Considering A Drug Testing Policy In The Workplace?

Substance abuse in the workplace continues to be a problem, and; many employers still find themselves wrestling with the decision of whether to institute a drug and alcohol abuse testing program.

For many employers, the decision might depend on the circumstances. In particular; exposure to risk and workers compensation costs may drive the decision.

Many employers are exposed to risk due to the nature of the employees' positions. Positions with important safety concerns, such as driving motor vehicles for the company or operation of heavy equipment, are prime candidates for drug testing. Without testing or other screening processes, the employer could face serious risks related to negligent hiring or negligent retention claims.

On the other hand, if a position does not carry any substantial danger to other employees, or to the public, it may not be optimal to conduct testing. However, safety concerns aside, statistics show that employees with substance abuse problems miss work more often, utilize more health benefits, and are less productive than those that do not participate in substance abuse. A substance abuse testing program can be an important tool in managing risk.

The information below provides a general overview of considerations for evaluating whether a substance abuse program makes sense for your organization.

When Substance Abuse Testing is Indicated:

There are at least five occasions when an employer may want to utilize a substance abuse testing procedure:

1. Pre-employment screening;
2. Testing based on a “reasonable suspicion” that the employee is impaired;
3. Testing after an accident where drug or alcohol...
A Guide To Better Networking

“You can have everything in life you want if you will just help enough other people get what they want”

~Zig Ziglar

Networking involves interacting with others. If we want to make the kind of impression that works to build a powerful personal network, we must be aware of others’ expectations and hopes and adjust our behavior accordingly. But at the same time we should remember to align our goals and objectives with those of others.

Here are some tips for you to apply and some myths to debunk which will help you become a successful networker.

Networking Myths

Networking is annoying to other people

Would you be annoyed if someone sent you an email, told you they admired you, and asked for some of your advice? Most probably not. When done correctly, networking is actually flattering to people. Do your homework before meeting with anyone so that you can ask specific questions about their work, goals, or dreams for the future.

Networking is cheating

Networking is not nepotism. You need to add value to other people and organizations or networking will get you nowhere. There is nothing unethical about engaging in networking to advance your career.

Networking is all about who you know

Networking is all about who likes you and who respects you. There is a huge difference between knowing someone and having someone like you and respect you. Before working with you or referring you to someone else, a successful networker asks himself/herself, “Do I like and respect this person enough to put my reputation on the line by working with her or by introducing her to someone?

Attend as many events as possible

Going to one highly targeted networking event makes a lot more sense than going to 10 generic networking events. There is always value in meeting new people, but many networking events are a waste of time. The best networking events are industry conferences where successful, like-minded people in a specific niche or field will be coming for their own professional development.

Networking is only for extroverts

Your success with networking depends on your strategy, not your personality. In fact, being shy can actually be a networking advantage. By focusing more on other people (instead of talking mainly about yourself), people end up liking you more and being more receptive to future collaborations.

Networking Tips

Be a good listener

In many ways, networking is about connecting the dots. Listening will enable you to help people make the connections they seek. The faster you and your networking partner learn what you need to know about each other, the faster you’ll establish a valuable and sustainable relationship together.

Develop a positive attitude

Your attitude or how you take things in general, is the first thing people observe about you. A positive attitude makes people want to cooperate and associate with you. This is why positive business professionals are like magnets.

Collaborate to serve others

People don’t care how much you know until they know how much you care. One survey respondent said “people want to network with individuals who have a collaborative attitude.” You can help others in a variety of ways, from e-mailing a relevant article to putting them in touch with someone who has the knowledge or access to assist them with a specific challenge

Follow up

If you offer opportunities to someone who consistently

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Meet & Greet

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Making Maryland Magnificent

Bringing Your Project to Reality

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I have been writing about the impact that Next Gen talent and clients will have on our profession for well over a decade. In a then-controversial, now-tame 2011 article, I began writing about firm strategies, philosophies, cultures, processes, and practices that were out of step with the changing times.

Fast forward to today, and I’m frustrated. Why? Because our profession — and the leaders within it — haven’t progressed their firms as fast or as far as needed. Time is running short! Next year, according to Pew Research projections, Millennials will eclipse Baby Boomers as the largest living adult group in the country. In just seven short years, 75% of our nation’s workforce will be born after 1980. That’s the face — and needs — of both CLIENTS and TALENT that’s changing.

Next Gen talent and clients want to work with firms that are strategic, transparent, flexible, remote-ready, truly collaborative, empowering, efficient, technologically advanced, and result-oriented. How are you doing in that regard? Also worth considering: Can most traditional firm leaders really judge this themselves, or does that judgment have to come from the Next Gen clients they serve or the talent they employ?

It feels like it’s time to put another spotlight on outdated behaviors that are occurring. So, if you want to assess your firm’s future readiness, think about giving this list of 12 outdated culture and talent practices to some of your Next Gen people and see how well they think your firm stacks up.

Signs your firm is outdated

1. The firm mandates work in the office on Saturdays during busy season (or mandates any specific timing or location for “extra” busy season work).

2. The administrative team or client accounting professionals are sometimes referred to as “the girls.”

3. Firm leaders think that everyone who works remotely is more likely to cheat the system or be less productive than those working in the office.

4. The firm gives out annual awards to, or otherwise glorifies, the people with the most total hours worked and/or the most billable hours, and some leaders share their total hours worked like the Red Badge of Courage (when we know that hours worked may speak to effort but not necessarily results).

5. Harmony (even artificial) is valued over authenticity — so firm leaders choose nice instead of honest and stay quiet instead of addressing problems before they fester.

6. Information is disseminated on a “need-to-know” basis and leaders think most people don’t need to know.

7. Key administrators such as those overseeing marketing and HR aren’t invited to participate in firm strategy or management retreats.

8. The firm’s IT strategy doesn’t include video cameras and laptops for team members (to facilitate remote work and remote communications).

9. Firm leaders seem to operate from a mindset of “father or mother knows best,” and they don’t solicit feedback to be sure their way of operating still stands up. When they do get feedback, some leaders may retaliate — and this retaliation goes unnoticed and/or unchecked.

10. Even in the face of rising labor costs, partners make excuses to keep from raising client rates and fees.

11. Firm leaders want to censor the ideas their people are exposed to, trying to withhold trends and strategies that don’t mesh with their thinking — forgetting one critical reality: the internet!

12. Leaders consider waiting to promote talented females to higher leadership levels to see if they’re going to start a family and what will happen when they do. Your leadership team takes forever to make and implement decisions — even simple ones

Continued On Page 28
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Ambiguity in anything related to a construction project can be costly and time consuming. From ground breaking to post construction cleanup, the job site can become a logistical and sometimes legal battleground. The good news is that steps can be taken throughout the entire building process to minimize disruption to your company’s bottom line: It is third party documentation. A photographic and/or video recording of the various stages of construction by an outside professional photographer, embedded with all pertinent data of each shoot.

Hiring a professional photographer to record the site from pre to post construction should be built into every bid you submit. To be sure, you can do your own day to day photography with the ease of a cell phone, but, for the major steps in any project, the outside documentation becomes your insurance policy. The professional with your guidance will cover the job site as you see fit, putting into the metadata on each image everything from date, and time, to project name, direction image was taken, photographer’s name, your company, and architect. This makes each image part of a permanent file that stands up in any legal challenge by a customer, government agency, or outside litigant. The added benefits are, your photographer now becomes an expert witness who can testify in your behalf if the need arises. Your stakeholders are constantly updated with documented images; change order requests can be recorded, and even months later, Statute of Repose issues can be mitigated in your favor.

In the unlikely but unfortunate event of an injury to an employee or subcontractor, the photographer can again become invaluable in proving that you followed all protocols regarding the safety of all individuals on your project.

