Charles County has my attention and it should also have yours. Some decision makers are proposing planning level changes based on seemingly conclusive technical assumptions that may not be so conclusive – and can have ramifications throughout Maryland.

Politically-catalyzed water resource issues are not unique to any region but a more-is-better desktop approach by the County Commissioners to water resource management may result in formidable encumbrances to real property in certain districts. The County is proposing a Comprehensive Plan that can not only set a tone for other jurisdictions who may long for precedents, but may eventually result in growth restrictions.

What do I mean?

Charles County is to be commended for their long-term intentions of balancing desirable growth with managing their resources and conservation efforts. Methods to improve and restore them have evolved extensively over a learning curve, yielding valuable data since such issues are dynamic and not static. We now know more effective means of regulating activities to minimize and mitigate water quality impacts from human activity.

But is the County – and Maryland - effectively applying its resources to the most pressing challenges as a priority? More important, are they utilizing appropriate technical presumptions in their decision process over what may sound or feel good - specifically, as it applies to stormwater and nonpoint source water management?

Statewide, the Chesapeake Bay Program’s own data clearly shows that the primary sources of nutrient loads (sediments, nitrogen, phosphorous) are agriculture and legacy land use prior to stormwater management (SWM) requirements.

It follows that water quality improvement initiatives should continue to target, and prioritize, these sectors through increased support of existing federal and state regulatory programs already in place intended to retrofit

Continued On Page 24
Meet & Greet

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Getting The Best Deal For Your Commercial Auto Insurance In 2017

Almost mid-year 2017, the commercial auto insurance market is continuing a negative trend. Carriers continue to have adverse loss ratios in commercial auto. They are charging less premium than the claims dollars they are paying out.

Some insurance companies are forcing an increase on all of their clients and other carriers are trying to push the increases to the clients that have the worst loss experience. Either way, the negative trending is something to keep in mind for your next commercial auto renewal.

For many construction companies, their auto insurance is one part of a larger insurance program. Insurance carriers may be able to mitigate the auto premium by providing better pricing on other lines of coverage. If your insurance program is spread out amongst multiple insurance companies, the impact of the auto rate changes may be more severe.

It is important to understand what is driving commercial auto insurance rates up, before looking at how to get the best deal.

The factors that are driving up auto rates include:

- Higher health care costs – Injuries that occur in auto accidents are more expensive to treat and manage. Carriers have embraced cost management programs to reduce workers’ compensation costs, but those methods are not viable under auto claims.
- Higher cost of litigation - The cost to defend and settle a claim go up.
- More distractions – Cell phones and navigation tools create more ways for a driver to become distracted and get into an accident.
- Auto values are higher – The cost of vehicles continues to increase. The auto industry has used lighter materials in auto construction to get better fuel mileage but this often results in more damage, even in minor accidents. Technology has also become more widespread and complex. The days of popping out a dent or doing some minor body work are no longer feasible.
- More Uninsured and Underinsured Motorist claims – In claims where the responsible party has no insurance or very limited insurance, the uninsured/underinsured motorist coverage is being pursued more often. Carriers traditionally included this coverage (typically at $1,000,000) for little premium. The claims activity under this coverage has increased tremendously.

With the rates going in the wrong direction, how do you get the best deal?

- Take some risk – use higher deductibles to offset premium increases.
- Adopt and enforce a driver policy – Make sure your drivers are qualified and that they are aware of company rules and they obey company rules. A strong cellphone policy must be used. Have a drive qualification program and stick to it. Get driving records on an ongoing basis.
- Maintain your fleet – Drivers should be required to perform a daily inspection of their vehicles and report any issues or concerns. You don’t want to hear that the brakes were not working well in an accident report. You need to know before a problem occurs.
- Use fleet management tools – GPS tracking systems and drive cam systems can provide great feedback into how your vehicles are being operated and may offer protection in certain claim situations. These systems can give you instant data when speeding or hard braking occurs. They can also help you track the routes your vehicles are traveling and when the vehicles are in operation.
- Provide ongoing driver training – You wouldn’t
Recently my husband and I went to Universal Studios Orlando – a magical place for adults and children alike. Although, we are big Harry Potter dorks and loved seeing the attractions, one thing we didn’t expect was the magic we’d feel. While we wanted the thrill of riding the grandest coaster and the delicious taste of our very first butterbeer, we ended up leaving our trip with much more, a childlike sense that maybe….just maybe…. magic is real.

On our flight back to Baltimore, we sat talking about how much my husband’s sister would love Orlando and that we should bring her the next time we visit. All of our desires were fulfilled, we were gladly telling our friends, and we were already planning our next trip.

Now… I know what you are thinking – Universal Studios is an empire of cinematic experience and a park of endless attractions. How can my business create that kind of magic?

No matter what your industry, you are serving someone – a business, an individual person, or a family – that is your consumer. For Universal Orlando, I was their consumer and they did a magnificent job of fulfilling my expressed and unexpressed wishes. An expressed wish is something your consumer has literally asked you for verbally or by way of simply hiring you to do your job. For example, if you’re a roofer and they’ve hired you to fix their roof, that is their expressed wish. However, to truly engage your consumer, create a meaningful bond and make you irreplaceable in their life, you need to think of their unexpressed wishes. Unexpressed wishes are things your customer isn’t asking you for directly, but they crave or want in some way. Unexpressed wishes may be as simple as greeting them at the door for a meeting, having their favorite soft drink on the table upon arrival, or helping them park their car if they are handicapped. The key to fulfilling unexpressed wishes is to create little moments of “wow” to create a big impact on your relationship.

Fulfilling unexpressed wishes is not difficult. It requires a little bit of effort and a special dose of attention to who your consumer is. As you start working with a new consumer, keep tabs on who they are, what they like and their general preferences. If you use a CRM, make a field for the occasion. For example, if your customer mentions that they are planning their daughter’s wedding next year, note the date and send them a gift. By the time the wedding rolls around they will forget that they told you about it and be left with a sense of “How did they know?!?”

The benefits of fulfilling unexpressed wishes can be game-changing for your business. Turn ordinary moments into extraordinary moments and benefit by:

Boosting your referrals and creating a positive “buzz”– Do you remember the last time you were “wowed” by a company? Did you tell anyone? Although people generally spread the news when they have a bad experience, you can boost the positive “buzz” by going consistently beyond your call of duty.

Creating repeat business and becoming irreplaceable in your client’s life– Once they had that magical “wow” moment, you will be the first person they think of when they need your service again. They will engage with you on a more personal level and they will want to give you their business.

Creating actual friendships with your customers– At Prosperity, we have found that this often leads to lifelong friendships with our clients. Once you know when their kids are getting married, when they move, when their anniversary is, etc…. you are a part of their life every step of the way. Although there is no monetary benefit from this alone, it is arguably the most rewarding part of fulfilling unexpressed wishes.

If you want to learn more about fulfilling your clients wishes, feel free to email me at msp@prosperityconsult.com or visit our blog at https://www.prosperityconsult.com/blog/.

Maggie Spivak
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Linden Ponds
Hingham Massachusetts

The Brentwood
Baltimore Maryland

VIEW GALLERY
Be honest. How many times have you heard someone say “our people are our greatest asset” and rolled your eyes?

It’s cliché, but there is a good bit of truth to the statement. The truth lies in the simple fact that human and intellectual capital are expensive to replace. When you watch a good employee walk out the door, it’s like throwing $100 bills into a big summer bonfire. Losing a valuable employee can be a big hit, financial and otherwise, to your business.

Our 2017 Maryland Construction Industry Survey revealed that 62% of contractors say finding and retaining good employees is their #1 concern, up from 54% in 2016.

Tackling that concern can be daunting when you already have so many things going on in your business, but you have to start somewhere.

To help, we’ve put together eight employee retention hacks that you can start putting into place this year.

1. **Pay your best employees a competitive salary.**

   Let’s get money out of the way. It’s the number one reason why construction company owners believe good employees leave their company. While you don’t need to break the bank to pay more than every other contractor in town, at least be aware of what the going rate is for the types of employees you hire, whether it’s foremen, accountants, bricklayers or estimators. Pay them fairly and competitively.

2. **Say more than “welcome aboard” to your employees.**

   Your retention efforts should begin at the time you decide to hire a particular employee. When they accept your offer, make them feel like they absolutely made the right decision by joining your company. On their first day, show your new employee around and introduce them to the rest of your crew. Pair your new employee with a friendly peer who already knows the ropes.

