

A TRUE BASIS OF CONTRACT.

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To the minds of many contractors the question often arises, "Why are so many tenders rejected?" To answer this query by indicating some points that may discover the cause, and suggesting others that may be helpful to contractors in making out their tenders, so as to minimize the chances of rejection, is the aim of this article. The general ground for the rejection of tenders is because that they are all too high. Yet the judgment given is sometimes very erroneous, because of no proper basis to arrive at this conclusion. Proprietors expect to have a certain amount of work done for a limited amount of expenditure, and if the tenders returned exceed the limit (notwithstanding that the tenders, according to plans and specifications, have been carefully and reasonably prepared), yet they are rejected upon the ground of being too high. The fault in such cases does not rest upon the contractors when they have returned carefully calculated and prepared tenders. But dis-



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crepancies may arise on the part of the contractor, being incapable of forming a proper estimate.

This leads us to formulate what may be termed "A True Basis of Contract." The first element to be considered is an uniform method of extracting the quantities from the plans, and calculating the same, also pricing each item at current rates. When this procedure is adopted, a reliable tender may be formed. But when each contractor adopts a method of his own, different from the others competing, it is natural to expect that there will be a disparity in the amounts (often very great in extensive contracts) that is very conflicting to the proprietor. The great necessity in the first place is to have an uniform and well-wrought-out system of measurement, with well-defined rules for each class of work, and having thoroughly trained professional men to measure the plans and prepare accurate schedules of quantities, which are supplied to each contractor tendering. When each item in the schedules is priced at current rates, and correctly calculated, then there should be very little difference between the amounts given in the tenders sent in. At any rate there will be the least chance of all the tenders being rejected, which sometimes occurs.

When such an accurate and reliable method is not at

hand, then the contractor has to do his best in extracting the quantities from the plans, in order to arrive at the amount. The methods of "cubing" and "squaring" are not reliable in every case, so that a better plan is to take off as much detail as possible, that shall give him a basis upon which to price the time and materials, labor to be expended, and percentage of profit required for each item. When this is intelligently and correctly done, then he may come very close to his competitors. But whenever "guess-work" is resorted to, then financial disaster may follow in its train. The cost of materials, the time and labor expended on same, and the percentage of profit required, are the most important factors which compose the true basis of every well-constructed contract. But in cases where it is impossible to execute the work at any prescribed amount, then no true basis can be established for the carrying out of the contract, except at a loss to the contractor. Many contractors, however, compete under such circumstances, which is not only prejudicial to their own interests and that of the proprietor, but also to the others competing, and to the trade in general. A contract may be drawn up that seemingly has all the elements of a true basis, and yet either of the parties in the contract may agree to certain alterations which may not produce what may be termed "a first-class" job. Thus an architect may allow a certain quality of material to be used that is inferior in quality to that specified for the purpose required, and yet no apparent breach be made, so long as the acquiescence of the proprietor is granted. But whenever this is done unknown to the proprietor, and against his wishes, then a breach in carrying out the terms of the contract might cause litigation. A true basis of contract can only be fulfilled when there exists between the contractor and proprietor no ambiguity as to the meaning of the written terms of the specification and general contract, and to the details contained therein regarding the materials, their quality and durability, and to the time and labor expended in the execution and finish of the completed work. This means that the element of conformity to terms must have an important place in the basis of every thoroughly constructed schedule of contract. Without this the whole fabric of contract building would fall, and leave nothing but a disastrous ruin, it may be, to many victims.

But the contract terms must be so stated and minutely described that only one meaning can be placed upon them. The question of expenditure of money does not necessarily enter into the "true basis" of a contract. Thus the error occurs frequently of rejecting all offers, because they are seemingly too high. But this in many cases is the result of the standard put upon the amount of work expected by the proprietor, because of the limited capital at his disposal. But if the proprietor is content to accept inferior material and workmanship in the construction of his building, and specifies this accurately in his specification and contract, then he may legitimately carry out his ideas upon a true basis of contract.

Another reason why so many tenders are rejected is because no details of prices are given for the different items required in the building, but only a lump sum offer, however large the amount. This is a greatly mistaken method to adopt, especially in extensive contracts. The chief characteristic feature, therefore, of "a true basis of contract" consists more of a "moral" nature than of a "materialistic," and if this were attended to and thoroughly performed, then there would be fewer disputes and less cause for litigation.