Another great feature that today’s professional photographers offer is the ability to photograph from the air. Hiring an FAA certified UAV[drone] remote pilot not only gives a great overview of the scope of the project, it can also isolate particular areas of concern from a most unique vantage point. It is also a stunning way to have a great legacy piece of the finished construction.

Consider carefully weighing the cost and benefits of hiring a professional third party documenter to record the progress of your project, and you will come to the conclusion that there is little cost compared to maximum benefit.

Bill Rettberg  
Robin Sommer  
MidAtlantic Photographic LLC  
MBE/DBE/SBE certified  
FAA Certified Remote Pilot  
Member: Maryland Construction Network; American Subcontractors Association, Professional Photographers of America, Harford County Chamber of Commerce
Most businesses reach a point where they are stuck. Stuck on an opportunity or a problem or stuck at the next stage of growth and unfamiliar with what needs to be done to break through the wall. One of the most powerful ways to get unstuck is to convene a strategic planning meeting. This event should be outside of regular work and one that enables discussion of the situation and the desired goals of moving beyond it. Often, organizations resist doing this because the people in it are not fond of meetings, usually because their meetings of any kind are not well planned or properly run.

Meetings can be run well if they have agendas, if the people participating have a chance to prepare and are free to speak and if they help decisions to be made and followed up on. So here are the steps to design, implement and gain success from strategic planning meetings. Some of these tasks can be assigned to all meetings.

Decide what you want accomplished by the meeting.
Is this the launch of a new stage of the business? Do you want to resolve serious operating or customer issues? Do you want to get your team on the same page so the business can move forward? If every journey begins with a single step, this first step is critical. Without a clear goal, the meeting can degenerate into a lot of conversation with no positive outcomes.

Get the right people involved in the meeting.
The meeting should include representatives of all the areas of the company who should have a voice in what has to be done to meet the goals of the meeting. The representatives can be from various layers of the organization as long as they have the ability and authority to act on what is decided.

Consider whether the event will be all discussion or include some free time for bonding.
This is especially important in the case of mergers or an influx of new people to the business. Some non-meeting time away from the office can give everyone a chance to get to know each other. Then they come out of the planning meeting feeling like they are on the same team with the same goals. Time can also be set aside for recognition of accomplishments.

Pick a venue that matches the strategy of the meeting itself.
Of course, you have to manage the costs and meeting away from the office can be expensive. Almost always it is best to have the event away from the interruptions of the office. Cell phones and tablets should be in use for note-taking only or turned off if possible. Using a venue that is designed to support meetings like yours is often best because the less you have to worry about logistics, food and facilities, the better.

Engage a professional to help you design the meeting and to facilitate it.
This should be someone who gets everyone to contribute and no one to dominate regardless of their position in the company. Have the facilitator prepare an interview guide to meet with each participant so that input to the agenda can be gathered. The 1:1 interviews will help surface issues that people may not want to bring up in a group meeting themselves. Those issues can be positioned for discussion if necessary. As the strategy meeting progresses, the facilitator should be capturing ideas in some form-flip charts, white board, etc.- from the discussions. Towards the end of the meeting, the group should review the list of ideas, decide which ones are to be done, who is responsible for them and how they will be measured and reported on.

Decide who will be responsible for producing the report on the meeting.
It could be the facilitator or someone inside the company. Or it could be both. Sometimes it helps to get two versions of a report and reconcile them. Whatever the decision, the report should be input to the company plan for what is going to be done, what the goals are, who is responsible for managing each project. So, your strategic meeting is not really an event, it is the...
Many years ago, when I was just starting out in business, I was passed over for a promotion I thought that I deserved. I met with a mentor in the industry and went on and on to him about how hard I had worked and how much more qualified I was than the person who had gotten the job. The more I talked the more I felt the pain of falling short when I had so clearly deserved to win. I asked my mentor what he thought, assuming he would agree with me. His response stunned me: "'Deserve' has nothing to do with it."

I asked him to explain this to me, and he gave me another line, this one from legendary Microsoft founder Bill Gates during a commencement speech: "Life's not fair." It was high time I realized this, he said, and stopped setting myself up for disappointment by expecting something different. This is a tough business, and nobody is going to hand you what you think you deserve. You have to go out there and earn it, over and over again.

I had a deal recently that reminded me of this tough lesson. I did everything right on this one. I added tremendous value for my client by getting a great price for their property, and I shepherded the deal through a long, drawn-out negotiation that took nearly 2 years. We had a signed contract, and we went to close the deal – and the buyer decided to walk away, even though it meant they would have to walk from their security deposit. I can honestly say that in my 30 years in this business I have never seen a deal blow up this close to the finish line. But this one did, and there wasn't a darn thing I could do about it.

Sales is a uniquely brutal business because sometimes you end up doing a ton of work and walk away with nothing to show for it. It's easy (and, to some extent, fair) to think that you deserve something for your efforts, but that isn't how the game is played in this industry. If you spend too much time focusing on what you deserved but didn't get, you will lose sight of other opportunities. As hard as it is, you have to pick yourself up, go out and earn that business over again.

I'm not saying that you shouldn't fight to be paid a fair commission, or that you should roll over and let other people walk all over you. Just don't get a chip on your shoulder, and don't get bitter. Deserve has nothing to do with it, and life (and business) are not fair. Accept this, rise up and fight the good fight again tomorrow.

Ro Waldron is a commercial real estate broker with 30 years of experience. Licensed in Maryland and Virginia, his area of expertise is the Washington, DC metro area commercial real estate market. Ro has experience brokering deals with the Montgomery County government and a wide range of local and national corporations, representing both tenants and landlords, and brokering both sales and leasing transactions. Contact Ro Waldron at Ronayne.Waldron@avisonyoung.com.
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5 Reasons General Contractors Should Outsource Their Document Control

General contractors and their teams, if nothing else, are masters of outsourcing. Yet most of them still rely on themselves to manage construction documents, and they don’t do a particularly good job of it given all the other competing responsibilities.

This may partly explain why, according to McKinsey, large construction projects take 20 percent longer to finish than originally scheduled and run up to 80 percent over budget. After all, making decisions without accurate, current construction documents is rarely a recipe for success.

As if you needed even one more reason to lighten the load on yourself and your team, we’d like to share 5 reasons you should be outsourcing your construction document control.

1. Redirect Your Team’s Focus to High-value Core Competencies

The Pareto principle, more commonly known as the 80/20 rule, states that about 80 percent of the effects of most events come from 20 percent of the causes.

Apply this principle to construction management, and it holds that 80 percent of the value you provide as a general contractor will come from 20 percent of your activities. That 20 percent doesn’t (and shouldn’t) include you framing, laying pipe, or wiring the building.

Rather, the 20 percent that you do is coordinating with your vendors and directing tradespeople… that’s the main reason you get paid. Outsourcing document control frees up your team to focus on the skills that add the most value to the project.

2. Accelerate Closeouts

General contractors know all too well that the project isn’t done when the last nail is hammered. It’s done when you pass the mountain of information that your construction project generated to the owner of the building. That’s when you get the final 10% of your contract.

From a cash flow perspective, delays in receiving that final 10% can turn into an expensive issue. On many projects, that 10% constitutes most of (if not all) the project profit. The longer the closeout takes, the longer you must wait before spending money to chase and bid on new projects, which could prevent you from capitalizing on new, lucrative opportunities.

Compared to losing out on opportunities while you’re working through a complicated closeout process, the cost of outsourcing document control to streamline the process is a small price to pay.

3. Reduce the Chance of Disputes and/or Claims

A study by Navigant showed that the number one reason for construction claims and disputes was contract administration issues. In other words, paperwork is one of the main reasons serious disputes occur in 10 to 30% of all construction projects.

The cost of these disputes ranges each year between $4 and $12 billion. However, those costs don’t include the time and manpower you’ll be forced to dedicate to dispute resolution when you could be working on new projects.