3. **Offer employer-sponsored job training.**

   In the survey, more construction companies reported offering technical and soft skills training to employees in 2017 compared to 2016.

   Having the opportunity to learn new skills will be viewed by your employees – especially those who care about their jobs and want to do well – as a nice benefit, which in turn will most likely increase their loyalty to you. But just as important, you will be developing a pool of more skilled and efficient employees for your business. It’s a win-win.

4. **Offer a leadership development program.**

   Only 16% of Maryland construction companies ranked their leadership development programs as “great.” A staggering 20% of contractors reported having no leadership program at all for employees, with the rest falling somewhere in between.

   Your best workers should be trained and groomed to take on more responsibility, whether it’s mentoring young employees or managing the finance department.

   Who knows, maybe that employee you’re grooming now will turn out to be the person who takes over your business down the road. Leadership development programs can keep good people engaged and increase their loyalty to your business.

   When you give your managers leadership training, you’re more likely to retain your up and comers. Why? Because today’s managers will be leading tomorrow’s managers by example.

   So ask yourself, what are you doing today to keep your star project manager on track to stay – and succeed – at your company?

5. **Give your employees frequent and actionable feedback.**

   Nearly one-third of contractors said in our 2017 Maryland Construction Industry Survey that they do not give feedback to employees on a regular basis.

   If you’re part of that one-third, it’s time to make some changes. Feedback can be given in both informal and formal settings. The important thing is that you do it regularly, ideally after every completed job or project.

Continued On Page 23
Jumping Into The ERP Swimming Pool

It is a decision that every business has to face at some point: the complexity of business has outpaced the current business applications and processes. The lack of flexibility in those systems and processes is either holding back revenue growth, causing cash flow issues, or even causing morale issues with employees because they perceive their job is more difficult than it should be.

Enterprise Resource Planning (ERP) systems are often the keystone by which all business processes are built around. Modern ERP systems are tailored to the specific industries they support, ranging from construction, retail, manufacturing, or even agriculture.

Due to the complexity, cost, and time investments required to implement a modern ERP, the decision to start the process should not be taken lightly, and not every business is ready to make that investment. The benefits of doing so, however, can be immense.

Enterprise Resource Planning software, by definition, combines applications and processes across the entire enterprise. It is not uncommon for each functional area within a business to require specific software to meet that group's daily operational needs. Under this type of environment, data is not easily shared between the different types of business applications. This also means that knowledge of that application and the associated business processes are cut off from each other, often times leading to a “Black Box” effect: where one department has no insight as to the internal workings of another. This prevents efficiencies and continual process improvements from gaining traction and being effective within the enterprise.

By combining all business functions within the same business application, software and hardware, costs and maintenance can be reduced, or at the least, streamlined. Data movement between these functional areas can be more tightly integrated, such as operations data that can flow to accounting more quickly, costs can be billed easier, and cash can be booked more efficiently.

Aside from allowing data to be shared between operational areas, and reducing the overhead of maintenance of multiple systems, perhaps the largest benefit of an integrated ERP system is accessibility of all corporate business data. Reporting, and the subsequent analysis that feeds decision making, can be performed more quickly and with much greater accuracy due to the tightly integrated data from all operational areas across the enterprise.

The benefits of implementing an ERP, however, must be balanced against the risks. Generally, a tightly integrated ERP platform will require a substantial investment in software, and usually associated hardware or virtualization technology to support the new platform. The time investment on staff is also a primary concern, as the implementation of an ERP may require hundreds, if not thousands, of hours of staff time over the course of months or even years.

Ultimately, the needs of each organization will be different, both in terms of the decision to move to an ERP and which ERP is best suited to the overall business. As we’ve seen, there are many potential efficiencies and improvements to the organization that a new ERP platform can allow. However, implementing an ERP is a costly and time consuming endeavor to undertake, and not every organization is at the level where the efficiency gains outweigh the risks. The decision to move to an ERP should be considered amongst the long-term technology strategy, as a properly implemented ERP can be a platform for growth for decades to come.

Chris Lounsbury is the Director of Professional Services with Business Information Group. He has been working on technology solutions to business problems and opportunities for the last 15 years, helping clients solve complex enterprise data and software problems across multiple industries and business sizes. In addition to his work providing high quality consulting services to his clients, Chris is an avid writer, motorsport fan, and car enthusiast.
Biz Basics Q & A

**Question:** How does a company preserve its lien and claim rights when required to sign conditional lien and claim waivers that require all claims to be waived through a certain date?

**Answer:** In the past, conditional waivers were given in exchange for progress payments and limited to work performed and amount paid, i.e., money waivers. The current practice is, instead of waiving all rights related to work performed and paid for, owners and/or contractors are asking for all rights to be waived through a date certain (date waivers). This is problematic in that change order or other extra work may have been performed during that period but has not been formally approved either by the owner or the contractor. Another example is if the contractor or subcontractor has been delayed or impacted on a project, or its performance has been accelerated or the schedule compressed and those costs are not yet determined. Signing such waivers release your lien rights and claims for those costs. To preserve your company’s rights when presented with date waivers, insert the following language on to each date waiver you sign:

“This release shall apply only to work for which payment has been received in full by [Contractor/Subcontractor]; and shall not apply to unbilled changes, or to claims which have been asserted in writing or which have not yet become known to [Contractor/Subcontractor] and shall be conditional upon receipt of funds to [Contractor/Subcontractor]’s account.”

Tracy L. Steedman  
Member Aan LEED AP, BD+C  
Adelberg, Rudow, Dorf & Hendler, LLC  
(410) 986-0822  
tsteedman@adelberg.com

Tracy Steedman, Partner at Adelberg Rudow, represents owners, general contractors, subcontractors, suppliers and design professionals, in all areas of green and traditional construction, including contract drafting and negotiation, pre-litigation dispute resolution, and all phases of civil litigation. She can be reached at 410-986-0822 or at tsteedman@adelberg.com.
QuickBooks And Percentage Completion Accounting

In most situations, generally accepted accounting principles require that the percentage completion method of accounting be used to recognize revenue on long term construction projects. Under this method, billings to customers are adjusted to reflect the revenue “earned” per the percentage of completion calculation. The calculation is as follows:

Expenses Incurred to Date/Total Estimated Costs = Percentage Complete

Total Contract Value x Percentage Complete = Revenue Earned

It is critical that the total estimated cost figure is accurate, and best practice is a regular review of the cost estimate as jobs progress. Typically as jobs progress a “cost to complete” is calculated which factors costs incurred to date and estimated costs for the parts of the job that have not been completed.

Banks and surety companies also require that construction companies provide them with detailed schedules of information on contract values, billings, cost estimates, and costs incurred to date for their review. The ability to track and provide this information in a timely and accurate manner is a sign of a well-run contracting company.

QuickBooks does not have a module that provides complete percentage completion reporting with all the required calculations and posting of adjustments to the ledgers. However, the basic information required to prepare a percentage completion schedule can be derived from QuickBooks. In this section an approach will be outlined to get the basic information from QuickBooks, export the information to Excel and generate the needed reporting. This approach is dependent on having both the estimate and actual information in QuickBooks up to date.

The Job Estimate vs Actual Summary report contains much of the needed information to create a percentage of completion report. To run the report, from the main menu select Reports, then Jobs, Time & Mileage, then Job Estimate vs Actuals Summary. The report should be run through the date for which the percentage completion adjustment is being prepared. Below is the report showing the columns of data that will be transferred to the percentage completion report.

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The Relationship Between A Contractor And Their Surety

As strange as it seems, sometimes contractors don’t understand the basic relationship between themselves and their surety.

Too often, a contractor will describe surety credit as a necessary evil or another cost of doing business. Even worse, they’ll simply focus on the indemnity agreement and feel that the surety is out to get them.

While bonds may be necessary, the best in class contractors recognize that their surety is a wealth of information and advice, whose primary mission is to help their clients remain profitable.

Sureties would like it if they never had to invoke any parts of the GIA, but that brings us back to the real world. If a default does occur, the surety’s goal is to get the project completed efficiently and everyone paid with the smallest loss possible; the exact same goal as the defaulting contractor! While they do expect reimbursement (who wouldn’t?), their interests typically remain aligned with their clients even in a doomsday scenario. It is the combative clients that often cause the largest losses, which they will have to pay back eventually.

