVISIONS

- Subcontracting
- Assignment
- Permits and Licenses
- Utilities



Contract Requirements

STANDARD CONTRACT PROVISIONS

- Inspection
- Discrimination
- Mechanic's Liens
- Notices



Contract Requirements

STANDARD CONTRACT PROVISIONS

- Damages
- Attorneys' Fees
- Applicable Law and Forum
- Arbitration vs. Mediation



Contract Provisions

OTHER CONSIDERATIONS

- Contractor and AIA Standard Form Contracts
- Execution
- Retainage
- Completion Bonds



Contract Administration

RECORD KEEPING & CONTRACT ADMINISTRATION

- Written Agreement
- Contract Changes - *Change Orders*
- Work Log
- Work Inspection
- Payments



Contract Administration

SPECIFIC CONTRACT CONSIDERATIONS

- Completion
- Management
 - Indemnification
 - Duties
 - Additional Charges
- Construction
- Towing
 - Indemnification
 - Payment
- Landscaping
 - Scope of Work
 - Payment Schedule



DISCUSSION



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