

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



**CONTRACTING BASICS**

**SEPTEMBER 30, 2023**

**PRESENTED BY**

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# Contracting Basics

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- 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

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



# The Contracting Process

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



# Contracting – Getting Started

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



# Pre-Contract Considerations

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- 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

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

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



# Work Requirements

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





# Bidding The Contract

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

*The Goal: Good work for a reasonable cost.*



# Essential Contract Provisions

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## ***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

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## *TERM OF AGREEMENT*

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



# **Essential Contract Provisions**

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***CONTRACTOR IS AN  
INDEPENDENT CONTRACTOR***



# Essential Contract Provisions

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## ***GUARANTEES & WARRANTIES***

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



# Essential Contract Provisions

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## *INDEMNIFICATION & HOLD HARMLESS PROVISIONS*

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



# Essential Contract Provisions

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## ***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

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## *TERMINATION*

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





# Contract Requirements

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## ***STANDARD CONTRACT PROVISIONS***

- Subcontracting
- Assignment
- Permits and Licenses
- Utilities



# Contract Requirements

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## ***STANDARD CONTRACT PROVISIONS***

- Inspection
- Discrimination
- Mechanic's Liens
- Notices



# Contract Requirements

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## ***STANDARD CONTRACT PROVISIONS***

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



# Contract Provisions

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## ***OTHER CONSIDERATIONS***

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



# Contract Administration

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## ***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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