

How a pre-services agreement protects homeowners and general contractors

Knowing exactly what a project will cost from the very first meeting is usually impossible. There are many variables at this point with regards to overall design and construct-ability, materials, fixture selections and city fees. We like to go about a project of this scale by first starting the conversation with you, the designer, applicable subcontractors and us, to start coming up with a design plan and preliminary city review in an effort to move towards working drawings, feasibility study, firm material pricing and subcontractor bids, and a complete package, total, fixed-price project cost that will fit into your budget.

To get to this point though, requires time and energy which can last several weeks to several months depending on the project. What we typically do, is once you are ready to move forward, we would enter into a PCA (Pre-Construction Services Agreement), which you can think of as a contract before the contract or letter of intent. Some builders also refer to these as "Design Agreements" or "Feasibility Agreements". Basically, it states that we will, in good faith, continue to move forward in working together in an effort to produce working permit drawings and a final project cost and contract. During this time we would work on completing all necessary pre-construction services which include but aren't limited to; working plans and scope of work, material and sub-contractor bids, planning and scheduling, and facilitating and over-seeing all city and utility reviews and requirements. Lastly, during this time, we would work towards finalizing as many selection items as we can so as to minimize "allowances" left in the contract. It is not uncommon though to still have some allowances itemized out in a fixed-price contract for some interior finish and fixture selections.

At the time of entering into a PCA, a deposit is requested to compensate all parties involved for the time and effort needed to complete these services. This deposit would be credited to the final contract price. This deposit is typically not refundable, but in certain instances, a partial refund may be issued based on services rendered. The amount of this deposit varies by project and typically ranges from 2%-5% of projected contract total.