In this way, outsourcing your document control to an expert acts as a legitimate risk mitigation strategy for your business.

4. Avoid Project Delays and Change Orders

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2018 Maryland Construction Industry Survey Results
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When I watched the video animation of the Parkland shooting months ago, I could not understand why students were “hiding” in the line of fire – directly in front of the classroom doors. While it’s possible that for some of the classrooms there was no time for students to move to a safer location within the room, the Florida commission investigating the shooting has identified a problem with the lockdown planning.

As reported in the Sun Sentinel:

Security experts on two separate occasions in the past two years advised teachers and administrators to mark safe areas called “hard corners” in each classroom, said Pinellas County Sheriff’s Detective Walter Bonasoro, serving as an investigator for the commission.

These are areas located at an angle that would prevent anyone firing a gun through the classroom door from hitting anyone in them.

But just two teachers in Building 12, where the shooting took place, marked off hard corners, using tape, and these had too much furniture and other materials for all students to be able to crowd into them during the shooting.

Unfortunately, some classrooms are designed with so much glass that it is almost impossible to create a hard corner without relying on furniture, but in many classrooms it would cost little or no money to indicate an area where kids should go during a lockdown drill or an actual incident. Of course, the classroom door must be locked in order for hard corners to be effective.

Are these safe areas identified in the schools that you work with or visit?

Lori Greene, AHC/CDC, CCPR, FDAI, FDHI, is the manager of codes and resources for Allegion. She has worked in the door and hardware industry for more than 30 years, and in her current role she provides education and support on code requirements pertaining to door openings. Her website, iDigHardware.com, is a daily blog that also includes technical articles, videos, on-demand training, and a downloadable code reference guide. She can be contacted by emailing lori.greene@allegion.com.
Bank On It: How A Line Of Credit Can Help Your Business

When companies fail it is most likely because they don't have ready access to capital. Maybe you start out by pulling money from your personal savings account, or you accept a loan from a family member. But then as time goes by, you start putting expenses on personal credit cards, and that is where self-funding starts to get really risky. At this point, a business line of credit may be the more prudent choice.

For example, with personal credit card debt you’re paying an average of 11 to 24 percent with little flexibility in making advances. So, when you have one account receivable that comes in late, thereby delaying your repayment to the credit card, not only does your rate get hiked up, but now you’ve earned a black mark on your credit that will make a loan in the future more difficult to secure. Compare that to a business line of credit, where you’re paying between 5 to 7 percent on the credit you use, and nothing on the credit you don’t. In addition, the capability to borrow against it when needed is less costly and fairly simple.

A line of credit works best for business owners when it is used towards growing pains for the business, such as hiring more people and having to meet payroll, increasing inventory to take advantage of a large order discount, or purchasing supplies to take on a new contract. A line of credit can also be used when bidding on a big project, like with government contract work. Typically, the vendor will want to see that you are credit worthy and have the resources to ramp up quickly should you win the deal. A line of credit helps you get the deal done.

When applying for the line of credit, your banker will want to know that the investment of funds will come back to you in 12 months or less. (For money needed longer than 12 months, as with buying major equipment or a building, a term loan is the better option.) Your banker will want to see a business plan as part of your application.

Free resources are available for developing a business plan if you don’t already have one. Then, you will want to meet with your banker so that they can review the line amount for which you’re eligible, evaluate the collateral you are offering, and determine the best rate and terms to meet your need. All of this will be structured based on your individual business needs. Most banks will want to see that your business has been in existence for at least two years before you are eligible to apply.

The need for additional capital is the reason you want to begin building a relationship with your bank from the moment you start your business. If you plan for success, you need to plan on securing supplementary funding at some point. Think of having a line of credit as a resource for your business – because although it may not be needed today, it may be in the future.

Brian Taylor  
VP – Commercial Lending, Hamilton Bank  
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NETWORKING IS ABOUT NUMBERS

MCN HAS ALL THE RIGHT ONES
MORE PEOPLE - MORE PLACES - MORE CHOICES
LESS EXPENSE!
Concrete Washout - Why You Need To Stay SWPPP Compliant On Job Sites

Most of us know the term concrete washout. Some of us know from receiving warnings or violations due to not containing it properly on our job site.

WHAT IS IT?
Concrete washout is simply concrete and water from rinsing off ready-mix truck chutes after the truck is emptied or concrete pump trucks washing out their hopper and boom pipe. These are just a couple of examples as there are plenty more on our sites. In fact any cementitious materials on site have the potential to be harmful to the environment when not contained properly.

WHY IS IT A CONCERN?
Concrete washout material has a high pH and has been measured at some sites at over 13. It is caustic and corrosive and can harm fish and other life. If washout is dumped on the ground it can leak and run into storm drains and into rivers and streams. During rain events this high pH slurry and water can overflow from pits or containers and harm the environment. (See pH chart)

Part of the EPA Stormwater Best Management Practice document EPA 833-F-11-006 states:

“Construction workers should handle wet concrete and washout water with care because it may cause skin irritation and eye damage. If the washwater is dumped on the ground, it can run off the construction site to adjoining roads and enter roadside storm drains, which discharge to surface waters such as rivers, lakes, or estuaries.”

WHAT THE EPA SAYS?
“The best management practice objectives for concrete washout are to (a) collect and retain all the concrete washout water and solids in leak proof containers, so that this caustic material does not reach the soil surface and then migrate to surface waters or into the ground water, and (b) recycle 100 percent of the collected concrete washout water and solids. Another objective is to support the diversion of recyclable materials from landfills.”

WHAT TO DO.
Keeping job sites clean and tidy for safety and inspector visits is a large task in itself. Trying to contain, manage and recycle concrete washout and cementitious waste can be even more difficult. Building and lining washout pits consumes time, money and equipment resources that could be better used for the construction on your site. It makes sense to use a Concrete Washout Service that is Turnkey and can handle the whole process for you. Some can even provide LEED reports. (Leadership in Energy and Environmental Design)

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Winter Grading

As we enter fall, project managers find themselves scrambling to get projects to a point where they don't need to perform a lot of grading in the winter. Earthwork tends to be more expensive and generally takes more time due to wet soils. Soil drying is hampered by the atmosphere's reduced ability to absorb moisture at cooler temperatures, less intense sunlight, shorter days, and typically more often precipitation. Below are some practices to facilitate winter grading.

Typical summer practice is to grade a building pad to subgrade elevation. But during winter construction this practice can spell disaster. If construction equipment is permitted to operate on wet soils, the subgrade can become disturbed and softened, requiring undercut to prepare for slab construction. Grading a building pad with a crown 1-2 feet above the proposed subgrade helps to protect the slab subgrade from excessive moisture and disturbance. When the time comes to construct the slab, the excess wet/disturbed soils can be cut to the subgrade elevation often with little or no undercut required. This technique is especially cost effective if the building pad is “in cut”.

An alternative is to grade the pad to subgrade and immediately place a dense well-graded stone base such as “crusher run”, commonly referred to as “21A” in many areas. Compacted crusher run tends to shed water, whereas open-graded stone allows water to saturate the subgrade soils. However, compacted crusher run can hold water with prolonged precipitation.

It is good practice to establish a network of haul/construction roads. Without defined haul roads, construction equipment tends to run all over the site, softening soils and forming ruts that collect water. In order to protect compacted soils, the contractor should restrict construction traffic to defined haul roads.

Frequently soils are wasted because of frost, frozen soil, and excessive moisture content. Strategies to reduce the impact of weather during winter grading include:

1. Placement of soil over a large area to allow more time to dry the soil before the next lift is added. It is important that the soils are sealed with a smooth drum roller each day, and prior to precipitation. If not, a large area is exposed to excess moisture, thereby defeating the strategy.