The primary point is that contractors should not consider their surety and bond agents as adversaries looking to make a quick buck. The best agents and sureties work hard to develop lasting relationships of openness and trust with their clients, doing everything you something is a bad idea, we must really mean it.

A few common misconceptions to add.

- First, sureties are not arbitrators in claims situations. If a claim is made against your bond (or if you go against someone else’s bond) it is the surety’s responsibility to investigate the claim from both sides, and then act in accordance with what is described in the bond forms and contracts. If money is owed, the surety is obligated to pay it. However, if two contractors are reasonably disputing a change order or workmanship claim, the surety will not interfere until a decision has been reached between both sides or in a formal proceeding.

- Second, the General Indemnity Agreement (GIA) is not meant to punish contractors for their misdoings; it is meant to preserve the surety’s rights. Think of the GIA as a policeman’s tool belt; if you are caught jaywalking, the officer won’t reach for their taser, but may issue a ticket. The GIA functions in the same way by reserving the surety’s rights in a multitude of situations.

Sureties have the advantage of reviewing the balance sheets and meeting with hundreds of contractors a year. Some underwriters may handle a dozen companies of a single trade in our area. When combined with years of data, this gives underwriters a very clear pattern of what practices generate strong returns and what practices lead to headaches, claims, and even default.

It is this information that guides sureties in making their decisions when reviewing bond programs. If a surety discourages or even declines something, they are usually doing so because of proven trends in an effort to protect your business. Conversely, if they ask targeted and specific questions, their goal is to help guide you into performing at the highest level and maximizing your profitability. We make the joke around the office that we only get paid when we write bonds, so if we tell

Continued On Page 26
Your AHA Moment

Social Media Strategy Tips For Your Company

Creating a social media strategy is important; but creating one that works is going to be essential for growing your business as the information age progresses.

There are a lot of strategies out there, but the best way to approach your social media strategy is to find a way to measure your success, create a plan, and refocus your content.

Measure your potential for success with clear goals.

Ask yourself what you want out of your social media presence. Do you want views, subscribers, or interaction? Each of these results can be achieved and measured in slightly different ways. For example, if you want to measure your social traffic, then you need to quantify your unique visitor count in the areas where your social media strategy has been implemented. These very simple analyses are going to be key in determining the success of your projects and make for an excellent first step.

Create a strong voice and monitor for changes in your measurable results.

A big part of creating a social media strategy that produces results is creating a strong brand that people want to engage with. There are several ways to do this. The first is to develop interesting and brand-specific content for your audience to explore. You should also take the time to interact with them by asking questions, responding to questions, and producing daily bits that show your audience that you are present. Transform your image from an unreachable monolith to an approachable group of people who work within a company. These are ways that your customers can get to know you; and, once they know you, they will be more likely to utilize your services loyalty.

Ready for your AHA! Moment? Call Allan Hirsh Advisors today!

At Allan Hirsh Advisors we believe in making a difference in the lives of CEOs and Business owners. We help you discover why you do what you do, understand your personal and professional visions. We ask questions, listen to you, give you feedback so you can make better decisions that align with your why and your visions and hold you accountable for your decisions. All this so you can improve your life and improve the lives of the people around you. If you are interesting in taking your business to the next level then contact Allan Hirsh Advisors to learn how we can Create AHA! Moments for you.

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Governor Vetoes Maryland’s Paid Sick Leave Bill But Override Likely In Next Session

After several attempts at passage in previous legislative sessions, the Maryland General Assembly passed the Maryland Healthy Working Families Act (HB1 (SB230)). The bill was to take effect on January 1, 2018. However, on May 25, 2017, Governor Larry Hogan vetoed the bill having previously called it “a deeply flawed, job-killing paid leave bill,” that would “cost thousands of jobs and billions of dollars in lost economic activity.” Although the Governor’s veto halts implementation of the bill for the moment, override of the Governor’s veto is likely in the coming legislative session given the fact that a sufficient number of votes to override the veto existed both in the General Assembly and the Senate at the time of the bill’s passage. Further, House Speaker Michael Busch has already indicated that overriding the Governor’s veto will be a priority in January.

The Maryland Healthy Working Families Act would require an employer with more than 14 employees to have a sick and safe leave policy under which an employee earns at least 1 hour of paid sick and safe leave for every 30 hours an employee works. An employer with 14 or fewer employees, based on the average monthly number of employees during the preceding year, would be required to have a sick and safe leave policy that provides an employee with at least 1 hour of unpaid sick and safe leave for every 30 hours an employee works. An employer would not be required to allow an employee to earn more than 40 hours of earned sick and safe leave in a year, use more than 64 hours of earned leave in a year, accrue more than 64 hours at any time, or use earned sick and safe leave during the first 106 calendar days worked.

The bill defines the term “employer” to include the State or local governments and a person who acts directly or indirectly in the interest of another employer with an employee. The bill also excludes certain specific classes of employees from eligibility.

Earned sick and safe leave would begin to accrue the later of January 1, 2018, or the date that an employee begins employment with the employer. An employer would have to allow an employee to use earned sick and safe leave:

- to care for or treat the employee's mental or physical illness, injury, or condition;
- to obtain preventive medical care for the employee or employee’s family member;
- to care for a family member with a mental or physical illness, injury, or condition;
- for maternity or paternity leave; and
- for specified circumstances due to domestic violence, sexual assault, or stalking committed against the employee or the employee’s family member.

The bill includes processes and conditions, including notice and verification requirements, under which an employee may accrue and use earned leave.

An employer would have to notify its employees that they are entitled to earned sick and safe leave by providing a specified notice to employees. The Commissioner of Labor and Industry (the “Commissioner”) would have to create and make available a poster and a model notice that may be used by employers, which would include specified information on earned sick and safe leave and the rights of employees.

As to enforcement of the bill’s provisions, the bill would preempt the authority of local jurisdictions to enact a law on or after January 1, 2017, that regulates sick and safe leave provided by an employer other than the local jurisdiction.

As to further provisions of an enforcement nature:

- An employer would have to keep relevant records for at least three years, and the Commissioner may inspect an employer’s records regarding earned sick and safe leave. Furthermore, it would be presumed that an employer has violated the earned sick and safe leave provisions if the employer fails to either
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\(^1\) The Corporate Membership Rewards program is for eligible Commercial Card Clients. Terms, conditions and restrictions apply; for a copy or for more details, call 1-888-800-8564

\(^2\) Actual float time will vary based on the date of the charge, the billing cycle cutoff date and the payment date.

\(^3\) The number of checks cut will be reduced based on converting supplier’s card payments.

For more information on this effective and efficient member benefit, contact MCN’s Verna Regal at 443-982-7329 or at verna@mdconstructionnet.net.
Communications Vacuums Are Filled With Negative Assumptions - Fill Those Vacuums

How many times have you been told, “I’ll get back to you tomorrow,” or “The repair tech will be there by 10:00AM,” and the call never arrives tomorrow and neither does the repair tech? In both of these examples an expectation was created but was not met. These are familiar examples of communications vacuums. The person who promised to call does not call and what is your reaction to that? Do you feel ignored, unimportant or just plain frustrated?

Now think of situations when your customers experience communications vacuums with your business. Is that what you want to have happen? Probably not, so what do you do about it?

First you train everyone in your company to set clear, realistic expectations of how your business manages communications with customers. Second, you give them the tools and the authority to avoid creating communications vacuums or to fill them swiftly when they occur. Expectations of when customers will hear from your business to answer their question or to resolve their issue should be met even if there is no answer or resolution yet. You can give a progress report and assure them that you are working on what they called about. Delivering that news to them is better than those customers thinking that they have been forgotten. The higher the customer’s anxiety is about the reason they contacted your company, the stronger the negative assumptions they make about any communication vacuum.

Also, create the same processes for internal company communications. If one area of your business is not keeping another area informed in line with their expectation of being updated, the impact on attitudes is the same as it is on customers. The danger here is the potential for customer-facing employees communicating their frustrations to customers, which can damage your company’s reputation and your brand.

What creates any positive relationship is mutual trust. Setting clear expectations and consistently meeting them sustains that trust. So it is with customers and fellow employees. Avoiding and filling communications vacuums can be a significant differentiator for you and your business and is a strategy that is available to any company willing to make it happen.

