

MITIGATING RISK EXPOSURE WHEN HIRING CONTRACTORS

People generally are fearful of the unknown. Building owners and property managers are no exception. Most days are somewhat uneventful, but there are many days when unexpected things happen: Someone slips and falls, water comes into a tenant's office space, mechanical issues cause a tenant disruption, or something more serious occurs. These are the times in which good people and good companies are most valuable—when building owners and property managers must spring into action to take good care of unexpected problems.

One of the most critical and fundamental responsibilities for all property managers is to safeguard their assets against exposure to risk. Jon Capon, President of Valcourt Building Services, has spent a substantial amount of time educating himself on this subject. He states that “both the window cleaning and waterproofing/restoration industries have tremendous risks associated with these trades.” When hiring a contractor that will work at heights, the physical safety of the workers and the safety of the general public are the greatest concerns. This is the most important of many serious issues to consider.

When choosing contractors from one of these trades, their attributes should be evaluated by how they can address



When hiring a contractor that will work at heights, the physical safety of the workers and the safety of the general public are the greatest concerns.

these key issues. The list below mentions many of the critical and difficult areas of a company's attributes to evaluate. Although window cleaning and waterproofing/restoration trades are similar in many ways, they also have distinct differences that are worth addressing separately.

- Safety programs
- Training programs
- Insurance coverages
- Material and labor warranties
- Contractors licenses
- Bonding capacity
- Financial stability
- References

WATERPROOFING AND RESTORATION

Large waterproofing and restoration projects need to be looked at differently than smaller, quick repair types of projects. Large projects usually come with extended product and labor warranties. However, the only way to collect on these warranties is to assure that the company doing the work is still in business when the warranty is needed. Roy Turner, Valcourt's Waterproofing Division Manager, states, “the financial stability and company's history in the marketplace should be paramount

CONTINUED ON PAGE 2

insideVIEW

WINDOW CLEANING DIVISION	3
WATERPROOFING AND RESTORATION DIVISION	4
SPANISH CENTER NEW HOME	6

ONE OF THE MOST CRITICAL AND FUNDAMENTAL RESPONSIBILITIES FOR ALL PROPERTY MANAGERS IS TO SAFEGUARD THEIR ASSETS AGAINST EXPOSURE TO RISK.

CHAIRMAN'S *view*



Over the years, I have written dozens of columns for the Valcourt newsletter. This is not only something that I enjoy very much, but it is also with a clear purpose. The "Chairman's View" gives me the opportunity to highlight topics and issues that have been brought up by our clients and partners. Some of the most discussed topics that I have

encountered lately have centered on the concept of value.

Simply put, this concept of value can be reduced to the following two questions: "What am I paying?" and "What am I receiving for my payment?" To determine value, you must understand what you are receiving. In the service industries, this can be determined by making sure you know the contractors and service providers well that work for you. When work is properly completed, and there are no problems or serious concerns, your relationship with them will likely remain comfortable. However, if a serious issue arises, you will likely get to know a lot more about them. This is when value is most easily seen.

The "serious issues" I am referring to can be related to poor quality work, improper installation of materials, property damages associated with completed work, a personal injury at the jobsite, or some incident where the company must step forward and take responsibility. That's when you really get to know who it is that works for you. There are many well-known, standard ways in the industry to learn more about the companies you hire, and our feature article in this newsletter addresses many of these techniques. We dedicated two and a half pages to this subject, because I feel so strongly that more education is needed in this area.

When economic times are tough, many people look for savings wherever they can, and this is understandable. However, it is vital to be assured that, if the quality of work is poor, the company will make it right. If materials for repair work are not installed properly, a warranty will be upheld. If there is property damage or personal injuries on the jobsite, that proper insurance coverage is in place to give the building owners the peace of mind that they deserve.

Valcourt Building Services has always, and will always, keep our customers well cared for in these critical areas. This is one of the ways that we must deliver value, and I believe this is what truly separates good companies from great companies.

Jeffery J. Valcourt

MITIGATING RISK EXPOSURE—CONTINUED FROM PAGE 1



The financial stability and company's history should be paramount in the selection of a contractor for a large waterproofing or restoration project. Companies that aren't financially solid or technically proficient can't get bonding.

in the selection of a contractor for a large waterproofing or restoration project. The depth of experience in the skill sets needed to perform the scope of work will determine whether or not warranty work in the future will be needed."

Roy observes that companies that aren't financially solid, or aren't technically proficient, can't get bonding. Bonding is a security blanket that guarantees that all bills associated with the project are paid, and that the contractor will complete the job as specified. He notes that "the cost to correct a failed repair on a \$250,000 project could cost more than \$250,000." The question must be asked, who will pay for a needed warranted repair? This is not an insurable occurrence, so does the contractor have the integrity and financial ability to stand behind its work?

