

How to Choose a Contractor



Funding

Funding for this class was provided by the Alaska Housing Finance Corporation (AHFC).

This course is designed to empower homeowners with the knowledge to live in and maintain a safe, energy efficient home.

Disclaimer

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AHFC Energy Efficiency Programs:

- Home Energy Rebate Program
 - www.akrebate.com
- Weatherization Assistance Program
- New Home Rebate
- Second Mortgage for Energy Conservation
- Energy Efficiency Rate Reduction Mortgage
- www.ahfc.us

Topics for today:

- Your contractor expectations
- Contractor types
- Contractor bids
- Researching contractors
- Contracts

What are your home improvement expectations?



AHFC

Your expectations



Define the roles to be played:

What role do you expect the contractor to play in your home improvement project?

What role do you expect to play in the process?

What are your questions concerning selecting a contractor?

Contractors-Benefits of choosing a good contractor

- Project experience
- Ability to resolve issues
- In budget and on time
- Celebration, not litigation
- Good result
- Increase value
- Conflict resolution

Benefits of choosing good contractor?



Contractors

Determining the type of contractor you need



Research

Educate

Choose

Contractors

Why research a contractor's qualifications?



Contractors

How do I obtain a list of contractors to research?

Before you solicit any bids, identify and understand what kind of contractor(s) your project requires.

Ask friends, family and neighbors for references.

- You can also look online at rating sites and other search engines.
- Local trade associations have directories you can check online as well.
- Read “Ask an Expert” in the local news for more ideas.
- You can check for contractors at www.akenergyefficiency.org

Contractors

Types of contractors

- General
- Mechanical
- Electrical
- Plumbing
- Specialty



Contractors

General

- Gathers and evaluates bids
- Hires specialty contractors
- Provides skilled and unskilled labor
- Answers questions and resolves issues
- Obtains required permits and schedules inspections
- Assumes responsibility for the entire project and all subcontractors who participate

Contractors

General



A general contractor in Alaska building houses or constructing major additions should have a residential endorsement.

Contractors

General

You may not need a general contractor if:

- You are skilled in construction
- You have adequate time and ability to plan and successfully complete the job
- You are knowledgeable regarding materials and their applications required for your project
- You have knowledge of and access to a sufficient number of quality sub-contractors

Contractors

Specialty

Has the ability to provide up to three types of specialty work and can not hire other specialty contractors as subcontractors

Remodeling

Adds to or renovates all or parts of the home

- Provide energy retrofits to improve energy efficiency of existing buildings
- Provides consultation on design, cost, functionality, practicality and application of fits and finishes of components
 - ✓ Doors and windows
 - ✓ Garage doors
 - ✓ Electrical layouts, parts, pieces and fixtures
 - ✓ Provides design and construction of areas such as kitchens and baths

Specialty Contractor Trades:

- Acoustical and Insulation
- Asbestos Abatement
- Carpentry Finish
- Carpentry Rough
- Communications
- Concrete and Paving
- Drywall
- Electrical
- Excavation
- Glazing
- Landscaping
- Masonry
- Mechanical, exempt
- Painting
- Plaster
- Roofing
- Security system
- Solid fuel appliance
- Wall covering
- Other

Contractors

Specialty

Weatherization

- Modifies a building to reduce energy consumption and optimize energy efficiency
- Installs insulation
- Find and fix air leaks
- Can do ventilation testing



Weatherize Alaska

Insulation work requires a specialty contractor license.

Contractors

Mechanical

Licensed to install plumbing, heating, ventilation and air conditioning systems. Must have mechanical administrator license.

Heating, Ventilation & A/C Contractor

- Installs and services heating and cooling equipment that keep the home comfortable and safe.
- Install and service ventilation systems to insure safe indoor air quality.
- Some specialize in sealing distribution ducts to reduce leakage to optimize efficiency.

Contractors

Mechanical

Licensed to install plumbing, heating, ventilation and air conditioning systems. Must have mechanical administrator license.

Plumbing contractor

- Installs or repairs hot and cold water piping systems, plumbing fixtures and equipment such as boilers and domestic water heaters.

REPAIRS
(907)-980-



Kitchen & Bathroom Projects:

- * Millwork & Cabinetry
- * Windows & Doors
- * Stair & Handrails
- * Flooring
- * Ceramic Tile
- * Granite & Marble
- * Counter tops
- * Installation
- * Painting
- * Drywall
- * Parting

**5 year
Guaranteed**



Additional & Special Projects:

- * Garages
- * Second Story Additions
- * Porches, Walks, Fences and Patios
- * Finished Attics & Lower Levels
- * Custom Homes
- * Commercial Kitchens
- * Office & Retail Fit-Outs
- * Structural Repairs

Licensed, bonded, and insured



What about a handyman with a business license?