Paul Riecks is a Principal at INSIGHT. At INSIGHT, we believe that every business has the opportunity and the potential to be as successful as its owners want it to be and deserves the chance to reach that potential. One of the best resources available to business owners and CEOs for help in reaching their company's potential is the deep pool of knowledge shared with other business owners and CEOs. So what we do is form INSIGHT Groups-each with 10-15 owners and CEOs- and facilitate their monthly meetings where they advise each other, share ideas and experiences and gain the clarity they need to achieve the success they seek. www.gaininsight.net
You Can’t Make ‘Em Love You

If you’ve ever found yourself in a position of unrequited love, you know it’s true that you can’t make someone love you. No matter how hard you try to change them, or yourself, to get them to love you, it doesn’t work. So why do you suppose we pursue these relationships for so long when we know they will not work?

We do this because we avoid asking tough questions that lead us to the truth. It’s the same in personal relationships and in business. In my business we have a saying: “Get to the truth quick.” This means qualifying, qualifying, qualifying through asking the tough questions. The truth may hurt, but knowing the truth puts you in a much better position in the long run.

An oft-quoted line from the Bible states that “the truth will set you free.” It’s been quoted so much that it borders on cliché, but that doesn’t mean it isn’t correct. It is always better to know the truth, and the sooner you know it, the better.

Stop putting off the inevitable. The longer you put off getting to the truth, the more difficult it becomes. As time wears on you will become frustrated with yourself for not stepping up and asking the tough questions. You may even find that you are wasting your time on a losing proposition, which you might have avoided had you been willing to ask for and face the truth early on.

What is the worst case scenario if you ask the tough questions? It’s almost always that the other person will say, “No.” “No, I don’t love you”; “No, we’ve decided to hire someone else”; “No, you’re not getting the promotion.” It may sting at the time, but “no” is not really a bad answer. “No” doesn’t mean you failed; it means that there is no opportunity for you with that person or business right now. It frees you up to focus your time and efforts on other people or clients with whom there might be an opportunity for you today.

It is important to note that when receiving a “no,” you should always handle it with class and politely thank them for the opportunity and ask them to please keep you in mind if things should change. In business, more so than in personal relationships, these situations might be very fluid and could change quickly. Don’t get mad about the “no” and say or do something that will eliminate you from future consideration. Even if this deal doesn’t pan out, the client could come back to you in the future.

So whether it’s business or love, always remember you can’t make them love you and it’s better to find out the truth sooner than later! Ro Waldron is a commercial real estate broker and author with 28 years of experience in the Washington, D.C. area market. Through his vast experience in commercial real estate Ro adds value for his clients using his knowledge, connections and successful track record with many of the major players in this market.

Ro’s experiences in commercial real estate and as a player and coach on NCAA college football teams form the basis for his successful blog, “Ro’s Words of Encouragement.” To learn more about Ro, please visit www.rowaldron.com.
Identifying Fatigue

Fatigue is the condition of being physically or mentally tired or exhausted. Extreme fatigue can lead to uncontrolled and involuntary shutdown of the brain.

Here are some things to look for in your coworkers to help identify fatigue:

- Their job performance slows.
- Their job quality is reduced.
- They can't recall their last thought, conversation, or what they did a moment ago.
- They have trouble solving problems.
- They make errors.
- They have a near-miss accident.
- They have trouble focusing.
- The head droops.
- They can't stop yawning.

When you're fatigued you will make errors in judgment. Your mind or eyes can be off task and you can make a critical error.

Fighting Fatigue

Fatigue is the condition of being physically or mentally tired or exhausted. Extreme fatigue can lead to uncontrolled and involuntary shutdown of the brain.

Fortunately, there are ways to fight fatigue:

- Get eight hours of sleep before starting work.
- Sleep at the same time each day. If they rotate shifts, establish clockwise rotations (from day to evening to night). Clockwise rotating makes it easier to go to sleep when a worker goes to bed.
- Take all scheduled work breaks. A snack or exercise during the break will refresh them.
- When trying to sleep during the daytime, find a cool, dark, quiet location. Use earplugs, soft music, or a fan to block out noise.
- See their doctor about sleep disorders, medications for illness, and using bright light on the job or during waking hours.
- Eat a well-balanced diet beginning the “day” with high protein foods and ending with carbohydrates. Do not eat great quantities before bedtime; they may cause trouble sleeping.
- Avoid caffeine, alcohol, and cigarettes. These substances cause sleep disturbances.
- Walking, stretching, and aerobics can help a person stay awake. Exercise will give you stamina and help you to fall asleep later.
- Work carefully and very methodically, always following proper procedures.

When you’re fatigued you will make errors in judgment. Your mind or eyes can be off task and you can make a critical error.

Managing Fatigue At The Workplace

How did you sleep last night? Did you get enough sleep? How do you know? It is very important to be aware of yourself. Getting plenty of sleep is a very important part of your personal safety.

Most people need 7-8 hours of sleep each 24-hour day. Sleep loss built up slowly over several nights can be as harmful as sleep loss in one night. Both produce a decline in performance such as slower reaction times, failure to respond to changes, and the inability to concentrate and make reasonable judgments.

Fatigued persons tested from continuous hours of wakefulness against blood alcohol levels concluded that 17 hours awake is equivalent to a blood alcohol content of 0.05. Twenty-one hours awake is equivalent to a blood alcohol content of 0.08 and 24-25 hours awake is equivalent to a blood alcohol content of 0.10.

Continued On Page 25
Why Job Costing Is Important

Every construction company, regardless of whether they are a general contractor, subcontractor, or something in between, must be able to win and complete jobs efficiently. Business owners and project managers need information to accurately bid and estimate projects. It is imperative that the company generates accurate and timely reports. While some project managers rely solely on experience, the most successful project managers know how to best utilize the job schedule. The job schedule tells the story of construction projects at a point in time by providing a summary of all contracts the company has in process or has completed on a contract by contract basis. The job schedule relies on several factors, however, the most important is proper job costing. Proper project costing leads to better profitability, project estimating, management decisions, and timely financial reporting.

Job costing, profitability, and estimates

Proper job costing uses the costs recorded to a particular contract to reveal the profitability of each job, which can be compared to the original profit estimate. Diligent cost allocation also leads to more precise profitability numbers by project type. This in turn leads to more accurate feedback on current jobs and more precise estimating on future bids.

Knowing profitability by job helps management know where projects went right and where projects went wrong. A job cost system can track projects by phases and types, allowing relevant information at each stage of the contract. If a job has a loss, but all costs were coded properly, management can use that information to make decisions in the future. Profitability can vary from the estimate for a variety of reasons. It is possible the price of materials went up since the bid was submitted or a special skill was needed from a subcontractor that cost more than expected. If management can identify why a job did not go as planned, they can adjust their estimating on similar jobs in the future or find a more cost efficient way to handle issues that may arise again. This cannot be done without accurate cost allocation.

Job cost software and technology

A successful job schedule requires the proper processes and software. A strong job cost system will integrate with accounting software and processes such as tracking budgets and costs as they are incurred. Creating an effective system includes identifying jobs by numbers and type, and the ability to appropriately code costs. Many job cost software programs will use applications on mobile devices, allow subcontractors and vendors to send electronic documents, and integrate with the current accounting software to help achieve these goals.

Accurate records

The benefit of recording costs to jobs goes beyond accurate profitability, it also creates better accounting records. For accurate records both direct and indirect costs must be properly allocated to the correct job. Having good accounting practices, such as accurate and timely cost allocation, helps prepare precise reports and perform analytical review of contracts, which is crucial to making management decisions.

Analytical reviews

An analytical review is a comparison of financial information between the current and prior periods. When done accurately, a review will show the trends of the business, profitability on contracts, where cost saving opportunities may be available, and project financial results of the business in the future. Many contractors utilize management by exception reporting to identify a variance off the normal job costs which is another benefit of a comprehensive review. Management should predetermine a set percentage variance that would prompt a full investigation by the managing staff. As an example, the team may determine that a variance of 2% may not necessitate a review, but a variance of 10% does. This will be dependent on project, company, and industry standards. In short, the analytical review puts the numbers to work and helps them make sense.

