

The \$80,000 Equipment Approval with an Incomplete Scope

CLIENT APPROVED \$80,000	WHAT WAS SCOPED Equipment Only	EXPOSURE IDENTIFIED TBD — Change Orders
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WHAT HAPPENED

HVAC Asset Management identified a significant disconnect between the contractor's \$80,000 proposal and the requirements for a turnkey, code-compliant installation. The current contract covered only 'box-and-labor,' leaving the client exposed to significant code violations, safety risks, and future financial liabilities.

IDENTIFIED SCOPE DEFICIENCIES

Regulatory & Code Compliance: Proposal omits economizers (required for units >5 tons per IECC/ASHRAE) and mandatory smoke detector certification.

Infrastructure & Electrical: No provision for replacing aged electrical disconnects — a best-practice requirement during new equipment installs.

Controls & Mounting: New thermostats and sleepers (curb/mounting supports) are missing, essential for integration and physical stability.

Operational Integrity: Professional startup and commissioning are absent; without them the manufacturer's warranty may be voided.

Administrative Close-out: No warranty documentation or O&M; manuals — leaving the client without a paper trail for future maintenance or claims.

CORRECTIVE ACTION

The contractor was sent back to provide a fully itemized scope. Several of the excluded items — economizers and permits — are not optional; they are California code requirements that cannot be waived. Without independent scope verification, each missing item would have surfaced as a change order after work began, at which point the client would have had zero negotiating leverage.

Contractors write the scope they expect to get away with. When there is no independent review, code-required economizers disappear from the bid and smoke detector certifications never get scheduled — because no one asked.

KEY TAKEAWAY

An approved budget is not a protected budget. On a multi-unit mixed-tonnage job, equipment and labor alone are not a complete contract. The excluded items were not optional upgrades — several were code requirements that cannot be waived. Without scope verification before contract execution, every gap becomes a change order the client has no leverage to negotiate. An \$80,000 approval means nothing if the contract behind it only covers half the job.