- Confirm that they have a State of Alaska business license registered at <http://commerce.alaska.gov/dnn/cbpl/Home.aspx>
- Do they have required state and local insurance/training/bonding/expertise?
- Now you can request bids from the type of contractor(s) that will best fit your project.

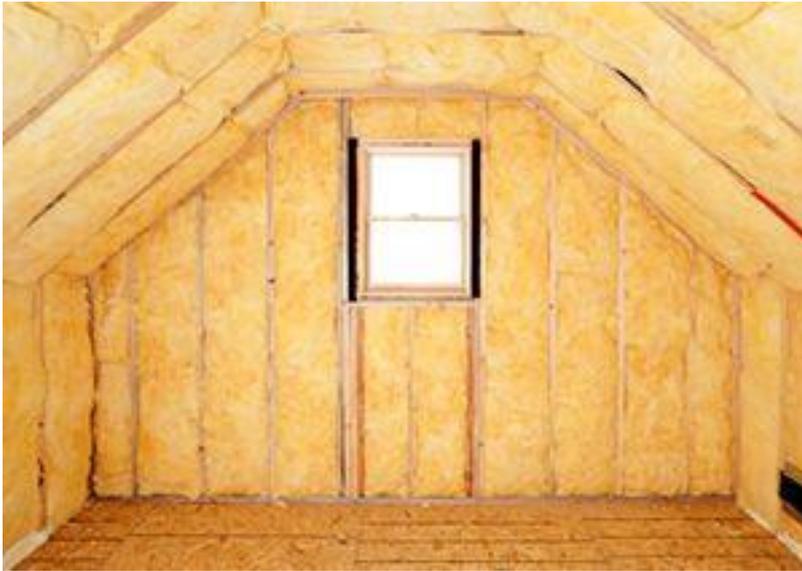
Obtain Multiple Bids

Now that you know what type of contractor you need, obtain multiple bids

- When possible, written estimates from at least three contractors is recommended.
- Multiple bids increase your chances of getting a competitive bid.
- Remember, lowest bid may not turn out to be the least expensive choice in the long run.



Evaluate Multiple Bids



“Apples to Apples” comparison:

Make sure all bids are based on the same set of specifications and materials to be used.

Written Estimates

Written bids and estimates should be “S.M.A.R.T.”

S - Specific: Which, what, who, where, why?

M - Measurable: How much? How many?

A - Action-oriented: Describes a result

R - Realistic: “What if?”

T - Time-bound: By when?

Written Estimates



Request detailed written estimates that cover specific items and the corresponding results they should achieve.

- Costs of material and labor needed to achieve the desired results
- Description of materials to be used and the result they will achieve

Description:		Rate	Hours	Total
Air Seal Attic:				
	Pull back existing fiberglass batt insulation to locate all penetrations, plumbing stacks, wall top plates, electrical junction boxes, open framing, chases, etc.			
	Air seal penetrations; spray foam gaps and cracks, rigid foam and seal large openings, mastic vent fan ducts, seal around chimney with metal and high temp caulk, to ensure a reduction in air leakage into attic.			
	Remove attic hatch and repair ceiling with permanent drywall repair. Install new attic hatch on north gable end of house.			
				\$1,500.00
Insulate Attic:				
	Install rigid foam or spray foam over wall top plates at eave.			
	Repair, replace and extend insulation baffles to ensure proper ventilation over new insulation depth.			
	Wrap ventilation ducts in R11 batt and reflectix insulation for air sealing.			
	Install insulation markers.			
	Reinstall existing fiberglass batt insulation.			
	Blow in minimum 12" of cellulose insulation over batt insulation to an R-value of 60.			
	Install certificate of insulation.			
				\$2,500.00
Clean Up:				
	Remove all damaged insulation.			
	Rake and sweep yard where insulation took place.			
	Clear yard of any insulation bags or other debris.			
	Remove all debris from site			
				\$0.00
	Start 2-22-14. End 2-28-14 +/-			
		Estimate Total:		\$4,000.00

Researching Contractors

Why research a contractor's licensing?

The State of Alaska regulates construction contractors, and takes disciplinary actions against those that violate licensing laws.

After obtaining bids, research the licensing and insurance of those contractors.



Researching Contractors

Types of licenses

Alaska General OR Specialty Contractor License and Bond

Required to be a contractor

Local Municipal Contractor License

May be required

Alaska Residential Endorsement

Optional for General
Contractors
Issued by State of Alaska

Alaska Business License

Required

This is different than a professional license!!