Take the following example of what one might ask based on the outcome of the review:

- If subcontracting costs have increased by 10%, were the cost overruns approved?
- Would the company have saved money if it used in
Concrete Construction Activities & The New Crystalline Silica Rule

Do your construction activities create dust? More specifically do you demolish concrete or brick structures? Core drill, saw, or tuck point concrete or masonry? Then that dust created by these tasks and 14 other construction activities most likely contains crystalline silica. Worker exposure to silica is covered by OSHA’s new Crystalline Silica Standard for Construction found in 29 CFR 1926.1153. The standard becomes enforceable on September 23, 2017. Are you ready?

Crystalline silica is a common mineral found in many naturally occurring and man-made materials. Materials like sand, concrete, brick, block, stone and mortar contain crystalline silica. Amorphous silica, such as silica gel, is not crystalline silica. Respirable crystalline silica consists of very small particles typically at least 100 times smaller than ordinary sand found on beaches or playgrounds. Silica dust is generated by high-energy operations like cutting, sawing, grinding, drilling and crushing stone, rock, concrete, brick, block and mortar, or when abrasive blasting with sand.

The construction standard follows a new approach to give construction employers more flexibility in addressing circumstances in their industry while offering workers protections that are as effective as those provided in general industry and maritime. Conditions in the construction industry warrant a standard that is somewhat different due to the transient nature of work, changing environmental conditions, common tasks where exposures to respirable crystalline silica are significant, and evidence on the effectiveness of controls needed to reduce exposures. The key difference is the specified exposure control methods approach provides a flexible alternative to the traditional approach of assessing exposures and complying with the Permissible Exposure Limit (PEL) using engineering and work practice controls.

Construction employers can follow either the specified exposure control methods or alternative exposure control methods. The specified exposure control methods approach involves following “Table 1”, which specifies effective controls, work practices, and respiratory protection for specific construction tasks. Employers who fully and properly implement controls on Table 1 are not subject to the PEL and are not required to assess exposures for employees engaged in those tasks.

**Example of a Table 1 Entry**

<table>
<thead>
<tr>
<th>Equipment / Task</th>
<th>Engineering and Work Practice Control Methods</th>
<th>Required Respiratory Protection and Minimum APF</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Use saw equipped with integrated water delivery system that continuously feeds water to the blade.</td>
<td>None</td>
</tr>
<tr>
<td></td>
<td>Operate and maintain tool in accordance with manufacturer’s instructions to minimize dust emissions.</td>
<td>None</td>
</tr>
</tbody>
</table>

**APF – Assigned Protection Factor**

Two critical components for compliance with the specified exposure control approach are: fully and properly implementing controls; and identifying employees engaged in the task. In order for an employer to be in compliance, the specified controls, work practices, and respiratory protection must be fully and properly implemented. Mere presence of controls is not sufficient—employers are required to ensure that controls are properly maintained and used. For example, for vacuum dust collection systems the shroud must be intact and installed according to the manufacturer’s instructions; the hose connecting the tool to the vacuum must be intact or without kinks of tight bends that would prevent vacuum from providing sufficient air flow; the filter must be cleared or changed.
Construction Bonds Vs. Insurance

Construction Bonds

Construction Bonds, also called Contract Bonds, represent a type of surety bond. These bonds provide a financial assurance that the bills on a construction project will be paid. The way it works is, the issuing insurance company or bank, guarantees the project's completion by a specific contractor, so the construction bonds protect the resources of the project owner against sloppy or uncompleted work of the project. There are three types of construction bonds: Bid Bonds, Performance Bonds, and Payment Bonds.

Bid Bonds

Bid Bonds are the financial agreements that the Principal (now known as Contractor) will operate their business according to the laws and regulations of the industry within that state. Bid Bonds guarantee that the person bidding on a project will obtain Performance and Payment Bonds if awarded the bid to a project. Bid Bonds also protect the project's owner. The Owner has the right to sue the Contractor and the Surety (the issuer of the bond) to enforce the bond. For example, the Contractor is the one who is providing a financial guarantee that they will fulfill their obligations. The Surety is the party granting that license or permit to the Contractor. If the Contractor refuses to honor the bid, both the Contractor and the Surety are liable for any additional costs in contracting a replacement contractor.

Performance Bonds

A Contractor uses a Performance Bond to guarantee that they will complete the contract according to the terms. If the Contractor defaults on the agreement or goes out of business, the bond will be used to obtain a new contractor to perform the work, or to compensate the owner for any losses.

Payment Bonds

A Payment Bond guarantees that the subcontractors and suppliers of materials are paid for their services by the Contractor. The Owner benefits from this bond because it provides a substitute solution for non-payment of certain liens.

*Prior to a Contractor/Subcontractor giving the owner their Performance and Payment Bond, the Contractor/Subcontractor should get a copy of the owner's insurance plans (including Builder's Risk) for their own records.

Construction Bond Eligibility

The eligibility of applicants for construction bonds is decided by each Surety. Common criteria include skill level, resources on hand, and performance ability of contract requirements. The Surety also analyzes the applicant's financial standing, credit rating, financial statements, and investigates their work history.

Insurance

Insurance is most often used to manage risks with construction projects. There are many different types of insurance for the construction trade. Sometimes it can be confusing in determining who gets the insurance, and which insurance is right for the project. The risks associated with the construction project must be identified in order to make sure that the policy terms and limits are suitable to cover any potential losses. A few common types of insurance for the construction trade are General Liability, Builder's Risk, Umbrella Liability, Professional Liability, & Contractor's Pollution.

The Commercial General Liability Policy (CGL)

The most common type of insurance in the construction trade is general liability coverage. The CGL policy creates a foundation for coverage, and other policies can then be added to this base policy to manage coverage depending on the particular job or circumstances. The standard CGL policy insures against liability related to “bodily injury” and “property damage”. Both of these terms are usually defined in the policy. It is important to note that a CGL policy only covers damage resulting from defective work. The CGL policy does not cover

Continued On Page 31
Bidding Made Better
With Go/No-Go Analysis

To bid or not to bid? For contractors, this is always the question. When times are tough, you may be tempted to bid on anything and everything. During a more stable economic climate, however, you can and perhaps should be as selective as possible.

How to make this critical decision is the question beneath the question. One way to decide whether to bid on a prospective project is to conduct a go/no-go analysis. This process has been applied for years by the U.S. military, as well as in engineering and software development. It can work for contractors, too.

Find your sweet spots

Under the go/no-go approach, you first determine the categories that should be evaluated to define a typically “good” project for your construction company. For example, you’ve often turned a profit on this type of job, encountered few if any financial or legal disputes, and have done strong work. Common categories include:

- Type of construction (examples: homebuilding, commercial, health care),
- Estimated project revenue (for instance, $5 million to $10 million),
- Delivery method (such as conventional bidding or design-build),
- Geographic area (could be a region, neighborhood or proximity to company headquarters),
- Customer identity (for example, a specific developer or commercial entity), and
- State of backlog (that is, heavily or lightly backlogged).

From there, you assign points to each category ranging from, say, 5 for “definitely a go” down to 1 for “definitely a no-go.” The objective is to create a cumulative score that tells you whether the project in question is truly worth a bid.

To come up with the categories and scores, you’ll need to look to historical knowledge of your company and its projects. Don’t hesitate to gather your more experienced managers and employees to help you recall key details about where you’ve performed best. You might also use benchmarking to establish “sweet spot” areas for similar construction companies in your area.

Score yourself

Here’s how a go/no-go analysis might work. Let’s say George owns a general contracting company that primarily builds and rehabs multifamily housing projects but has also worked on some single-family homes and even a couple of smaller commercial jobs.

For simplicity’s sake, we’ll say George and his management team come up with three of the six previously mentioned categories by which to assess forthcoming bids:

1. Project type,
2. Estimated project revenue, and
3. Geographic area.

Because multifamily housing jobs are the company’s focus, those types of projects would likely rank a 4 or 5 in the go/no-go analysis. Building a single-family home or working on a manageable commercial project might rank a 3; other, less familiar, jobs would probably rank a 1 or 2.

Historically, most of George’s company’s projects have had estimated project revenues in the $4 million to $6 million range. So prospective jobs that fall in that range would likely be ranked a 4 or 5, while larger projects (which may stretch company resources too thin) or smaller jobs (which may not be worth the effort) would rank lower.

