



CAPITAL PROJECTS WITHOUT COSTLY SURPRISES

How Boards Can Plan, Bid, Fund, and Oversee Major Association Projects

A practical guide to defining the scope, comparing bids, controlling changes, verifying completion, and protecting the association from avoidable project risk.

Because Communities Deserve Better!

Community Association Management, Limited

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Most Project Problems Begin Before Construction Starts

Roofing, siding, paving, building-envelope work, mechanical replacements, and other major association projects can represent some of the largest financial decisions a Board will make. The visible work may happen over weeks or months, but the decisions that determine whether the project succeeds usually happen much earlier.

An incomplete scope, unclear expectations, bids that are not truly comparable, an outdated reserve estimate, or poorly controlled change orders can turn a reasonable project into an expensive problem.

The standard

A successful capital project starts with a clear scope, comparable bids, confirmed funding, disciplined approvals, and verification that the work was completed satisfactorily before the invoice is paid.

The Board should be able to answer five questions before work begins

- What exactly are we asking the contractor to accomplish?
- Do we need an engineer, architect, or other specialist to define or review the work?
- Are the bids based on the same scope so the Board can compare them fairly?
- How will the project be funded, including reasonable contingency for unknown conditions?
- Who will oversee the work, approve changes, verify completion, and collect warranties and closeout documents?

1. Define the Project Before Pricing It

Boards often begin with a simple objective: replace the roofs, repair the siding, resurface the streets, correct a drainage problem, or renovate an amenity. That objective must be converted into a scope that contractors can price and the Board can later use to determine whether the work was actually completed.

For Community-managed projects, Community Association Maintenance, LLC develops the project scope based on the Board's objectives and the conditions that need to be addressed. The scope becomes the common starting point for the bid process.

A useful scope should identify

- The area, component, or system included in the project.
- The work the contractor is expected to perform.
- Known materials, finishes, quantities, or performance requirements that matter to the Board.
- What is excluded from the project.
- Who is responsible for permits, cleanup, access, protection of surrounding areas, and disposal.
- Any known phasing, scheduling, owner-notification, or access requirements.

Do not bid a concept

If three contractors are pricing three different interpretations of the project, the Board does not have three comparable bids. It has three different projects with three different prices.

2. Know When Professional Design or Engineering Is Needed

Not every capital project requires an engineer or architect. Many roofing, siding, paving, painting, mechanical, and similar projects can be scoped and managed without a separate design professional. Structural work and technically complex conditions are different.

When the project involves structural concerns, significant building-envelope failures, unusual engineering questions, code-driven design, or conditions outside normal maintenance expertise, the Board should consider retaining an engineer, architect, or other qualified professional before asking contractors to price the work.

Professional involvement can help the Board

- Determine the actual cause of a recurring or serious condition instead of treating only the symptom.
- Develop technical specifications for work that should not be left to contractor interpretation.
- Evaluate repair versus replacement options.
- Review code, structural, life-safety, or building-envelope concerns.
- Provide independent inspection or verification when the complexity or risk warrants it.

Use the right professional at the right time

An engineer is not necessary for every roof or siding project. But when the condition is structural or the Board is making a high-consequence technical decision, professional design input can prevent expensive assumptions.

3. Obtain Three Bids - and Compare More Than Price

Community typically obtains three bids for the Board on capital project work. The purpose is not simply to identify the lowest number. It is to give the Board enough comparable information to evaluate cost, scope, qualifications, timing, and risk.

Compare	What the Board should look for
Scope	Are all bidders pricing the same work, quantities, materials, exclusions, and cleanup responsibilities?
Price	What is included in the base price, and what could reasonably become an additional charge?
Qualifications	Is the contractor properly licensed where required and experienced with this type of work?
Insurance	Does the contractor satisfy the association's required insurance standards and risk-transfer requirements?
Schedule	When can the work begin, how long will it take, and are there significant access or disruption concerns?
Warranty	What labor and manufacturer warranties apply, and what is required to preserve them?

The lowest bid is not always the lowest total cost

A lower bid can become the most expensive option if important work was excluded, the contractor misunderstood the scope, materials are not comparable, change orders multiply, or the work must later be corrected. Boards should compare value and risk, not simply the first number on the proposal.

