
Fair bid misunderstood or shady deal?

Posted by jswen - 2007/07/21 09:37

Sorry for the cross-post in Business...

Hello All,
I'd like the contractor angle on my current situation.

We've recently bought and moved into a home that we wanted some remodeling done. We decided to go with a local contractor that was referred to us by a couple of my wife's coworkers. He is licensed and bonded in Oregon and his work style and suggestions for the project fit our expectations.

The job was bid without a firm timeline since he works on his own or with his son or another helper. We were fine with this arrangement. The contract stated we would supply the bulk of the materials and pay his company \$40/hour labor +10%. This would be billed in approximately 3 cycles.

We received the first billing installment and were surprised to see 130 hours billed with only 9 days elapsed from the start date. When asked about this apparent discrepancy, the contractor stated that the labor rate is \$40/hour per person. I pointed out to him that when we initially discussed the charges, I specifically asked him if his rate meant we paid his company \$40/hour and out of that he would pay any workers he brought in from that money and that he replied "yes". Of course he said he didn't remember saying that.

I have no problem paying a contractor a reasonable fee. It feels like we're being taken advantage of when he charges \$40/hour for himself and each of his workers, including his 15 year old son. He is also taking in an extra 10% on top of all costs, ostensibly as administrative costs. Neither my wife nor I would have signed a contract that pays each of his workers almost twice my own wage.

During our conversation this morning, he agreed that charging \$40/hour for his son might be a bit much and is willing to credit us for some of his 23 hours worked. This makes it sound to me as if he is trying to bilk us as much as he can until he gets called on something. We will be sitting down on Monday morning with him to discuss the contract wording and its implications.

Am I overreacting? Is this the norm for construction contracts? Does it seem like we are getting being ripped off? We have absolutely no problem with the quality or timeliness of his work. We would like to work this out and have him complete this and the subsequent phases of the remodel.

Thanks for any insight or opinions,
Jay

edit - by the way, the first installment was paid by mother in law out of good faith prior to noting the discrepancy. Jay

Re: Fair bid misunderstood or shady deal?

Posted by Renovator - 2007/08/02 16:51

Hi Jay;

What planet are you from when you ask a crew of carpenters to come to your home and only the boss gets paid. Most carps have at least five years training not to mention safety courses. I forgot to mention insurance, workman's compensation, taxes, rent for the shop, purchases on new equipment and work order changes.

You are not getting jamed if your GC has half these qualifications.

Re: Fair bid misunderstood or shady deal?

Posted by Midamask - 2007/08/02 18:48

Trust and assumed understanding get you nowhere and you're finding that out the hard way. This is the reason why many contractors get bad reputations. You're not being screwed yet but the risk is now clear and present. A few hundred dollars spent on an attorney you hire to look at your contract (assuming the project is sizeable enough) will never be money wasted. If the contractor doesn't like that idea, then send him on his way. I am still astounded when I

hear about contractors presenting bids and contracts for jobs that exceed 50K or even 100K on a 1-2 page document and then even more astounded when homeowners actually sign them.

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