
Contract Essentials: Part 1 – General Knowledge

The dictionary defines a contract as “a written or spoken agreement, especially one concerning employment, sales, or tenancy, that is intended to be enforceable by law”. Doing county business likely involves entering into written legal contracts with vendors, construction firms, or other service providers. Think of a contract as a roadmap for a project or process that outlines each parties’ expectations, obligations, goals, timelines, payment, etc. It is a planning, measurement, and accountability tool.

Scope of Work

The scope of work (SOW) is the part of the contract that outlines the work to be completed. A SOW should include milestones, reports, deliverables, and end products to be provided/completed by the contractor. A contract with a construction company to build a park, for instance, might include the following milestones: date when equipment will be installed, landscaping completed, etc. It might also include a requirement that the contractor provide weekly or monthly progress and/or expense reports. The SOW should include a detailed description of the expected end product and a timeline for completion of the project as well.

Contract Duration

The contract duration is the number of calendar or working days from the start date specified in the contract to the specified completion date. For ongoing services, such as office supply deliveries, the contract duration is the length of time the contract will be in effect. The contract duration may also specify a time schedule for project milestones to be completed or performance times for particular services (e.g., pick-up or delivery times or days of the week).

Signing Parties

Ensure that your organization and the organization with whom you are entering into the contract are listed correctly on the contract documents. Also make sure that the people who sign the contract are legally authorized to bind each party into a contract. For

counties, the Board of County Commissioners or their designee are the only legally authorized signors (C.R.S. 30-11-103 and 30-11-101(d)). Verify the approval process for contracts within your organization and make sure that all parties (e.g., attorneys, budgetary pre-approvals) have ample time to review the contract and pursue changes.

Dispute Resolution

Most contracts now include a dispute resolution clause designed to resolve disputes without taking the matter to court. These clauses typically call for mediation or arbitration prior to either party entering into litigation. Mediation is a process where an impartial person (the mediator) facilitates communications and helps the parties reach a mutually acceptable agreement. Likewise, arbitration involves an impartial party (the arbitrator) who hears arguments from both sides and makes a decision on the disputed matter. Arbitration has limited appeal options and is often viewed as problematic by public entity lawyers. Carefully consider how you wish to handle disputes should they arise and spell the process out in the contract.

Other Essentials

Specify a specific point of contact for each party entering into the contract. This will help eliminate confusion. Also identify the person(s) who is to receive contract-related documents (e.g., insurance certificates, status reports, etc.).

What This Means for Counties

Contracts are an essential part of doing business at all levels of government. A well-crafted and thought out contract offers both you and the party with whom you are contracting a guideline for what is expected, when it is expected, and how much it will cost. Review contracts carefully and consult your county attorney to protect all interests involved. For more information on contracts, contact CTSI at 303 861 0507. 