George and his managers decide to rank geographic area using concentric circles of miles. Because lower fuel costs and travel times are optimal, the closer a job is to the company’s offices and equipment lot, the higher
Get More For Your Workers’ Compensation Dollars

Being a business owner can be a lonely place to live. You have everything on the line, you’re the last to get paid, are responsible for livelihoods beyond your own and it’s a job you really can’t quit. As a former business owner I know and I now work as an advocate for others through my work with BBSI.

The two biggest expenses for business owners tend to be their employees and their insurance. However, many treat them as separate items and don’t think about how they intertwine. By taking a holistic approach to human capital and risk management, you can reduce the exposure, liability and workers’ compensation costs for your organization.

Many people are not aware that there are workers’ compensation programs that include HR services, risk & safety services, business coaching and payroll processing. In the insurance world, often the described program is called a PEO or Professional Employer Organization. The included services can vary from one PEO to another and the contract really defines the relationship.

The statistics for small businesses (fewer than 99 employees) that work with a PEO are quite incredible. According to NAPEO they are:

- 50% less likely to go out of business
- Typically have 10-14% less turnover
- Grow by an average of 7-9% annually

I talk with hundreds of business owners each year, mostly in blue-collar industries because construction, manufacturing and transportation are BBSI’s niche. The common headaches I hear all the time from business owners are:

1. I hate the workers’ comp audit at the of the policy period
2. The insurance company mishandled the claim and now my workers’ comp costs and mod are higher than they should be
3. The laws are always changing, I got into business to build houses, fix leaks, install windows not to attend HR seminars

I could go on and on, but I think I probably already connected with you.

What if I told you:

- There is a true pay-as-you-go workers’ comp program with no financial audit at the end of the policy period that would help bring predictability to your business and bidding process?
- That people would actually listen if you think a claim is fraudulent because they have skin in the game too? Plus those same people will allow you to earn money back via a safety incentive program. Why not reward people for having a good culture and safety practices?
- That you could have a local service team with years of experience in their field to support you and your team with HR law changes, safety best practices, supervisor elevation, succession planning and much more?

I’ll leave you with one final thought……….you hire your workers’ comp claims, you hire your employee headaches.

Tammy Good is a business owner advocate focused on providing successful solutions to business owners. With over 13 years of business and management experience, Tammy generates strategic discussion on a wide range of topics including growth strategy, cash flow, injured worker management, company culture and organizational development.

Tammy received a M.S. in Human Resource Development from Villanova University and a B.A. in Communications from the University of Delaware.

Currently Tammy holds a leadership position with Barrett Business Services, Inc. (BBSI), a publicly traded company (NASDAQ: BBSI) that serves over 5,000 clients nationwide.

Tammy.Good@bbsihq.com or 410.307.1391
Your feedback will help ensure your employees know how they can improve and what they’re doing well. Make your feedback specific, transparent and actionable. For example:

- “You did ABC very well.”
- “I liked how you …”
- “Next time, try XYZ instead.”
- “The way you handled ABC allowed us to get the job done faster than expected.”

The vast majority of employees WANT to improve. But they rely on your feedback to know how to do that.

6. **Make your business a fun place to work.**

This hack is so easy to implement but sometimes falls by the wayside. Get to know your employees as people. Show them that you care, and be ready to share a laugh here and there.

Celebrate birthdays, put their name in the company newsletter, or give your employee of the month a prime parking spot or a Friday afternoon off. Institute Taco Tuesday. Play a game of cornhole over lunch. Do you have a team that exceeded a goal? Treat that team to a catered lunch or an evening at the ballpark.

7. **Get rid of the bad apples.**

Nothing frustrates a high-performing employee more than a bad apple whose incompetency or bad attitude goes unaddressed by the boss. Equally as grating is the nasty customer who, time and time again, puts undue burden on your company and your team with her constant criticism, last-minute requests and poor communication.

When is the last time you fired a bad apple employee or customer? If you’ve done it, did it make your employees happy?

8. **Be flexible.**

For some employees, a flexible work schedule ranks right up there with compensation and a good medical plan on the list of desirable benefits.

Although it might be difficult to institute a high degree of flexibility for your workers in the field, it might be possible to give your in-office staff a work-from-home perk, or every other Friday off in the summer.

While this might not work for every business or every employee, extending some degree of flexibility to your best employees doesn't cost your company a dime and could go a long way toward keeping them happy and loyal to you.

Steve Ball, CPA, CVA, CCFIP, is director of Gross Mendelsohn’s Construction & Real Estate Group. He is passionate about helping contractors succeed in all facets of business. Steve provides audit, review, compilation, tax, business valuation, succession planning and consulting services for contractors. Contact Steve at 410.685.5512 or sball@gma-cpa.com.
and restore “pre-regulation” watersheds – in lieu of allocating a disproportionate degree of additional resources and concern to new development activities.

Yet, new construction still garners an unwarranted degree of anecdotal attention in political deliberations and the media, when in reality existing regulatory criteria administered somewhat independently and concurrently already addresses new construction. This is still not adequately credited in a lot of new and proposed water quality legislation the industry follows - including the County’s Plan.

Given the layers of existing mandatory stream buffering requirements along with contemporary Stormwater Management (SWM) criteria and resource mitigation required today, experience shows the mere presence of human activity does not necessarily result in inevitable stream impact. The historic “traditional” charts and graphs that linearly correlate impervious surfaces with degrees of stream impact from stormwater runoff are outdated and no longer applicable. This is because the studies they are based on relate to watersheds with no SWM and stream protection of the nature required today.

If impervious surface assumptions alone are to be considered as conclusive enough to establish policy and regulatory decisions, one then could conversely and logically argue if impervious cover is under any established threshold, then no SWM of any kind is necessary - but we know better.

Any new construction or subdivision is required to observe a minimum stream setback buffer in all jurisdictions. Additionally, activity in the tidal Chesapeake Bay Critical Area (CBCA) also requires its own 100’ buffer, restricted density and impervious surface, and a 10% pollutant reduction rule in some mapped overlays. A multitude of research shows the majority of stormwater pollutants are filtered and managed within the first 75 to 100 feet of vegetative buffering alone, hence the requirement. Further, Maryland’s forest conservation law requires the avoidance and restoration of riparian habitat when possible if existing buffer area is not planted.

But wait – there’s more.

Add to that any: Maryland Department of the Environment (MDE)/U.S. Army Corps of Engineers (Corps) wetland permitting with avoidance and minimization, a 25’ nontidal wetland buffer, and mitigation; MDE Tier II waters avoidance with its own 100-foot buffering; and public/private partnering of Clean Water Act (CWA) Section 402 MS4 stormwater retrofit and stream restoration along with Total Maximum Daily Load (TMDL) watershed implementation plan (WIP) initiatives. And that is before even considering MDE’s SWM law requiring environmental site design (ESD) to the maximum extent practicable (MEP) providing ecologically-oriented best management practices (BMP) emphasizing first-flush vegetative and filtration techniques to mimic “woods in good condition”.

Yet, all these development and re-development retrofit benefits are frequently understated or ignored in regulatory requirements and studies. And a reader of Charles County’s Plan might never know. Existing pre-SWM land use, both industrial and agricultural, already contributes to degrading water quality. Therefore, the act of development or redevelopment under MDE regulations subject to the additional cumulative stacked benefits above, can even yield a net gain - and is also a significant shortcoming in projecting Bay TMDL compliance and Accounting (or Aligning) for Growth offset assumptions.

In other words, to what extent will there be anything to offset afterward?

A more vivid example of a Maryland “regulatory redundancy” is MDE’s higher quality Tier II water management through their Anti-Degradation Policy (ADP). Tier II waters are not in all localities, but Charles County is swimming in them. The industry previously shared their concerns with the MDE regarding this topic but the County Plan has now included narrative to more formalize what has been a nebulous process at best.

The ADP reflects CWA provisions requiring States to protect their existing water uses and quality so as to not be downgraded. New construction in a Tier II watershed can require contemporary nonpoint source BMPs already required by others, such as stream
buffering, minimizing impervious surfaces, and modern first-flush water quality practices. One big difference is a potential requirement for a formidable and lengthy stream monitoring and project justification study.

