

How to Evaluate a Contractor's Bid

The Scope of Work

Determine exactly what the Contractor is doing for you. **Make sure the scope of work covers all the tasks you want accomplished.** It should include any preparation work, protection of surrounding areas; clean up, and much, much more. Get a feel for what the Contractor's performance was by having the Contractor provide you with a **list of references** for similar projects. Have questions ready to ask several homeowners about the Contractor's recent work at various levels.

What "Is" and "Is Not" Included in the Bid

Sometimes a Contractor has to make allowances or assumptions in their bid, such as material quantity, material allowances, etc. They will sometimes specify what they exclude in the bid. **Carefully review assumptions and exclusions with the Contractor.** Question them as to the reasonableness of any assumptions and exclusions. If you do not do this, these items will likely become a **Change Order** later during the course of construction. When you evaluate and compare bids between Contractors be very careful to determine where you have an 'apple and an orange.'

If the comparable bids you receive have more than a 10% to 15% variance, then you should find out why?

Value vs. Price

Understand that value is not the same thing as price. You may have a different equation for value than the Contractor. While a fair & reasonable price might be the top concern, **Superior Quality & prompt service for complete satisfaction** should also be a priority! **Expect total contract pricing that is well broken down and easily understood.**

DO NOT SELECT THE CONTRACTOR BASED UPON PRICE ONLY!

Payment Terms

Expect most Contractors to want payment right after work is done. If they want cash in advance for materials, etc. needed before work can start that's not a good sign.

Contractors cannot ask for a deposit of more than 10% of the total cost of the job or \$1000, whichever is less. Refer to... www.cslb.ca.gov

Representations

It is important to be concerned with the Contractor's unwillingness to put in writing any of the verbal representations that has made to you to get the job. A well written, easily understood contractual agreement, benefiting both parties is of primary importance with any and all **warranty** arrangements clearly specified.

**Above all ask yourself do you want a pleasant experience with the Contractor or...?
It's all about establishing and maintaining a genuine trustful business relationship
before, during, and after your project's completion!**