

fessional should consider a detailed examination and breakdown of each bid to determine whether or not the bid includes all project requirements.

Mistakes have been known to happen. It is extremely important to check and double-check each submission to ascertain the accuracy of each submission. Remember, the lowest bid may initially appear to be the lowest price, but in practice it may involve serious cost increases. Only detailed bid analysis can determine whether an apparently low bid will translate into low costs in reality.

INSURANCE REQUIREMENTS

In the interest of protecting the client and the design professional, it is highly recommended that a contractor maintain proper insurance throughout the entire project process. The design professional should be aware of basic coverage that should be required for most projects. In addition, the design professional should also be aware of the requirements established by the property owner and require the contractor to request such requirements directly from the property owner to ensure that they are all met. Types of coverage typically required include:

- **Workman's Compensation Insurance.** *Protects the owner and design professional in case a worker is injured on the property.*
- **General Liability Insurance.** *Covers the owner and design professional in the event the contractor damages the owner's/building owner's property.*
- **Automobile Insurance.** *Protects the owner in the event that a contractor's vehicle damages another vehicle on the property under construction.*

The design professional must receive a contractor's certificate of insurance. Request that a certificate of insurance be provided by the contractor's insurer and delivered to you directly from the insurance provider. This practice protects both the design professional and the owner/property owner. Receipt of a certificate of insurance generally suggests that the insurance is valid and is in the form of an original. Further, all insurance should name the owner of the project, the building owner, and the directors and employees as additional insured to maximize the coverage umbrella.

LICENSING

Design professionals should always verify whether or not a license is required to perform the services being offered to their clients. Check governing authorities to confirm such requirements and to ascertain whether or not the contractor's license is valid and up to date. Where law does not require licenses, it is vitally important to investigate all references and business practices of the contractor in great detail.

DISPUTE RESOLUTION

Before a design professional engages a contractor, it is very important that all parties understand the rights of your clients concerning dispute resolution. This policy should be clearly established in writing as part of the contract between the owner and contractor. If you, as the design professional, are responsible for engaging the contractor on the client's behalf, you too should have a clear understanding of how disputes are to be resolved and how they may affect you. It is extremely important to have a legal professional review all such contracts to ensure that a reasonable means of dispute resolution is covered. Typically, clauses contained within the agreement between the design professional and the client, the agreement between the client and contractor, and the agreement between the design professional and the contractor provide for mediation or arbitration if a dispute occurs. Mediation and arbitration are generally less expensive than lawsuits as a means of resolving disputes.

CONTRACTOR SELECTION SUMMARY

The process of selecting a contractor is not an easy task and requires a great deal of diligence on behalf of the owner, design professional, and contractor. Keep in mind the following key components in establishing a process that is fair and reasonable in the selection process:

- *Quality standards of the contractor should be evaluated.*
- *Refer to industry standards from AIA, ASID, AGCA.*
- *Construction and technical expertise.*
- *Communication and service should always be explored in certifying contractor qualifications.*
- *Experience/viability are key factors in selection process.*