Confirm licenses at:

- commerce.state.ak.us/occ/OccSearch/main.cfm
- commerce.state.ak.us/occ/pcon.htm
- bsd.muni.org/contractorlicensing/
- labor.state.ak.us/research/dlo/contrres.htm

What is a Surety bond?

- Ensures contract completion in the event of contractor default
- Surety company is obligated to hire another contractor to finish the work or compensate the project owner for the financial loss incurred.

Researching Contractors

Other credentials

Why research a contractor's credentials?

A contractor may have additional expertise in the area of work you are considering to have performed.

Contractors can show they have knowledge of energy efficient building practices or other essential, yet not code-mandated, building requirements.



Alaska Home Magazine

Researching Contractors

Other credentials

AHFC Authorized Energy Raters

Building
Performance
Institute (BPI)
Building analyst

Building Energy
Retrofit Technician
(BERT/BERT-C)

Researching Contractors

Other credentials



ACHP

AHFC Authorized Energy Raters

A “whole home” technician who tests the mechanical systems such as ventilation, reviewing for efficiency and health concerns.

The BPI analyst acts like a doctor for the home.

BERT tradespeople are trained to weatherize your home by fixing air leaks and insulation problems.

Researching Contractors

Types of Insurance

General liability

Covers situations involving bodily injury or property damage with exceptions.

Example: Kids playing on the job site fall in a ditch and get hurt.

Professional liability

Covers professional services such as design work services.

Example: It covers design work the contractor did on your kitchen remodel plan.

Worker's Compensation

Covers employees and is required by law.

Researching Contractors

Legal history

Alaska state court records

www.courtrecords.alaska.gov/pa/pa.urd/pamw6500.display

Better Business Bureau or Local Consumer Affairs Agency

www.alaskaoregonwesternwashington.bbb.org

State License Revocation

www.commerce.state.ak.us/occ/OccSearch/main.cfm

Where to research
lawsuits, claims and
unresolved complaints

Registered complaints

www.commerce.state.ak.us/occ/search3.htm

Alaska Department of Commerce, Divisions of
Corporations, Business and Professional Licensing

PO Box 110806 Juneau, AK 99811-0806

Researching Contractors

References and Reputation

How to Request References

Ask for the names of the current and two previous clients.

“You want the names of recent customers. Glowing reports issued several years ago are of no interest to you as a prospective client.”

www.realtytimes.com/rtpages/20000308_contractors.htm



Researching Contractors

References and Reputation



Ask each client questions that reveal the following:

- Actual vs. estimated time frame of work done by the contractor
- Actual vs. estimated costs and the craftsmanship level shown
- Personality and professional demeanor of the contractor
- Clean-up procedure

www.realtytimes.com/rtpages/20000308_contractors.htm

Researching Contractors

References and Reputation

Areas you can check

- ✓ Local material and equipment suppliers
- ✓ Other credentials:
 - B.P.I. Building Analyst
 - Energy Rater
- ✓ Online Ratings
- ✓ Length of time the contractor has been in business
- ✓ Photo portfolio

Contracts

Contract documents

Contracts should include:

- All information on the estimate
- Brand names and model numbers of equipment provided
- All bid specifications, prices and schedules
- Provisions for reasonable delays
 - Most commonly litigated area for contractors.
 - Reasonable delays can include labor disputes, natural disasters ,fires and unusual delays in deliveries.
- Manufacturer's or installation warranty

www.jgcm.com/article/performance-delays.htm

Examples and free forms at: www.construction-forms.net

Contracts

Contract documents

Continued:

- Clause to withhold payment for non-completion
- Insurance certificate
- Provisions for security, clean-up and disposal
- Provision for dispute resolution
- Change orders & unforeseen issues
- Provision to consult an attorney if needed