Initiated in 1985, the ADP is administered by comment coordination through other state permit review processes for construction activities – the common one today being the MDE wetland and waterway permit process. As more concurrent nonpoint source water quality criteria and regulations were created for all Maryland waters, the process became superfluous since the aforementioned current requirements more than fill the need for the ADP - and even exceed them when considering SWM redevelopment and retrofit requirements.

Yet, per MDE ADP criteria, there is still the potential requirement of pre-, during, and post-construction stream monitoring of baseline and ultimate conditions, even if the project is in uplands, to determine if the stream can assimilate additional pollutants – which now should not be presumed. The applicant may also need to provide a formidable social and economic justification (SEJ), and is not clear as to how the assimilative capacity is determined, what constitutes an acceptable SEJ, and how post-construction monitoring results are to be used.

That leaves the big question of how can a stream's assimilative capacity be further compromised by new construction if the stream “sees” nothing after compliance with the aforementioned stream disconnection requirements, including post-development conditions that mimic woods in good condition per current SWM laws? Is the act of applying an ADP process saying none of these multitudes of other criteria in place are expected to work? I think not.

Directly affected property owners seem to have gotten Charles County’s attention for the moment. What has happened – and is happening – there reflects similar issues of debate elsewhere throughout Maryland, and can affect future outcomes for decision makers that prefer to do as others do rather than let the facts speak for themselves.

Insurance premiums can be cyclical. Be aggressive managing your auto exposure and limit or mitigate the trend of higher commercial auto rates.

**Richard Shaw** is a Senior Client Executive with RCM&D with over 25 years of experience working with clients to help them manage their risk. You can contact Richard at rshaw@rcmd.com.

Do you get enough sleep?

It is important that you do for your safety and the safety of your co-workers. When you see the signs of fatigue in a co-worker, draw their attention or the attention of a supervisor to the situation to ensure they are able to work safely. If you do not take a proactive step you may be the one to be negatively impacted when an accident occurs. Be a courageous safety leader and speak up for safety.

Stay rested, stay safe,

**Terry L. Foy**
President
Foy Safety Consulting, Inc.
www.foysafety.com
keep records or allow the Commissioner to inspect records.

- If an employee believed that an employer had violated a provision of the bill, the employee would be able to file a written complaint with the Commissioner. The Commissioner would investigate the complaint and attempt to resolve the issue informally through mediation within 90 days of the written complaint.
  
  o If the Commissioner were unable to resolve the issue through mediation and determined that an employer had violated a provision of the bill, the Commissioner would issue an order, subject to the hearing and notice requirements of the Administrative Procedure Act. The order would describe the violation and direct the payment of the full monetary value of any unpaid earned sick and safe leave and any actual economic damages. The order would, in the Commissioner’s discretion, direct the payment of an additional amount of up to three times the value of the employee’s hourly wage for each violation and assess a civil penalty of up to $1,000 for each employee for whom the employer is not in compliance with provisions of the bill.
  
  o If an employer failed to comply with an order within 30 days of its issuance, the Commissioner would be able to request that the Attorney General bring an action – either on behalf of the employee (with the employee’s written consent) or to enforce the order for the civil penalty – in the county where the employer is located.

  o In addition, within three years of the order, an employee would be able to bring a civil action to enforce the order in the county where the employer is located.

- A person would not be able to interfere with the exercise of, or the attempt to exercise, any right given under the bill.

- An employer would not be allowed to take any adverse action or discriminate against the employee because the employee exercised in good faith the rights granted by the bill.

- An employer would not be able to interfere with, restrain, or deny an employee exercising rights provided under the bill or apply a specified absence control policy that could lead to adverse action.

- An employee who mistakenly, but in good faith, alleges a violation under the bill would be protected.

- However, under the bill, an employee found to have filed a complaint with the Commissioner alleging a violation, brought an action, or testified in an action regarding earned sick and safe leave in bad faith would be guilty of a misdemeanor and on conviction is subject to a maximum $1,000 fine.

Other laws which may impact sick leave in Maryland are Federal Family and Medical Leave Act of 1993, Maryland Flexible Leave Act, and the Maryland Parental Leave Act.

David Burkhouse, Esquire, is a Member with PK Law and is part of the firm’s Education, Labor and Employment Group. As part of Mr. Burkhouse’s employment law practice he counsels and represents employers regarding employment discrimination claims arising under Title VII of the Civil Rights Act of 1964 and the Age Discrimination in Employment Act of 1967. Mr. Burkhouse also advises employers with regard to non-compete agreements, restrictive covenants, arbitration agreements, trade secrets, confidentiality agreements, and employee hiring and termination procedures. Mr. Burkhouse can be reached at (410) 740-3150 or dburkhouse@pklaw.com.

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they can (even if it means disagreeing!) to aid in their client’s success.

John T. Whipple is a principal and surety bond specialist at Delmarva Surety in Hunt Valley. Delmarva Surety serves the greater Mid-Atlantic area through developing insurance and surety programs to aid in their clients’ growth and profitability. Learn more at www.DelmarvaSurety.com. John can be reached at 410-561-3593 or JWhipple@DelmarvaSurety.com with any questions, comments, or even complaints.
After running the report it can be exported to Excel and the needed information transferred to a spreadsheet set up to do percentage of completion accounting. Below is a completed schedule after import of the data from QuickBooks.

A few notes on the spreadsheet:

- The information source row indicates where the information on the report comes from. The only inputs are the data brought over from QuickBooks, the remaining information is developed with the formulas as shown.
- The term “Underbillings” is a short name for “Costs and Estimated Earnings in Excess of Billings”, which is shown as a current asset on the balance sheet.
- The term “Overbillings” is a short name for “Billings in Excess of Costs and Estimated Earnings” which is shown as a current liability on the balance sheet.
- The Backlog amount is a figure that banks and surety companies like to see on these schedules, it represents the remaining revenue to be earned on a contract. This is calculated as the difference between the contract value and revenue earned to date.

A percentage completion spreadsheet can also be set up to prepare the required journal entry to record the adjustment to revenue. Below is the journal entry for the above example.

As final note, it is suggested to review your percentage completion schedule for errors and information that needs investigation:
• If a job has a profit margin that is outside of the norm for your company, it is likely that the contract value or estimated cost is in error.

• Billings to date should not exceed the total contract value. If this is the case, investigate if the contract value needs to be updated for change orders or if there is a billing error.

• Costs to date should not exceed total estimated costs; this would produce a percentage completion exceeding 100%. Evaluate if the costs posted to the job are correct or if the cost estimate needs to be increased.

• Review the completion percentages on the schedule with your project managers. If for example the schedule indicates a job is 90% complete while the project manager on the job says it is only 50% complete, something is obviously amiss.
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house labor?

- Has the company reached maximum capacity of in-
  house labor? Should additional employees be hired,
  instead of subcontracting work out?

Questions like these allow management to make better
decisions for the company.

Timely records

Along with accurately recording costs by contract,
timely job costing is essential. When cost allocation is
done in a timely manner, management is able to make
decisions on jobs on an ongoing basis. Without timely
job costing, management could miss an opportunity
to identify unforeseen cost overruns that may require
a change order to be applied. Likewise, completing
financial statements on time satisfies the company's
investors and allows the company to meet bonding and
financing requirements. As most bonding companies
compare contractors’ work in process schedules from
year to year, consistent record keeping is necessary.

Internal controls and detecting fraud

Timely cost allocation also improves the company's
ability to identify fraud. The construction process
inherently creates situations where fraud can occur. A
properly designed job cost system creates additional
internal controls. Costs could be miscoded or
unrecorded by mistake, giving the job a false sense of
profitability, or a cost could be miscoded or unrecorded
due to an employee trying to show false profits on a job to
receive better commission or a bonus. Employees could
also misdirect materials and other resources to personal
projects. Having accurate and timely cost allocation
provides the company with a real time accounting of
costs, allowing unexpected or unreasonable costs to be
detected earlier and prevent additional misallocation
and lost profitability.

Overall, cost allocation provides important information
for the job schedule, analytical review, and the company
as a whole. Proper job costing leads to better profitability,
management decisions, and timely financial reporting.

Pete Ryan, CPA, MBA
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Frederick, Maryland, and Tysons’ Corner,
Virginia specializing in construction contracting. They are
members of the BDO Alliance’s Construction Accounting
Network, Construction Financial Management Association,
and Rainmaker Companies Real Estate & Construction
CPAs. For assistance with industry comparison, establishing
a job cost system, or software, please visit us online and
contact our construction team Peter Ryan (301.585.0506)
and Jason Dudas (703.288.4777).