2. Work high moisture content soils with lightweight placement and compaction equipment. Soil in the upper end of its compactable moisture range can sometimes be compacted more successfully using lightweight compaction equipment. Heavy equipment such as dump trucks, pans, and large compaction equipment can cause the soil to start “pumping” (moving) even if it was compacted and stable previously.

Keep in mind that the project specifications for compaction must still be achieved regardless of equipment used.

Winter is a time when chemical stabilization of wet soils is often used. Lime can aid the drying of soils with fines, and can be used with some clays to reduce the plasticity of the clay. Portland cement can also be used to “dry” soil, and acts as a weak cementing/stabilizing agent. Properly employed, both lime and cement can be used to create nearly “weatherproof” subgrades.

Two cautions:

1. Sometimes fly ash is proposed as fill materials or as a stabilizing agent. Fly ash should not be used since there is no test that can reliably determine if the fly ash will swell over time. We have seen parts of large shopping centers demolished because of the swelling of the fly ash over time.

2. Sometimes contractors will propose thicker lifts of soil to “bridge over” softer soils. This practice results in poorly compacted soil at the bottom of the lift, and should not be permitted in structural fill areas.

Finally, there is no substitute for “good housekeeping”. The site should be sloped to promote drainage away from work areas. Uneven areas and wheel ruts should
Best Practices in Retirement Plan Administration

There are many intricacies involved in administering retirement plans. The implementation of sound internal controls is necessitated by the many rules retirement plans are subject to, and by the fact that some of those rules tend to change quite frequently. Because of the complexity of those rules, mistakes (generally human errors) can occur in almost all retirement plans, even plans run by experts.

Even though there are obvious differences between the responsibilities surrounding small and large plans (large plans being those with over 100 participants), there are certain best practices that prudent plan sponsors should be implementing, regardless of their plan size.

One of the first steps a plan sponsor should take is to do an overall review of the following areas:

- Plan documentation,
- Plan officials and fiduciary responsibilities,
- Operational compliance,
- Operational internal controls, and
- Reporting.

Plan documents should be organized and easily accessible, and generally should include —

- Executed plan document (adoption agreement for prototype or volume submitter plans);
- Plan amendments executed after the original plan adoption;
- IRS determination or opinion letter for the executed plan document;
- Agreements with service providers, including plan custodian, record keeper, third-party administrators (TPAs), etc.;
- Summary plan description and (if applicable) summaries of material modifications;
- Minutes of meetings of the governance committee;
- Fidelity bond insurance covering plan officials;
- Form 5500 (subject to the six-year retention requirement of ERISA Section 107);
- Audited financial statements (if applicable, also subject to the six-year retention requirement);
- Internal checklists and procedural manuals; and
- Other agreements or important correspondence related to the plan.

Plan officials and fiduciary responsibilities

Fiduciaries and any other individuals (plan sponsor officers, employees, and such) who handle plan assets are generally referred to as plan officials. Fiduciaries control and manage the operation and administration of the plan, including its investments. ERISA requires a retirement plan to have one or more named fiduciaries, one of whom serves as plan administrator. A fiduciary must be identified as such in the plan document and can be an individual, group of individuals (committee), or the employer (company). Fiduciaries have discretionary authority or responsibility for the plan administration; exercise discretionary authority or control over plan management or plan assets; and/or provide investment advice.

In addition, while discretion involves judgment and the authority to act in different situations, to act in a fiduciary capacity means that all actions taken must 1) be in the best interest of the plan participants and beneficiaries (not the plan sponsor or management of the company) and 2) be in accordance with the terms of the plan document and ERISA.

Even if not designated a fiduciary, a person may become an “accidental fiduciary” by taking on discretionary authority over the administration of the plan or management of the plan assets. An important fact to remember is that fiduciaries can be held personally liable for breach of their responsibilities.

Continued On Page 30
Drug-Free Workplace Programs - Why You Need One

Implementing a drug-free workplace program can provide employers with many benefits and incentives. From saving money on their workers’ compensation premiums to improving employee morale, these valuable programs are typically viewed as a win-win for everyone involved.

What Is a Drug-Free Workplace Program?

A comprehensive drug-free workplace program is about more than just including a formal statement in your employee handbook. While that is certainly advisable to incorporate, it isn’t nearly enough. According to the Substance Abuse and Mental Health Services Administration (SAMHSA), a drug-free workplace program should include five key components (Source).

1. **Written Policy** – Having a formal policy in place that employees can review and use as a reference point is important. This policy will serve as the foundation for your program. Information to consider incorporating include: a rationale, laws and regulations, compliance expectations, assistance/support options for employees and consequences for violating the policy.

2. **Employee Education** – Providing employees with adequate education regarding the policy is crucial. Prior to rolling out the program (or during a new hire’s onboarding session), explain why this program has been created and how the entire company will benefit from a drug-free work environment.

3. **Supervisor Training** – It is imperative that your leadership team be on board with the program. They must understand how it works, what to look for and the proper protocols. Confidentiality and employee sensitivity should always be top priorities. In addition, by having systematic, uniform and fair procedures in place, companies can lessen the chance of potential lawsuits or legal claims.

4. **Employee Assistance Programs (EAPs)** – All drug-free workplace programs should have EAPs available for employees who might be struggling with personal issues. These issues are often the root of substance or drug abuse and can distract employees on the job. EAPs can include internal and external resources to help employees work through these problems and ultimately improve their job performance.

5. **Drug Testing** – While the other four components listed are important, you simply cannot have an effective drug-free workplace program without testing. Drug tests ensure compliance. It is important to have a uniform drug testing program in place and verify that it aligns with state, local and federal laws.

Benefits of a Drug-Free Workplace Program

Everyone benefits from a well-designed and properly enforced drug-free workplace program. Benefits include:

- **A safer work environment for all employees.** Substance and drug abuse are leading factors in workplace accidents. This is particularly important for employees who work in high-risk industries, such as construction, where they are responsible for operating heavy and/or dangerous equipment and working as a team. It is imperative that every team member is 100 percent mentally present, always.

- **Improved morale.** Substance and drug abuse are often linked to poor work performance, tardiness and absenteeism. These factors can often rub off on other employees and create a toxic environment. In addition, by implementing a drug-free workplace program, employers are showing they care about their employees and creating a safe and enjoyable work environment.

- **Workers’ Compensation cost savings.** A drug-free workplace program can help reduce the number of workplace accidents and injuries. This, in turn, reduces the number of Workers’ Compensation claims. In fact, many states, including Maryland and Virginia, offer a discount for employers who have these programs.
Product Spotlight: 3CX
A Phone Solution For The Modern Era

We use phones all-day every-day, but we may not always stop to think about what it takes to keep us all connected. Behind the scenes, there are various providers, technologies, and services to consider when making the best choice for you. When it all comes together just right, we get a seamless experience that allows us to go from texting to email to phone calls to video calls in a matter of seconds from the same device. 3CX is a phone solution for your business that will help you keep that seamless interaction going, but what is it? How is it different than your current service?

At its core, 3CX is a Voice Over Internet Protocol (VoIP) service. This means that your phone calls are received via an internet connection rather than traditional service from your local phone provider. The end result is essentially the same, you make and receive calls using your phone with a phone number that has been assigned to it. The difference being the method of which that service is delivered, and with 3CX, it goes beyond just phone calls.

One distinction traditional landlines have is that they are not tied to the internet in any way. This means the call quality is not dependent on an internet connection and will be consistent day-to-day. Landlines will also not lose their connection during power outages. Since VoIP services are dependent on equipment that needs power to ensure an internet connection is established, this does mean that phone service can be lost during a power interruption. This interruption can typically be mitigated with the help of backup battery options.

Just having a landline may not be enough though. A Private Branch Exchange (PBX) is typically paired with the phone service to allow users to have their own extensions and to handle interactive voice recording (IVR) messages, call routing and call transfers. While an internet connection is not required for landline service, you may be overpaying if you have both internet and phone and are paying for a PBX service on top of that.

