

II REMODELING

Q&A

HIDDEN CHALLENGES:
ESTIMATING A REMODELING PROJECT

What is the biggest estimating challenge you see?

BOB: Matching the crews we sub-contract with to the type/scope of work to be done.

ALI: Charging enough to stay in business.

AMY: Not every job is the same. The age of the house and original construction methods and mechanical systems and finishes as well as the client's desires are always different. Every parameter that goes into an estimate is different, which makes it hard to do a per-square-foot cost. We often have to just look back at similar projects we've done in order to give a good, rough ball park estimate. Another big problem is that you often don't know how previous work was done. You don't know if joists were cut through or the wiring or plumbing was done correctly, or the condition of the subfloor until you really start to dig into a project.

What kind of disclaimer do you include in your initial bid?

BOB: We provide allowances for the areas that contain unknowns and hidden, but anticipated work. This would include items such as hidden wires and duct work when removing a wall to open up the interior of the home.

ALI: We have a standard "concealed conditions" clause. We have found that it is more important to have the conversation with the homeowner.

AMY: Our master contract has a section specifically for hidden conditions. It says that we have the right during construction to stop work if we find something unexpected (something that an experienced contractor or subcontractor couldn't have initially seen or expected) and negotiate a change order to deal with the discovery. We also write many disclosures in our pricing specifications under different trade headings such as rough framing, for example, that says "we assume existing sub-floor is sufficient for reuse, if it is not, we will add cost time and material basis to contract." We add things for each contract depending on the scope of the work. If we are uncertain how long it will take to do something because we don't know what is in a wall, we will include an allowance and reconcile the cost at the end of a project, crediting or adding cost (example is electrical demo, re-feed allowance).

Describe the most expensive hidden problem you've ever encountered?

BOB: On an extensive remodeling project that included a large addition to the home, we had to demolish a utility room on the main floor. The electrical service, cable tv, gas service, water and sewer were all located in this room. After setting up temporary electrical, cable and gas service, the demolition began. Immediately we found asbestos flooring and ceiling tiles hidden under a previous remodel of the room's finishes. Work was stopped and a crew was brought in to deal with the hidden treasure. After the area was contained, asbestos removed and disposed of by a firm licensed to do this work, we began anew to demolish the room. After we started in on the roof, several layers of roofing were found to hold carpenter ants that were attacking the house from this location and required additional demolition of the adjoining roof area to rid the home of the wet ant farm.

ALI: Foundation replacement. We had a recent project to add a room above an existing sunroom. The existing room appeared to have a full frost footing foundation. The homeowner had excavated at one corner to confirm, and it did meet frost depth. During excavation we discovered that frost depth was met only at that one corner. The remaining foundation was unusable, resulting in the replacement of the foundation and floor cap. This became an opportunity for the homeowner to get a full basement instead of a crawl space.

AMY: We were doing a porch in south Minneapolis and the city required us to complete a soil test and get engineering to properly size the footings due to the location of the house and soil conditions, which we weren't anticipating. Engineering and deeper footings ended up adding about \$5K to the project.

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