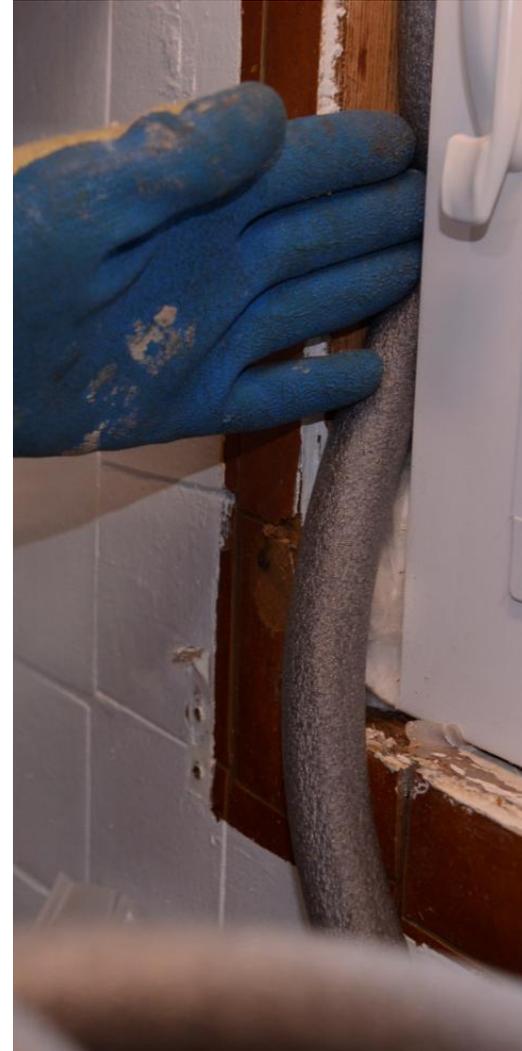
www.jcgc.com/article/performance delays.htm

Examples and free forms at: www.construction-forms.net

Contracts

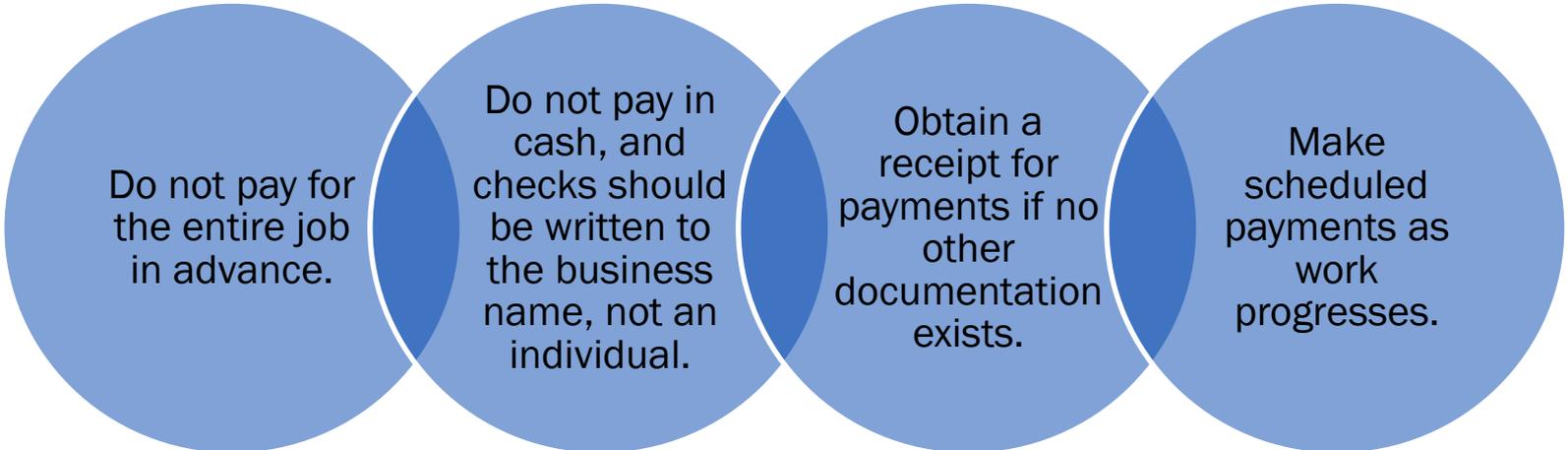
Prior to commencement of work:

- Confirm that required permits are approved
- Confirm contracts are fully executed
- Obtain Certificates of Insurance
- Confirm dates and times of work to be completed



Handling Payments

Recommendations



Do not pay for the entire job in advance.

Do not pay in cash, and checks should be written to the business name, not an individual.

Obtain a receipt for payments if no other documentation exists.

Make scheduled payments as work progresses.

Handling Payments

Conditions of final payment

Verify:

- Final inspections have been completed by inspectors or building officials
- All contract work is complete
- Energy rating with combustion safety is tested if applicable



Enjoy the results

At your project's end, enjoy the results from a positive partnership with a quality contractor.



Improved energy-efficiency and lower utility bills

High level of craftsmanship you expected

Completed project within budget and estimated time frame

No worry about post-project legal challenges

Resources

AHFC - Research Information Center

Alaska Residential Building Manual
www.ahfc.us

Cold Climate Housing Research Center
www.cchrc.org

One stop shop for AK Energy Efficiency information
www.akenergyefficiency.org