Where 3CX really shines is that it is a cloud-based PBX service. There is no need for a landline, only an internet connection is required, which can help reduce costs by not paying for a landline. With 3CX you can take your work number on the go and use your laptop or mobile phone to make and receive phone calls as though you were still at your desk. This is great for those who may spend a lot of time working remotely or between offices. The web and phone apps also include the ability to text and video conference. While some PBX systems may require you to buy extensions in bulk, resulting in too many or too little, 3CX allows you to setup an unlimited number of extensions as you need them. A full list of features can be found at https://www.3cx.com/phone-system/edition-comparison/ to help you find the plan that's right for you.

There are many options to choose from when deciding how to connect you with your business. 3CX is a simple yet robust solution for seamless communication that's always available at your fingertips no matter where you are.

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The Reality of Illusion

Part 2 - Is the Tail Wagging the Dog?

In a society where we rarely need concern ourselves with survival and the preservation of life itself, it is the nature of good people to try and make the world a better place for others. Not only does it provide safety for future generations, it nourishes the soul.

Associations in general, and tax-exempt associations in particular, are organized to unite a group of like-minded individuals to effect beneficial change within the scope of their common interests. And, as I expressed in my June article, these are almost universally started by an individual or small group who volunteer their resources to begin the process.

However, there is a limit to every resource. Money, time, even desire has its limits. Sooner or later the resources of the founders are exhausted. In that instance, that moment in time when the founder(s) enlists the help of others, the association faces its first crucial test. That test is finding a person or persons who are willing to devote an equal level of their resources to the organization. Rare is the organization capable of pulling off this feat once, let alone multiple times.

More likely, the association fills the void with someone willing to take up the cause for a price. Instead of a volunteer, that someone is compensated. Now please don't misunderstand my intentions. I believe a job well done should be rewarded. But the compensation should be appropriate to the achievement of the goal. I believe the goal must be achieved efficiently and with great economy when you are doing it on someone else's dime.

The Board of Directors is still heavily populated with early adopters at this stage and there exists a clear focus to the mission of the association. As such, the Board is vigilant in keeping the association on course. They are aware of the group's meager beginnings and eager to enhance the success of the group. This is a time of excitement, creativity and growth. Programs that were once out of reach are now viable.

The result of this success makes recruitment of the next generation of Directors easy. Everyone wants to play for a winner. During this stage of the association you will see annual ballots for nomination to the Board with many more prospective candidates than positions to be filled. Everything seems to work and there appears to be no end to the expanding wish list of endeavors to be targeted. In many ways it resembles Camelot. There is peace, happiness and opulence.

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Risk Management Items To Review Every Year

I recently had the pleasure of co-hosting a Maryland Construction Network event, in Montgomery County, featuring a great panel of real estate and construction executives. The conversation, like many that have taken place at other events, continues to be a robust pipeline of projects and the challenges of taking advantage of these opportunities.

There is a risk of overextending your capabilities, both operationally and financially, as new work comes available. Top-line revenue growth in construction frequently is not matched by bottom-line growth. Companies take on more risk but may not have the profit margins available to match growth.

With more work, there are more issues that can arise from a risk management perspective. Buying insurance is only part of the solution. Examining your risk management program is appropriate and necessary before you get overwhelmed by new work.

There are four key elements of your Risk Management Program that you should review on an annual basis:

Hiring & Training New Employees

With a challenging labor market, construction companies will realistically take some chances on new hires. This may help meet the need from an operational standpoint but may create some costly mistakes.

It is imperative to follow a consistent and thorough hiring process. Pulling MVR’s, drug testing, background checks, etc. may all be part of this. Whatever you do needs to be consistent and documented. When companies are busy, they might cut corners and end up with a problem employee.

You also need to have an orientation/training program to make sure your new hires understand company policy and your corporate safety program. Don't assume someone knows what they are doing or how to operate a machine or piece of equipment. They may have been trained to do so incorrectly.

Contract Review

Construction contracts have evolving insurance and indemnity wording. You need to make sure what you are agreeing too, and having your subcontractors comply with, fits within your insurance program. Work with your broker to prevent a breach of contract issue due to improper insurance coverage.

Lenders and Owners are enforcing broader insurance requirements that typically pass down to all tiers of subcontractors. Insurance policies are not automatically changing to meet these new requirements. So; work with your broker and carrier to make sure coverage is amended as needed.

OSHA Compliance

There are ongoing changes to OSHA regulations and enforcement guidelines. You need to have a safety resource that will provide updates on changes and deadlines for implementation. The fines for non-compliance are not covered by insurance! You need to confirm that your written safety program complies with all current OSHA standards and your reporting is being done with the most recent guidelines.

In addition, you should have a written procedure for your employees to follow if OSHA shows up on a jobsite. Your safety professional and/or insurance broker can assist with this.

Driver Policy

Auto accidents are more costly than ever before. Your commercial auto premiums are likely going up at least 10% annually due to terrible industry experience. Your risk to a claim piercing your umbrella policy is more likely to come from an auto loss than a general liability loss. Your employees, while driving company vehicles or their own vehicles on company business, are facing some of the worst traffic conditions in the country.

An alert driver who is operating a well-maintained

Continued On Page 31
Did you know that thermal imaging has several uses other than detecting people? It’s a way to look for different issues like plumbing blockages and leaks. It’s a huge advancement in technology that’s helping in the field of construction now more than ever. With affordable options like pocket and phone attachments, it can potentially save workers tons of time and money. Also having one on hand prevents horrible failure later on down the road because it makes it easy to detect them beforehand.

If you still aren’t sure how a thermal video camera can help your company, here are just a few things that they can detect and other benefits to having them around.

1. What is Thermal Imaging

Thermal imaging uses heat to look at surroundings rather than light. It does this by processing the temperature of objects. Objects that are hotter than absolute zero give off a certain amount of radiation.

Once it processes the temperature, it displays them in grey scale the shade of the grey depends on how warm or cool the object is. Some use color instead of greyscale. For these cameras, you will see intense red for warm objects and yellow and blue for cooler ones. Now that you know what objects will look like when they are detected, we’re going to go into a little more detail about how it works.

2. How Does Thermal Imaging Work

The camera can detect common issues like water leakages. When the sun starts to go down a little, wet places in a roof will give off heat more so than the dry places. These will show up as differences in temperature so you’ll be able to see the water that has leaked through.

Due to the sun when you’re using the camera outdoors that might skew your readings a little bit. Not only do you have to take in the factors of the sun, but wind speeds as well. Don’t misunderstand this, you won’t have X-ray vision with the thermal energy camera, just some energy readings.

3. Uses For Thermal Imaging

Finding water leaks is just one way for you to use thermal energy cameras. There are many jobs that can be done more effectively by providing employees with one.

Detecting Air Leakage

Thermal imaging can actually pick up air leaks around windows, doors, and other openings you could find in a construction area. It will show different temperatures depending on the air slipping out of a system. You can see this if you use an HVAC system to map it.

Detecting Electrical Issues

If you use thermal imaging on electrical systems you will be able to check for overloaded circuits, motor bearing failure, issues with electrical distributions, and loose connections. Dirt that builds on connections will cause the system to overheat. If you ignore this it can cause permanent damage or cause a fire. This extra heat will show up on a thermal camera so you can fix it before this happens.

Detecting Roof Leaks

Roof leaks can be hard to find without a thermal camera. We went over this a little bit above. Water holds heat, so you can see leaking water that’s being held. You’ll get to see the source of the problem and stop the leak before it causes too much damage like mold and wood rot.

