Maryland Adopts Additional Civil Penalties For Equal Pay Violations

Effective October 1, 2019, employers committing multiple violations of Maryland's Equal Pay for Equal Work Act may face civil penalties in addition to compensatory and liquidated damages, and attorneys' fees. (House Bill 790). The Equal Pay Remedies and Enforcement Act provides that the Commission of Labor Licensing and Regulation may assess a civil penalty equal to 10% of the amount of damages owed by the employer against employers who have committed two or more violations of the Equal Pay for Equal Work Act in the preceding three years. These additional civil penalties are intended to offset the administrative costs incurred to investigate and bring corrective actions related to equal pay claims in Maryland.

The statute still prohibits an employer from:

- willfully violating any provision in the Equal Pay for Equal Work Act;
- hindering, delaying or otherwise interfering with the Commissioner or an authorized representative;
- refusing entry to the Commissioner or authorized representative into a place of employment they are authorized to inspect;
- discharging or otherwise discriminating against an employee because the employee:
  - makes a complaint;
  - brings an action; or
  - has testified or will testify in an action.
- The Commissioner may bring an action for injunctive relief and damages against a violating employer. The violating employer will also be guilty of a misdemeanor and on conviction will be subject to a fine not exceeding $300.

Conducting internal audits to determine that employer policies and practices related to gender pay equality are in compliance with state requirements will help employers avoid the increasing cost associated with defending claims for violations of Maryland's Equal Pay for Equal Work Act.

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Why Settling For An Average Approach To Getting Things Done Is Giving You Average Results, High Stress And Little Progress

According to the *Email Statistics Report, 2015-2019* from the Radicati Group, the number of business emails sent and received was projected to go up from 124 billion in 2018 to almost 129 billion in 2019. In addition, the expected average of emails sent and received per business user per day was expected to be 129 messages by the end of 2019.

And that’s JUST email.

Email is not the ONLY type of information pouring into your workday. And it’s not the ONLY source of tasks you have to manage.

Most professionals don’t realize that tasks come from more than TEN different sources in a typical workday, including phone calls, in-person conversations, meetings, social media, snail mail and more. However, professionals ARE aware of—and feel the stress from—the daily challenges of staying on top of the many tasks, to-dos, follow-ups and reminders flowing in.

When bombarded with tasks and information from so many places, it can be stressful without a safe place to help you manage everything. As a result, feelings of overwhelm increase. A level of uncertainty creeps in. And worries emerge that you’ve missed, lost or forgotten something—or a LOT of things.

In an attempt to keep up, most professionals grab a legal pad, a post-it note, a steno pad or any paper—to jot down tasks they don’t want to forget. But unfortunately, when a to-do list is written on paper, it just becomes one more source of tasks in your workday that has to be juggled with all the rest.

Like many of the old task and time management methods, the to-do list on paper is NOT the answer for efficiently and effectively managing tasks and follow-ups. It’s only a small and partial view of your total number of tasks, and it’s an average approach that will only yield average results.

Yes, paper gives you temporary peace of mind, because you can get something out of your head, but paper is a tool, not a system, and a to-do list on paper will NEVER fill the gap where a task management system should be.

Instead, a digital approach using these 3 tips can help you gain more clarity, confidence and control when managing tasks.

Leave no stone unturned.

Your goal is to achieve 100% awareness of ALL responsibilities—every task, to-do, follow-up and reminder—so you can create a plan of action for each and every one. Question everything around you as well as what you’ve received in email, and make decisions.

Which items are for reference? What items are reminders for action? What do you want to read, delegate or toss? Tasks you find should be added to a digital Task List, which is the only kind of system that can contain ALL tasks, no matter their source and or when you plan to take action.

Determine WHAT you need to do.

Avoid naming a task like a project. Identify very small action steps—the FIRST step to get something started or a NEXT step to keep something moving forward. Be descriptive and avoid abbreviating task details. In addition, always include the “why.” Why are you making that call? Why are you reviewing this report? What are you looking for? What’s your end goal?