4. A Reserve Study Is a Planning Tool - Not a Construction Estimate

Reserve studies are essential for long-term planning, but the dollar amount shown for a future roof, paving cycle, siding replacement, or other major component should not be treated as the project's current construction price.

The reserve-study estimate may have been developed years earlier using generalized cost data and assumptions about quantities, useful life, inflation, and future conditions. A current project may also include code requirements, access complications, deterioration, material choices, or scope changes that were not part of the original reserve assumption.

The distinction

The reserve study tells the Board what to prepare for. The current scope and bid process tell the Board what the project costs today.

When actual bids differ materially from the reserve plan

- Confirm that the contractors are pricing the same scope.
- Determine whether the project scope changed from what the reserve study assumed.
- Understand whether inflation, market conditions, or deterioration explain the difference.
- Evaluate whether available reserve funding remains adequate.
- Update the reserve plan after the project so future projections reflect the actual work completed and actual cost.

5. Choose the Funding Plan Before Work Starts

The Board should understand the funding source before authorizing a project. The right approach depends on the association's reserve position, operating cash, governing documents, owner impact, urgency, and the size of the funding gap.

Funding source	When it may fit
Reserve funds	The project is a major repair, restoration, or replacement that properly belongs within the reserve plan.
Special assessment	The association has an extraordinary or significant funding gap that cannot reasonably be absorbed through existing resources.
Association loan	The work must proceed but spreading the owner cost over time is more practical than collecting the full amount immediately.

Funding source	When it may fit
Combination	Reserves, a special assessment, financing, or other available funds may be combined when no single source is sufficient or practical.

Build in a reasonable contingency

Major repair work can expose concealed damage or conditions that could not reasonably be seen before demolition or opening the assembly. A Board should understand the project contingency before work begins rather than assume every unknown condition can be absorbed within the original bid.

6. Put the Risk Controls in Place Before Work Begins

A capital project should not bypass the association's normal vendor controls simply because the work is urgent, expensive, or specialized. Contractor approval, licensing, insurance, contract terms, and payment controls matter more - not less - when the project value increases.

Before mobilization, confirm

- ☐ The contractor has completed the required vendor approval process.
- ☐ Required licenses are current for the work being performed.
- ☐ Insurance meets the association's required minimum standards and additional-insured requirements where applicable.
- ☐ The written agreement clearly identifies the scope, price, responsibilities, warranty terms, and change-order process.
- ☐ The Board has formally approved the project and funding source.
- ☐ Any required permits, professional review, owner notices, or access arrangements have been addressed.

7. Community's General Contractor Model

For managed capital projects, Community Association Maintenance, LLC serves as the general contractor even when a separate trade contractor is selected to perform the work. This gives the Board one coordinated project-management structure rather than requiring volunteer directors to manage multiple contractors, schedules, questions, and project details themselves.

Community develops the scope based on the Board's objectives, obtains three bids, presents the options to the Board, coordinates the selected contractor, monitors the work, manages project communication, and moves the project through completion and closeout.

GC fee structure

A separate general-contractor/project-management fee applies as a downward-tiered percentage of the project value, meaning the percentage decreases as the project size increases. The fee reflects the coordination, administration, contractor management, communication, oversight, and closeout responsibilities associated with the project.

The Board still makes the decision

Community can develop the scope, obtain bids, and manage the project, but the Board selects the project direction, approves the contractor, authorizes the funding, and approves material changes.

8. Change Orders Require Board Approval

Change orders are one of the most common ways project costs move beyond the original contract. Some changes are legitimate: concealed damage is discovered, quantities differ from reasonable assumptions, or the Board elects to add work. The control is not to pretend changes never happen. The control is to make sure they are understood and approved before the scope expands.

Before approving a change order, the Board should understand

- Why the change is necessary.
- Whether it is a true unforeseen condition, a correction to the original scope, or elective additional work.
- The added or reduced cost.
- The effect on the project schedule.
- Whether the funding source and contingency remain adequate.
- Whether any other contractor or professional input is needed before the Board decides.