Seeing Through Plumbing Blockages

Plumbing issues can be an expensive fix if not handled in a timely manner. Plumbing is a great way to get rid of trash but it causes problems over time because it can cause a serious blockage. A thermal camera can show you exactly where the blockage is so you can get rid of it. All you have to do is run hot water through it, and then scan your pipes for the warm trash. It’s that simple.

Other Uses for Thermal Cameras

Animals are crafty little things, and thermal cameras can help you see any nests that they may have built. Pests can cause problems in houses and at your construction site so you want to get rid of them as soon as you notice them.

You’ll be able to look for energy loss and which means...
your company will save plenty of money on the utility bill. It can also let you see where your money is being spent on leakages. In short, you can fix these issues before too much money is sunk on it.

4. Features of Thermal Imaging

On top of helping you see common issues like leaks and plumbing blockages, it also comes with different features for you to use to do these things. These are just a few features that will be available to you.

No Need for Illumination

In terms of most cameras, you have to have a light source to be able to see things. Again, thermal imaging cameras use radiation to detect heat. This means that you can use a thermal camera no matter what lighting you’re faced with. That also means that it doesn’t matter what time a day you decide to use the camera. You can tackle jobs day or night without limitation.

Detecting Threats at a Long Range

Thermal cameras are obviously good at detecting threats. The temperature of humans and animals are a lot higher than say air or water. Most thermal cameras show a wide range and therefore pick up these things. You’ll know about potential intruders before they even think about showing themselves.

Day/Night Coverage

It doesn’t matter what time a day you need the thermal camera it works wonders day or night. Most other camera’s coverage completely depends on the quality of light that they are faced with. This is inefficient because it causes you to put a time stamp on your working hours. Thermal cameras don’t read light at all so they’re way better for those who like to work nights.

Seeing Through Smoke and Fog

 Thermal cameras are also great for looking through obstacles like smoke and fog. For example, if there is a fire, a thermal camera will be able to see through the smoke.

While a thermal camera obviously won’t let you see directly through an object and get a clear picture, you can also use it to see objects that are obscured by clothing, or things that are behind walls. Again, don’t confuse this with having x-ray vision. You won’t quite have that. Just temperature readings of the hidden objects.

Looking at Temperatures

Having a thermal camera to look at potential issues not only work for seeing problems in a building but issues with your equipment as well. You can read the temperature of possible wiring and other things that may go wrong with it. This will help ensure that your working environment stays safe for all workers.

5. What to Look For in a Thermal Camera

If you’re looking into getting a thermal camera to help your company run more efficiently, there are a few factors that you should take into consideration first. The two main things are resolution and thermal sensitivity.

Resolution

The most common resolutions that you’ll run into are 160×120, 320×240, and 640×480. They create an image based on pixels. Each pixel has a temperature point associated with it. This means you get a higher resolution depending on these temperature points. The higher the resolution, the better the picture that you’ll receive in the end.

Sensitivity

You want to make sure that your camera can detect even the slightest change in temperature. To this end, you want to make sure you’re getting your money’s worth and get a camera with a high sensitivity. You also want to look for one that’s got a long temperature range. If you have both of these things, there aren’t many images that you won’t pick up.

Limitations

Thermal cameras are powerful but they aren’t without their limitations. It can't reflect off shiny surfaces. You won't be able to see through any form of glass. You won't be able to see through a wall, just detect if any issues are occurring. You shouldn't just use the thermal camera to make a final decision on a problem. Do other tests after using the camera.

Using a Thermal Video Camera

Using a thermal video camera can help you detect
Key Provisions Under The Tax Cuts & Jobs Act For The Construction Industry

The Tax Cuts and Jobs Act (TCJA) has introduced several tax opportunities catered to businesses and individuals operating in the construction industry group. Construction contractors must practice their due diligence by identifying the tax implications, strategic opportunities and, compliance issues resulting from the new tax law. Contractors who take the time to understand the new tax law will be able to apply the provisions to their business and will be better positioned to thrive in one of the most competitive industries in the country. Some provisions of the new law are beneficial to construction contractors and some are not beneficial.

Following are some provisions of the TCJA that can be beneficial to construction contractors:

C Corporation Tax Rate Reduction

Contractors structured as a C Corporation will benefit from a significant reduction of their corporate tax rate, thanks to the TCJA. Before the passage of the new tax bill, C Corporations were subject to marginal tax rates as high as 39%. The new tax law introduces a 21% flat tax rate for all C Corporation taxpayers for tax years beginning after 2017. More importantly, whereas many of the changes in the new tax law are deemed temporary and subject to various “sunset” provisions, the new tax rate for C Corporations is permanent.

20% Qualified Business Income Deduction for Pass-through Entity Owners

For contractors operating as a pass-through entity (S-Corporation, Partnership, LLC), owners (stockholder’s/partner’s/member’s) may generate substantial tax savings from the new 20% Qualified Business Income (QBI) Deduction. The tax code defines QBI as items of income, gain, deduction and loss earned/incurred from a trade/business operating within the United States. In most instances, a construction contractor’s taxable income for the year may generally equal QBI. While QBI is calculated at the entity level, the QBI deduction is calculated at the individual level and reported on the owners personal tax return. The QBI deduction is calculated as the lesser of:

1. 20% of the owner Qualified Business Income or
2. The greater of:
   a. 50% of the owner/shareholder’s allocable W-2 wages or
   b. 25% of the owner/shareholder’s allocable W-2 wages plus 2.5% unadjusted basis of depreciable property

Note, the W-2 wage limitation does not apply to single taxpayers with taxable income less than $157,500, and married taxpayers with taxable income less than $315,000.

See below for an example of the QBI deduction calculation:

Mark is a single taxpayer and 50% shareholder of a S Corporation contractor firm providing concrete construction services. His allocable share of taxable income from the S-Corporation is $1 million and total wages paid by the firm is $3 million. Mark’s QBI Deduction for the year is $200k, as 20% of his QBI ($1million x 10% = $200,000) is less than 20% of his share in the firm’s allocable wages ($3 million x 50% x 20% = $300,000).

$25 million Gross Receipts Threshold for Small Contractors

The TCJA increased the threshold amount of average gross receipts for construction contractors who wish to be classified under the Small Contractor Exemption from $10 million to $25 million (based on the average gross receipts of the three preceding tax years). The exemption allows construction contractors to choose methods other than the percentage of completion method for tax reporting purposes.

Historically, contractor companies with average gross receipts in excess of $10 million were considered “large contractors” and were required to use the percentage of...
abuse is suspected;
4. Randomized testing; and
5. Routine testing during an annual or periodic employee physical examination.

Any new company initiative may be met with some degree of skepticism, especially if that initiative is a drug testing program. Accordingly, forthright, direct and open communication is required from the start. A written drug testing policy is an important component of the initiative. Ensuring a safe, secure work environment should be the overriding goal for any employer implementing a drug testing program.

Brian Shinkle, DO, CIME

Dr. Shinkle is the Medical Director of Pivot Occupational Health. He is Board Certified in Family Medicine and has a Certificate of Added Qualifications in Occupational Medicine. Pivot Occupational Health specializes in occupational medicine and travel medicine. Pivot Occupational Health has thirteen locations throughout the state of Delaware, Maryland and Pennsylvania.

More information can be found at [www.PivotOccHealth.com](http://www.PivotOccHealth.com).

I’m always available to talk about any upcoming requirement you have and look forward to speaking with you soon...just call or email me!

Thanks,
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like equipping people with laptops or cameras, or instituting a Dress for Your Day policy. Far too often, one partner can block a decision simply by dissenting. This kind of stagnation will lead to your change agents’ growing frustrated and fatigued. And, sooner or later, they will make the decision to leave the firm.

So, what outdated behaviors did I miss?

There are a lot, because I ended up focusing the list on culture and talent — and not on clients. In a future article, we’ll explore outdated client management practices (things like only taking payments by check) that may put your firm at risk as Next Gen clients rise up.