Let’s
Network!

The Crazy Tuna Bar & Grille
203 Nanticoke Road | Essex, MD 21221
Thursday, July 27th, 2017
Networking - 5:00 - 7:00 p.m.

Get More Info Here!

It’s Summer!
Get Comfortable - Relax
Build Business!
Enjoy great networking, cold drinks,
and great food on the waterfront at
MCN’s July Direct Connect.
as frequently as necessary; and dust collection bags must be emptied as frequently as necessary. For water systems—an adequate water supply must be provided; spray nozzles must not be clogged; and water must be applied at the point of dust generation or other specified location. Resources for understanding full and proper implementation include manufacturer’s instructions; industry best practices; and the competent person.

If employers follow the alternative exposure control methods approach, they must comply with the PEL and provisions for exposure assessment. PELs are measured by having an industrial hygienist collect air samples for laboratory analysis. The methods for analysis and interpretation of results have changed under the new rule. The new PEL for silica is 50 micrograms per cubic meter of air (μg/m³). Where the PEL is exceeded, construction contractors must follow the hierarchy of controls (e.g., engineering controls, work practices, personal protection and administrative controls) under methods of compliance to reduce worker exposures.

The construction standard exempts workplaces where employee exposure will remain below 25 μg/m³ as an 8-hour time-weighted average under any foreseeable conditions. Examples of construction tasks that are not likely to create exposures exceeding 25 μg/m³ as an 8-hour time-weighted average include mixing mortar; mixing concrete for post holes; pouring concrete footers, slab foundation, and foundation walls; removing concrete formwork; compacting pavers or an aggregate base; and sweeping sand into paver joints. Tasks that involve exposure to respirable crystalline silica for a very short period of time are also unlikely to produce exposures at or above 25 μg/m³ as an 8-hour time-weighted average. For example, an exposure for a task performed over a 15-minute period would have to exceed 800 μg/m³ for that 15 minute period before the 8-hour time-weighted average exposure would exceed 25 μg/m³.

All construction employers, regardless of which approach they follow, are required to comply with all the other provisions of the standard including having a competent person on staff and ensuring the use and implementation of respiratory protection, housekeeping, a written exposure control plan, medical surveillance, training, and recordkeeping.

The rule affects over 2,000,000 construction workers nationwide. OSHA expects that the new rule will save over 600 lives from lung cancer, non-cancer lung disease, silicosis and end-stage kidney disease and prevent over 900 new silicosis cases every year.

For additional resources on silica and control methods please review:

- NIOSH Silica Safety and Health Topics, [https://www.cdc.gov/niosh/topics/silica/](https://www.cdc.gov/niosh/topics/silica/)

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The author wishes to extend special thanks to Joseph Coble ScD, CIH, from the Office of Technological Feasibility, Directorate of Standards and Guidance, Occupational Safety and Health Administration, Washington, DC for sharing his presentation to the Chesapeake Local Section of the American Industrial Hygiene Association on Crystalline Silica. Michele Twilley, DrPH, CIH is the president of Aria Environmental, Inc., a full service environmental consulting, industrial hygiene and safety consulting firm. For more information, please contact Dr. Twilley at mtwilley@ariaenviro.com.

“In the presence of eternity, the mountains are as transient as the clouds.”

~ Robert Green Ingersoll
the repairs needed to fix the defective work. Claims related to repair problems are generally directed by the contract.

Builder’s Risk (Important)

A builder’s risk policy protects the insured owner from certain dangers while the building is being constructed. A builder’s risk policy has the ability to cover both the structure itself and coverage for materials, whether it is already on site or being transported to the jobsite. The builder’s risk policy usually is written in terms of duration. It will provide coverage from fire, wind, theft, lightning, hail, vandalism, and more. There are also some exclusions from coverage including earthquakes, employee theft, flood damage, damage due to contract penalty, or damages due to mechanical breakdown of equipment among others.

*Contractors and Subcontractors should make sure that the owners include Builder’s Risk and also should get a copy of the owner's insurance plans for their own records.

Umbrella Liability Coverage

An umbrella policy is typically most useful to a contractor who operates large construction sites, and is added on to a CGL. The Umbrella Liability Coverage is an additional to the CGL because the CGL policy has policy limits that may not cover all of the contractor’s liability. As such, an umbrella policy provides coverage for any amounts above the CGL policy’s limits.

Professional Liability Coverage

Professional liability insurance typically are obtained by the design professional, however, a growing number of contractors are performing work as designer-builders. This means they assume responsibility for the design and any corresponding liability exposures.

Contractor’s Pollution Coverage

A pollution policy provides coverage for pollution incidents that result from the contractor’s covered operations which include remediation costs, and third-party claims for bodily injury and/or property damage. Contractors (trades) who do paving, demolition, excavation, HVAC, carpentry, etc. would find this type of policy useful.

Karen Hill is the Assistant Manager for DeQuan’s Construction, LLC. DeQuan’s Construction has been serving Maryland and the Northeast since 2000, and has certifications as a DBE/MBE/SBE/WBE. Our goal as a General Contractor is to help companies meet their diversity goals and objectives by offering management services to act as an intermediary. We have the solution. You can contact Karen at 410-727-2828, or email her at assistantmanager@dequans.com. Also, please check out our website at www.dequans.com.

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it will rank.

So if a project ranked 5 on project type, 5 on estimated revenue and 4 on geographic area, that’s a total of 14 points, which would indicate a “go.” A different job that amassed only, say, 7 points would likely be a no-go. A project that wound up somewhere in the middle, perhaps a 10, might call for further analysis to decide whether to proceed with a bid.

Make the best choice

The example above is greatly simplified. Go/no-go analyses can incorporate a multitude of categories and dozens of data points to arrive at an accurate ranking for each job being considered. The ultimate objective is to establish an objective, analytical means by which to decide whether a bid is truly worth your construction company’s time, effort and resources.

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Classified Ads

Position Available: Full-Time

Odenton area contractor seeking full-time Administrative Assistant with basic AP/AR experience. Qualified applicant must be organized and self-motivated; possessing strong work ethic, as well as exemplary telephone and people skills. In addition, applicant must be well-versed in Word, Excel, & Outlook. QuickBooks experience is preferred but not required. For additional information contact Eric at erich@eiscaffold.com or John at Accounting@eiscaffold.com.

Positions Available:

Harford Community College, Continuing Education & Training is seeking part-time instructors in the following areas:

- Construction Safety (OSHA 10)
- Forklift Certification
- Heavy Equipment Operations
- Construction Training (Carpentry, HVAC, Electrical, Plumbing, Welding, Small Engine)

Classes offered daytime, evenings, and Saturdays at our Bel Air Campus

Contact Matt Baylis at 443-412-2163 or mbaylis@harford.edu

HCC is an AA / EEO / ADA employer committed to diversity in the college community.

Position Wanted: Full-Time

Full-time position wanted. Currently completing MBA in Accounting and Finance (5/2018). Experienced in AP/AR, general ledgers, budgets, forecasting, data analysis, payroll, HR benefits and regulations, daily operations of organizations, Microsoft Office products (Word, Excel, PowerPoint, Outlook, Visio, Access), Redtail CRM, Quickbooks, Kronos. A Maryland native, currently living in Florida, willing to relocate. Please contact Katrina Matter at 410.493.0733 or via boochoo44@gmail.com.

Coming Soon

July 27th – Direct Connect Networking
The Crazy Tuna – Essex (Bowleys Quarters)
Host: Belfast Valley Contractors
5:00 – 7:00 p.m.

September 14th – “Wisdom & Wine” Business Building Seminar With Networking
Details To Follow
Host: Lawrence Law, LLC
4:30 – 7:00 p.m.

September 28th – Direct Connect Networking & Pre Direct Connect Business-Building Seminar
Details To Follow

October 18th – 9th Annual BCPS “Meet The Primes”
Maryland State Fairgrounds - Timonium
Host: Baltimore County Public Schools
8:00 a.m. – Noon

October 24th – Project Tour With Networking
Details To Follow
4:30 – 7:30 p.m.

October 26th – The Blue Book Showcase
M&T Bank Stadium
2:00 – 6:00 p.m.