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How to Hire a Building Contractor

You've been dreaming of that special home improvement project and now you have the money to start. You need a contractor, but where do you start? This isn't the same as finding someone to work on your car. This is your home, the place where you live. You want to find a contractor that you can trust, one who will do a good job for the money that you are going to spend. But where do you start looking for that "great" contractor. Finding a great contractor is hard work, but a successful project will be directly related to how much of your time you're willing to invest.

What's a general contractor?

A general contractor manages all aspects of your project, including working with architects and designers, hiring and coordinating subcontractors, purchasing materials, scheduling deliveries of materials, obtaining building permits and scheduling permit inspections.

What other kind of contractors are there?

Subcontractors specialize in various areas of construction such as roofing, siding, drywall, framing, painting, plumbing, electrical etc. Specialty contractors install specific products, such as kitchen equipment or bathroom fixtures.

Should I shop around for a general contractor?

Absolutely. You comparison shop for everything else, why not for the services of a contractor who will be working on and maybe in your home? Remember that construction is a competitive business. Contractors are used to bidding or estimating work and are also used to not getting jobs. If a contractor urges you to not seek other bids, or acts like you're questioning his reputation if you'd seek another bid, move on. This contractor is not for you. Likewise, determine ahead of time that you are going to get more than one bid, and stick to it! Many contractors depend on their charisma and not their craftsmanship to sell jobs. Don't be impulsive. Especially if they offer you a "Fire Sale" price and say that the bid is only good until they leave the property. That's usually how long the warranty will last on the job as well. Unless you are personally familiar with a specific contractor that you trust and you know the kind of work that he does or have even used him before, always get more than one bid or estimate. Before going to the yellow pages in search of a contractor, ask friends for recommendations of contractors they've used before. That way you've also got a built-in reference. However, don't settle on contacting just one contractor just because a friend recommended him.

How many bids should I get?

It's usually best to get at least three bids. Depending on the time of year that you want to do your project, you may have to be patient or persistent to get contractors to give you a bid. Remember that in the winter months, contractors will be easier to find and costs will generally be lower since this is traditionally the contractor's slowest time of year.

Make sure that when you are seeking bids, you are asking all of the contractors to bid apples-to-apples. Each contractor should bid on exactly the same thing in order for you to have an accurate comparison of their bids. Some contractors will want to immediately start negotiating the scope of work to try and give a cheaper bid. Negotiating the price comes after you have narrowed the field to the first contractor that you want to offer the job to. It is also helpful to ask for an itemized bid, especially if you only have a project concept in mind and don't have firm details about how to accomplish it. That way you can at least compare the major components of the various bids.

Remember the old adage that “you get what you pay for”. The cheapest bid may not always be the best bid. It is important that you ask for references when requesting bids and actually seeing the work the contractor has done. If possible, ask for references for the same type of work that you are wanting done. It’s best to ask for at least three references with phone numbers of customers that you can actually talk to. (So that’s three references each from three different contractors. Yikes! This is hard work!) You must decide how much quality that you are willing to pay for. And quality includes workmanship as well as materials. If fine craftsmanship is important to you, don’t look to the cheapest bidder. Companies with established reputations can usually charge more because they’ve worked hard to establish that reputation by delivering great workmanship, customer service and warranty protection. Things you might not get from a contractor who runs his whole business from a pick up truck with a cell phone. (That kind of contractor is not necessarily bad, but you would definitely need to check references.)

How do I actually hire a general contractor?

Now that you’ve narrowed the field to the one or two bidders that have given the best price, you can begin the real work of actually hiring the contractor. Here are some basic questions and tips that can help you improve your chances of making a good choice:

- Call the Better Business Bureau to see if the contractor is a member or to see if any complaints have been lodged against the contractor.
- Ask how long the contractor has been in business.
- Verify that the contractor is licensed with the City of Salina. Get their complete company name and contractor license number and call the City Clerk’s office at 785-309-5735 to verify the status of that license.
- Ask for copies of the contractor’s insurance coverage and make sure the coverage is current. Contractors should have personal liability, worker’s compensation, and property damage coverage. Also ask if the contractor carries errors and omissions or product completion insurance to protect you from poor workmanship. General liability insurance will only protect you from accidents that might happen on the job, not damages that arise from poor workmanship, code violations or uncompleted work.
- Determine whose responsibility it will be to obtain any required permits and make sure it is clearly spelled out in the final contract. Remember that if the contractor fails to acquire any permits that are needed, you as the property owner have the final legal responsibility to obtain any required permits. If the contractor volunteers to obtain the permits, require the contractor to furnish you with a copy of the permit before allowing them to start work. If you are unsure about what work requires a permit, contact the City Building Services Department. Our staff will be more than happy to answer your questions. (See the City of Salina handout “Permit Requirements for Residential Property Owners”.)
- Ask if the general contractor will be hiring subcontractors. If so, meet them and check their insurance and licenses. The City requires that any work that will be performed in the skilled trades such as plumbing, electrical or mechanical must be done by licensed trade contractors and not just licensed tradesmen.
- Ask about their warranty policy. Always try to get at least a one-year warranty, and get it in writing.
- Make sure you create a time line for completion of the project and make sure that time line makes it into your final contract. Many is the frustrated home owner who agonizes over the contractor who always has a more important job somewhere else and their building project languishes for weeks or months on end.
- Make sure you feel comfortable with them. Remember this may be someone you will leave alone in your home. If you think someone acts suspicious, don’t hire them. Trust your intuition.
- **Get everything in writing!** Even if the contractor is someone you know and trust, you should always have a written contract or detailed bid proposal. Especially if the contractor is a friend. Contracts help friends stay friends by providing a detailed record of exactly what was agreed to and not relying on memories of past discussions. And if negotiations have modified the original bid proposal, make sure the changes are reflected in the written contract.

What else can I do to protect myself?

One way to protect yourself is by paying for the job prudently.

- ✓ Try to make your down payment as small as possible. Traditionally, for larger projects, 10% is customary. If the contractor does not have the credit or the cash flow to buy the materials he will need, purchase the materials yourself from his materials list and have them delivered directly to the job. **Never** give a contractor a credit card to purchase materials, and before they begin work, **never** give the contractor the

entire amount of cash for all of the materials necessary for the entire project, unless the cost won't exceed a few hundred dollars.

- ✓ Make payments periodically during the job, and make them contingent on satisfactory completion of certain parts of the job. If a contractor fails to pass along payments to subcontractors or suppliers, the subcontractor or supplier may file a mechanic's lien against the property. The property may not then be sold until the lien is paid or otherwise released. It is possible that you would have to pay that debt and have to try to recover the money from the general contractor. There are also a few simple measures to insure that you don't end up legally bound to pay twice for the same product or service. Ask the builder how he will assure you that payments you make to him actually get passed on to the subcontractors and suppliers. If you are making substantial intermediate payments to the contractor, providing lien releases at the end of the project is not sufficient to protect you. The builder should provide you with lien releases for every progress payment made to major suppliers and subcontractors that you have paid the builder for.
- ✓ Don't make final payment or sign off on the job until you are satisfied with the completed job and until you know all the subcontractors and suppliers have been paid. If final payment is due to the builder and the builder needs this payment to pay his subs, make sure the contractor supplies you with a conditional release upon final payment from the sub that states this is a final release when he receives X amount of money. Then issue a two-party check to the builder and subcontractor that insures that payment is made to the subcontractor. Avoid paying the final payment until you are 100% satisfied with the work. Don't pay them even if there's just a few "little things left to do." Make sure they DO them -- otherwise, they'll take the money and chances are you'll never see them again. Be tough!
- ✓ If the final bill exceeds the estimate, and you have not approved the increase (See the section **Get everything in writing**), check with state, local and consumer agencies to see if local regulations can help to protect you. If there is some discrepancy hold the retainage until the matter is solved in or out of court. It is easier to keep your money than get it back.
- ✓ Remember, if you use a credit card to pay some expenses and there is a problem, you may be able to ask your credit card company to withhold payment.

What if they are reluctant or refuse to do things the way I want?

You're the Boss. However much they might try to intimidate you, they work for you! You are the person they have to answer to and if they don't do the work the way you want it done, you can always fire them. If they tell you that they can't do something that you want because of local codes, call the Building Services office and verify it. However, remember that contracts work both ways. Don't be surprised if the contractor asks you to sign a written change order for any deviations from your original plans.

What if I want to be my own general contractor?

All of the same rules about hiring a general contractor apply to hiring your subcontractors. Get bids from several contractors, ask for references and check references. Follow the same guidelines for payment and ask about their warranties.

And last but not least!

Remember that most building contractors are honest, and chances are you will hire a reputable contractor anyway. But employing even a few of these tips can increase your odds for a successful project and help to protect you from the less-than-ethical or less-than-competent contractors. A little investment in time to pick the right contractor may be the cheapest insurance you ever bought.