Meanwhile, which of the outdated behaviors struck a nerve with you or your team? What steps can you take to begin shifting one or two of these today?

Jennifer Wilson is a partner and co-founder of ConvergenceCoaching LLC, a leadership and management consulting and coaching firm that helps leaders achieve success. Learn more about the company and its services at convergencecoaching.com. To comment on this article or to suggest an idea for another article, contact Jeff Drew, a JofA senior editor, at Jeff.Drew@aicpa-cima.com.

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Editor's Note: While written for the accounting industry, this article highlights concerns of equal importance to all businesses as they work to meet the needs of an evolving workforce.

In closing, winter grading can be more expensive and more time-consuming, but with careful planning and proper execution, costs and time can be reduced.

Henry L. Lucas, P.E. is the President of Engineering Consulting Services (ECS), which he co-founded in 1988. He has 43 years of experience in the practical application of civil engineering and geotechnical design principles. Mr. Lucas is an expert in pressuremeter analysis; retaining structure and deep foundation design, soil mechanics, problem soil sites, deep excavation evaluations, mass site grading, and rock excavation. He also has extensive experience with industrial, commercial, roadway, retail, military, and residential projects. Mr. Lucas holds a Bachelor of Science in Civil Engineering degree and a Master of Civil Engineering degree from NC State University, and an MBA from Virginia Tech.

MCN Welcomes the 19 Companies Having Joined MCN Since the Previous Edition of “Networked & Connected”.

Acme Supply Company
AEGIS Project Controls
AMI Signs
Apple Valley Waste
Asmar|Schor|McKenna
Benchmark Construction
Chesapeake Bank of Maryland
Construction Underwriters
Davis, Agnor, Rapaport & Skalny
Eco-Pan
General Motors Fleet
Grace Construction
HUB International
LS Systems
National Background Investigations
PIVOT Occupational Health
SAFELINE-FP
The Bartley Corporation
United Products Distributors
manager at John Hyland Construction, saw the effects
of outsourced document control firsthand. Like many
contractors, JHC had issues sharing information,
especially when that information changed throughout
the life of the project.

Without the resources to hire a dedicated document
manager, JHC struggled with inefficient processes, from
requesting bids to maintaining the most up-to-date
drawings.

After partnering with ARC, Cummins said, “Strong
communication enables stakeholders to look at the
correct documents. There can be so much confusion
with different versions of documents—which ARC
Projects solves.”

5. Give Yourself a Competitive Edge

A study by Emerson Reliability Consulting showed
that, from the beginning of the construction project, as
you make decisions, your opportunities to save money
diminish, while the cost of risk mitigation increases.
This finding is represented by the image below:

In other words, it’s far more efficient to mitigate risk at
the beginning of the project than it is at the end. So,
while it might appear as though outsourcing document
control is an extra expense, it’s a vastly more affordable
risk mitigation strategy than you’ll find once the project
is nearing completion.

Moreover, as a general contractor with document
control outsourced to the experts, you become that
much more competitive since you don’t face the same
risks your competitors do.

Introducing Your New Document Control Subcontractor

Wondering how outsourcing document control works?

With ARC, the idea is to ensure that you have conformed sets
at all times. That way, everyone is looking at the most recent
information at the same time. Our construction document
experts organize the existing set of documents, then process
changes and updates as soon as you make them.

Plus, with print centers throughout the nation, we have the
infrastructure to provide documents quickly. Just think of us
as another member of your team of subcontractors, except
that, with locations across the nation, we’re able to serve
you wherever your next project is based.

Bob Thomas
ARC
Reporting

Plan officials should be aware of their rights and obligations about plan reporting. Reporting under the plan generally includes reporting by the plan TPA, custodian or trustee and reporting for which the plan sponsor is responsible.

- The TPA (the trustee or custodian if no TPA exists) prepares reports in the form of monthly and/or quarterly and annual statements detailing the plan balances and transactions for the plan sponsor and participants;
- Both small and large plans file Form 5500 with the IRS (due seven months after the plan’s fiscal year end); and
- Large plans are required to attach audited financial statements to the Form 5500 when filed.

Administering a retirement plan is not the same as simply knowing the applicable regulations and fiduciary responsibilities. It is much more than that. Retirement plan administration encompasses the structure of plan officials, the plan operation processes, the operational compliance and system of internal controls and management of the plan assets in accordance with the plan terms, ERISA regulations, and DOL and IRS rules.

One of the most important things plan sponsors can do to minimize the risk of non-compliance and costly errors is to implement a good system of plan administrative policies and procedures, and to provide continuous oversight.

Nelly Gizdova
Principal
UHY LLP

Nelly Gizdova is a Principal with UHY LLP, one of the largest public accounting and advisory firms in the US with offices in Columbia and Frederick, Md. Nelly is the leader of UHY Mid-Atlantic’s Employee Benefit Plans Group. She works closely with plan administrators in meeting DOL compliance requirements, plan document requirements, fiduciary responsibilities, filing of Form 5500, and providing internal control recommendations to management. Nelly can be reached at 410.423.4826 or ngizdova@uhy-us.com.
in place. Employers in Maryland could see up to 4 percent off their workers’ compensation premiums and up to 5 percent in Virginia.

The Changing Landscape

As marijuana laws across the country evolve, it is important for employers to remain aware of any federal or state-specific changes. Since medical marijuana is now legal in many states, it has created confusion for employers about how to enforce or alter their drug-free workplace programs.

For example, medicinal marijuana is now legal in Maryland and DC. However, the laws surrounding medical usage do not address employee protections. This means that employers can still legally terminate employees for marijuana usage at work or if it shows up on a test. On the other hand, some states, such as New York and Pennsylvania, have adopted differing levels of employee protection surrounding medicinal usage. At the federal level, all usage is still illegal. It is important to note, that in all 50 states employers do not have to accommodate employees under the influence on the job or attempting to use while on-duty — regardless of medicinal status.

Overall, a drug-free workplace program is a worthwhile investment for both employers and employees. However, as with all programs, it is important to reevaluate and refine them on a regular basis to ensure compliance with new laws and regulations. If you need help developing a drug-free workplace program for your company, we recommend researching SAMHSA’s recommendations or reaching out to your insurance agent.

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.

vehicle is still at risk. A distracted driver, or a driver operating a vehicle that is not being maintained, faces much greater odds of being in an accident.

Renewing your driver policies every year provides an opportunity to communicate to your employees and remind them of their obligations when driving.

Make sure you take time before the end of the year to review these items and plan on doing so annually. These are easy things to overlook, but can have terrible consequences to your business if not properly addressed.

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common plumbing, electrical and leakage issues before they get too bad. They can also alert you of any common intruders such as large animals or people. They aren’t without their limitations but they can help your employees work more efficiently and save you money in the long run.

Patti Maluchnik, CIC, CBIA

Patti Maluchnik, CIC, CBIA, Account Executive joined Georgetown Insurance Service in 1993. She earned a Bachelor of Science degree in Business from West Virginia Wesleyan College in 1984 and earned her Certified Insurance Counselor designation in 2003. Her expertise is with accounts in the construction, manufacturing and technology fields. Patti is active in the Rotary Club of Frederick, CREW of Suburban Maryland, Frederick County Chamber of Commerce and Accelerent.

Shawn Scarlata

CEO, SMART Security Pros

SMART Security Pros through its Mobile Video Guard solution protects construction sites, equipment yards, scrap and recycling yards, utility infrastructure sites, among other types of locations. After 22 years in law enforcement and 8 years operating a large security guard firm, the founder Shawn Scarlata knew there had to be a better way. Shawn set out to develop a solution that provided higher levels of security at a fraction of the cost of guard services.
completion method (PCM) of accounting on income received from long-term contracts. In general, long term contracts are defined as construction contracts that commence in one tax year, and end in another year, among some other requirements. Calculating taxable income using the PCM can be problematic for contractors since PCM rarely correlates with the net cash flows from the contract and can result in paying tax on the contract income prior to receiving the net cash on the contract.