Roy also points out that one very large exposure in the exterior maintenance business is for repairs on buildings constructed of EIFS (Exterior Insulated Finishing System). There have been dramatic and very expensive repairs around the United States specific to this type of construction, so insurance companies have taken great caution with this product. Most, if not all, basic general liability insurance packages exclude coverage for repair or maintenance work on EIFS. To obtain coverage from your contractor to work on a building constructed with EIFS, a special rider must be issued. There have been many liability cases brought forward against contractors with regard to incorrect EIFS repair work where it was assumed that insurance coverage was included. If caulking, coating (painting), or repair work is planned for an EIFS project, it would be advisable to ask your contractor to have an original copy of this special insurance coverage sent directly to you. A copy of coverage without your company's name on it may not give you the coverage listed on the certificate.

In addition to EIFS coverage, mold and pollution coverage also is not included in basic general liability insurance packages. A separate mold and pollution rider must also be issued

MITIGATING RISK EXPOSURE—CONTINUED FROM PAGE 2

for coverage to be provided. When pressure washing of a building façade or a parking structure is being completed, all of the oils and pollutants can easily go down the drains and into the storm water systems. It is of great comfort to know that the contractor doing the work has insurance coverage for potential water contamination issues.

Shawn Walter, Business Development Manager for Valcourt's DC/Baltimore Waterproofing and Restoration Branch, was previously a project manager for Whiting-Turner Construction Company. Shawn has seen both sides of the business and has considered the risks associated with hiring contractors to perform expensive work where the quality of the work and the associated warranties are paramount. Shawn states, "The time to check on the company's safety, training programs, financial stability, and a license to do business in your jurisdiction is prior to awarding the contract. It is often too late to do so afterward." Shawn adds, "We so often see a limited specification of the scope of work for a project. The end result is often that contractors are bidding the job with totally different materials and repair techniques. Therefore, it's impossible to compare apples to apples. Clarity and detail on repair specifications are a critical part of the bid analysis process."

WINDOW CLEANING

The window cleaning industry has changed substantially over the last 10 years. Much attention has been given to the ANSI I-14 Window Cleaning Standard. This standard has changed the manner in which window cleaning is performed both from the building owner's, property manager's, and contractor's perspective. Bruce Lapham, Executive Director of Compliance Programs for Valcourt's Window Cleaning Division, states, "It is no longer acceptable to allow window cleaners to just show up without the building owner's awareness of the methods employed to access the windows. Understanding and interpreting OSHA codes and ANSI standards is still difficult and confusing, especially when factoring in the associated liability exposure." He goes on to say that "a contractor that is able to help property owners and managers navigate through these complexities can be of great value, which is why Valcourt has developed an entire department for our clients dedicated to compliance."

Gary Le François is Senior Vice President Director of Engineering for Transwestern, a national third-party property management company. He has been turning to Valcourt for both window cleaning and waterproofing/restoration projects for more than 18 years. Gary says that although there are quite a few companies out there, most do not meet his standards for compliance, safety, and training programs.

He feels strongly that "Valcourt's compliance team works at this full time; it is fully dedicated to compliance for Valcourt's workers as well as the building owners."

Gary goes on to explain that Valcourt, in association with several consulting engineering firms, not only provides annual inspections for the dedicated roof anchorage points but will also load test anchorage points when required. He adds that Valcourt will often help a property manager prepare a budget to have an anchor retrofit completed so that a building can be brought into compliance. To Gary, it is reassuring to know that Valcourt "strives to assure that roof anchorages are inspected and tested if necessary before they let their people suspend from the building." In addition, he likes the fact that when Valcourt's crew is on site at a Transwestern managed building, "the workers not only provide certification that they have been trained on that particular building and with the specific equipment that will be used, but they also sign training documents before they set up their equipment. This provides Transwestern with a higher level of confidence for a safe and successful outcome."

Jon points out that one of the greatest concerns with performing window cleaning, especially in a center-city environment, is protecting the general public. Barricading work areas below where work is taking place is difficult, and requires a lot of worker training and management attention. A vital part of managing jobsite safety is job oversight. Valcourt's Window Cleaning Division has managers whose specific role is to check up on every job site each and every day. Without this consistency, Jon says, it would be easy to lose control of workplace safety.

In the final analysis, it's obvious that problems can arise, even with the best of companies that have excellent safety records and reputations for high-quality results. But if property owners and managers perform due diligence when recruiting contractor/service providers to work on their buildings, the physical and financial risk exposure associated with the serious business of exterior building services can be minimized significantly.



Gary Le François is Senior Vice President Director of Engineering for Transwestern, a national third-party property management company and Valcourt window cleaning and waterproofing client.