A contractor request is not Board approval

A proposed change order does not authorize additional work. Material changes should be presented to and approved by the Board before proceeding, except where immediate action is necessary to protect life or prevent further property damage.

9. Verify the Work Before Paying the Invoice

The association should not pay simply because an invoice has been submitted. The payment control is straightforward: the work must be completed satisfactorily, the contracted scope must be verified, and any identified deficiencies must be corrected before the invoice is processed for payment.

Before final payment

- ☐ Confirm that the approved scope has been completed.
- ☐ Verify that Board-approved change orders are accurately reflected in the final amount.
- ☐ Identify incomplete, damaged, or deficient work and require correction.
- ☐ Confirm cleanup and restoration responsibilities have been completed.
- ☐ Collect required warranties, manufacturer information, maintenance instructions, and other closeout documentation.
- ☐ Confirm any final inspection or professional sign-off required for the project has been completed.

Payment follows satisfactory completion

The invoice is not the proof that the work is complete. Completion must be verified before payment is released.

10. Communicate Before the Project Becomes an Owner Problem

Many capital projects disrupt parking, access, noise levels, landscaping, amenities, or individual units. Owners are more likely to cooperate when the association communicates early, explains what is happening, and provides realistic expectations about timing and access.

Owner communication should address

- What work is being performed and why it is necessary.
- The expected project schedule and major phases.
- Parking, access, noise, utility interruption, or amenity impacts.
- What owners must do before work reaches their building, unit, vehicle, balcony, or other affected area.
- Who owners should contact with project-specific questions.
- Schedule changes or unexpected conditions as the project progresses.

The Board and management should also avoid promising exact completion dates when weather, inspections, material availability, or concealed conditions could reasonably change the schedule.

11. Close the Project - Then Update the Plan

A project is not finished when the contractor leaves the site. The association should preserve the information future Boards and managers will need to understand what was done, what it cost, what warranties apply, and when the component should next be evaluated.

Project closeout should preserve

- The final approved scope and contract.
- Approved change orders.
- Final cost and funding source.
- Warranty and manufacturer documentation.
- Relevant permits, inspections, professional reports, or completion records.
- Important maintenance requirements that could affect the warranty or useful life.
- The actual completion date and any information needed to update the reserve plan.

Close the loop with the reserve plan

Once the work is complete, the reserve assumptions for that component should be updated to reflect the actual completion date, actual cost, revised useful life, and any remaining related work.

Board Capital Project Checklist

- ☐ The Board has clearly defined what it wants the project to accomplish.
- ☐ Community has developed a common scope for the contractors to price.
- ☐ An engineer, architect, or other professional has been involved where structural or technical conditions warrant it.
- ☐ Three comparable bids have been obtained and evaluated on more than price.
- ☐ The contractor satisfies licensing, insurance, and vendor-approval requirements.
- ☐ The Board understands the difference between the reserve-study estimate and current project pricing.
- ☐ The project funding source and reasonable contingency have been identified before work begins.
- ☐ The Board has approved the contractor and project agreement.
- ☐ Material change orders return to the Board for approval before additional work proceeds.
- ☐ Owners receive appropriate notice about disruption, access, and schedule expectations.
- ☐ Work is verified as satisfactorily completed before the invoice is paid.
- ☐ Warranty and closeout documents are collected and retained.
- ☐ The reserve plan is updated after completion to reflect the actual project.

How Community Helps Boards Manage Capital Projects

Community's project-management model is designed to reduce the burden on volunteer Boards while preserving Board control over the decisions that matter. Community Association Maintenance, LLC serves as the general contractor, develops the scope based on the Board's objectives, obtains three bids, coordinates contractors, manages project communication and execution, verifies satisfactory completion, and collects the information needed to close the project properly.

The result is a more disciplined process from the first discussion through final payment - with the Board retaining authority over contractor selection, funding, and material changes.

The question to ask

Does our project process give the Board enough information and control before the work begins - or are we relying on the contractor to define the project after the contract is signed?

Educational Notice

This white paper is intended for general educational purposes and is not legal, tax, accounting, engineering, reserve-study, or other professional advice. Association governing documents and applicable law vary. Boards should consult the appropriate professional when a specific issue requires legal, accounting, tax, engineering, or reserve-planning guidance.