The increased $25 million gross receipts will allow construction contractors to elect more taxpayer-friendly methods of accounting for tax reporting purposes, including the cash basis and completed contract methods of accounting.

As the name implies, the cash basis method of accounting dictates contract income as taxable when cash is received and contract costs deductible when cash is paid.

Under the completed contract method of accounting, contract income and expenses are deferred for tax purposes and reportable as taxable income/loss upon contract completion.

In addition, other methods exist, including hybrid methods, that can be more beneficial than PCM.

Expanded Depreciation Expensing

The TCJA also incorporated changes to fixed asset depreciation rules that allow contractors to accelerate deductions on their capital asset acquisitions.

Prior to the new tax law, bonus depreciation under Code Section 168(k) allowed for 50% expensing of tangible business property in the first year placed in service. Additionally, purchased property needed to be new (taxpayer can claim original use of property) in order to qualify as for 168k. Under the revised bonus depreciation rules, 100% of the cost of new and used qualified property purchased after September 27, 2017 may be expensed in the first year of service. Contractors looking to take advantage of the increased expense limitation under Sec. 168(k) must act quickly, as the 100% deduction allowance will only be available through December 31, 2022, with phaseouts beginning in tax year 2023 as illustrated next:

<table>
<thead>
<tr>
<th>Qualified Property In Service Date</th>
<th>Bonus Depreciation</th>
</tr>
</thead>
<tbody>
<tr>
<td>September 27, 2017-December 31, 2022</td>
<td>100%</td>
</tr>
<tr>
<td>2023</td>
<td>80%</td>
</tr>
<tr>
<td>2024</td>
<td>60%</td>
</tr>
<tr>
<td>2025</td>
<td>40%</td>
</tr>
<tr>
<td>2026</td>
<td>20%</td>
</tr>
<tr>
<td>2027-Beyond</td>
<td>0%</td>
</tr>
</tbody>
</table>

Code Section 179 expensing has also expanded under the new tax legislation, with expense limitations of qualified 179 property increasing from $500,000 to $1 million, initial phase-out threshold for qualified property acquisitions increasing from $1 million to $2.5 million, and complete phase-out limitation increasing from $2 million to $3.5 million. The new expense and phase-out limitations under 179 will be subject to inflation adjustments for tax years subsequent to 2018.

Following are some provisions of the TCJA that are not beneficial to construction contractors:

Business Interest Expense Limitation

While the new tax law provides many construction contractors with numerous opportunities to save on taxes, sections of the new legislation have imposed limitations on several expense items that have historically been deductible in full. Such is the case for business interest expense under Code Section 163(j), where deductible interest is generally limited to the sum of:

1. Business interest income, and
2. 30% of Adjusted Taxable Income – calculated as taxable income plus interest expense, depreciation, amortization, depletion, and net operating losses.

Any business interest expense in excess of the limitation as calculated above are carried forward indefinitely for use in future tax years.

Fortunately, the new tax law carved out a couple of exceptions to the business interest expense limitation - companies with less than $25 million in average gross receipts (based on three preceding tax years) are exempt from the interest expense limitation; a special caveat has also been provided for construction contractors who may elect out of the business interest expense limitation in exchange for adopting the Alternative Depreciation

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System (ADS) (straight-line) method of depreciation for their real property capital assets.

Domestic Production Activities Deduction

For tax years beginning January 1, 2018, or later, the Domestic Production Activities Deduction (DPAD) has been appealed. The DPAD provided an approximately 9% deduction that was available to construction contractors. While the DPAD is no longer available, contractors have available an increase from the 9% deduction with certain limitations to potentially a 20% deduction (under the new QBI provisions) also with certain limitations as described above.

Summary

In an industry where strong cash flow is the difference between survival and insolvency, contractors must be proactive in determining the effects of the new tax law on their business. Although legislators may have hoped to simplify the tax code for individuals and businesses, in reality, the new tax law has created several complexities for taxpayers to navigate. For assistance in addressing the impact of the new tax law to your contracting business, please reach out to the tax professionals at Aronson, LLC. We can help.

Kamal Eko
Aronson LLC

Kamal Eko is a senior associate in Aronson’s Construction Industry Services Group. Kamal provides comprehensive audit and accounting services to the firm’s construction clientele. Prior to joining Aronson, he provided a full range of accounting services including audit, tax and business consulting to various businesses and individuals. Kamal received his master’s degree in accounting from George Mason University, and bachelor’s degree in accounting from Virginia State University.

“Christmas, my child, is love in action. Every time we love, every time we give, it’s Christmas.”

~ Dale Evans

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As the association enters middle age, the engine of the association machine has roared to life. No longer do volunteers have any chance of running the group. There is no turning back. Its survival depends upon the hired staff. Now, the staff expands to accommodate the increasing number of events and programs needed to feed the beast.

In the absence of a dedicated and mission driven association director, the difference between a volunteer run organization and a staff run association at this juncture is very important. The association is no longer a project of passion, it is a provider of jobs. Money, not mission, is the driving force behind the operation. Survival of the machine (association) becomes a prime concern.

Remember a time when Sears was the retail king and people went to Toys-R-Us to purchase toys? Not too long-ago General Electric was a preeminent stock to have in your portfolio. The reasons these companies and others like them have diminished or disappeared is related to, among other things, changes in society, technology and management. But these for-profit companies can fall out of favor quickly because people know what they do and how they do business.

When people buy products, or enter the stores of these companies, they receive immediate feedback. Are the shelves well stocked and the stores in good repair? Do the products work well and provide a good value? Are prices competitive? What is the press saying about the company? Is the stock rising or falling? As soon as the customer doesn’t like what they see and buy, the company is exposed.

Tax exempt organizations are different. Local groups are not scrutinized by the media. No one does an exposé on the local trade association. Few ever see the headquarters to see how their money is being spent. Often companies continue supporting an association only because a customer calls and asks them to do so.

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or because “it’s what we have always done”. It’s a “favor” to a customer or an old habit, not a decision based on desire and return on investment.

Worse yet, few people exert any energy to see if an association is being faithful to their mission, efficient in its use of funding and, of most importance, providing a true benefit to its members. Most people simply rely on the premise that a non-profit must exist to do something good and that since it is not-for-profit, it really is not interested in making money and solely focused on doing good. It is far too easy to miss the fact that the tail is wagging the dog.

The manner in which an association conducts and presents itself can provide valuable insight to an association. Are management wages reflective of the overall health of the association? Do other expenses similarly match the overall fiscal health of the membership and association? Is the association truly working towards its mission?

In future segments, I will share how you can make certain your tax-exempt organization is doing the right thing.

Robert Bertazon
Founder
Maryland Construction Network

January 24th, 2019
Direct Connect Networking Extravaganza & Pre Direct Connect Educational Presentation
“Drivers of Success: How Good Business Habits Improve Profitability”
The Grand Lodge of Maryland | Hunt Valley
4:00 – 7:30 p.m.

March 28th, 2019
Direct Connect Networking Extravaganza & Pre Direct Connect Educational Presentation
Dutch’s Daughter | Frederick
3:30 – 7:30 p.m.

April 23rd, 2019
The Blue Book Showcase
FedEx Field | Landover
12:00 – 6:00 p.m.

May 2nd, 2019
Direct Connect Networking Extravaganza & Pre Direct Connect Educational Presentation
“2019 Construction Industry Survey Results & Industry Forecast”
Location: TBD
4:00 – 7:00 p.m.

July 25th, 2019
Direct Connect Networking Extravaganza & Summer Picnic
The Crazy Tuna | Bowleys Quarters
5:00 – 7:30 p.m.

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