Since you can’t do everything today, each daily list will only be a small percentage of ALL of your tasks. The rest will be planned for action on a future day or in a future week or month, so it’s important to fully document all relevant task details NOW while they’re fresh in your mind.

Decide WHEN to take action.

There are two important parts of a task that generate progress. One is knowing WHAT you need to do. The other is WHEN you need to do it. This is where paper to-do lists get people into trouble. They only contain a brain dump of WHAT a person can remember, but these lists are missing a LOT of tasks from a LOT of sources. Plus, on paper, tasks are not prioritized, there

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Meet & Greet

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Concrete Floors And Moisture

unsightly, even hazardous, floor damage can often stem from a fairly simple root cause: Moisture in concrete. If concrete slabs aren’t given the appropriate amount of time to dry, flooring can stain, bubble, warp – or, more worryingly, develop mold or cause a safety issue.

Moisture testing can help prevent future damage to flooring, particularly in new construction. Perhaps the most unexpected issue with moisture sensitive flooring in new construction is the amount of time it can add to your construction schedule.

In existing buildings, this testing is useful to determine exactly why there are defects in the flooring. Poor groundwater drainage, for instance, could end up intruding through the slab on grade and lead to myriad forms of damage to the flooring, or the concrete slab itself.

Common Tests

The two most common tests ECS is requested to perform for moisture testing are Calcium Chloride Testing and measuring Relative Humidity using probes. ASTM International has standards for both of these tests as well as less common moisture testing methods, such as the Plastic Sheet Method.

ASTM F 1869 Vapor Emission Testing using Calcium Chloride – This test relies on Calcium Chloride testing kits that are typically prepared and analyzed by a laboratory. To perform this test, an area of slab must be prepared and conditioned for a minimum of 24 hours prior to installation of the testing kit. The testing kit is weighed and installed where it remains sealed for 60-72 hours. The kit is re-weighed at the time of collection and sent to the laboratory. The intent of the test is to provide a quantitative determination of the moisture vapor emitted from the slab.

ASTM F 2170 Relative Humidity Testing using Probes – This test relies on probes which are drilled into the concrete slab and left in place for 24 hours to allow the slab to reach moisture equilibrium. After 24 hours, a digital reader is inserted into the probe. The probes may be left in place longer and additional readings may be taken at future times.

The ASTM for both tests provides instructions for the required number of testing locations. Three tests are required for the first 1,000 square foot area and at least one additional test is required for each additional 1,000 square feet. Both tests are vulnerable to construction traffic on active job sites, although the RH probes are typically less likely to be disturbed.

Choosing a Test

Test selection is usually determined by the manufacturer of the flooring being installed, who provides limits to either the Vapor Emission Rate or the Relative Humidity in their product specifications or installation guide.

New Construction

In new buildings, flooring issues caused by moisture in concrete slabs are often the result of hasty construction without proper drying time and testing prior to applying floor finishes. The effect proper drying time can have on a construction schedule is significant. Specific drying times depend on the water-cement ratio of the mix design and other factors, but it is not uncommon to need over 6 months to achieve a relative humidity of 90%. Working with your contractor and design team prior to construction and choosing low water-cement ratio concrete mixes may be the most efficient method to expedite the drying process.

Many industry organizations have released guidelines to address this important issue, such as the American Concrete Institute (ACI) 302.2R “Guide for Concrete Slabs that Receive Moisture- Sensitive Flooring Materials” and the Portland Cement Association (PCA) Engineering Bulletin 119 “Concrete Floors and Moisture.”

Alexis Herr, PE is a Senior Facilities Project Manager for the ECS Mid-Atlantic Facilities Group in the Chantilly, Virginia office. She is a licensed professional engineer specializing in structural design. Ms. Herr received her Bachelor of Architectural Engineering.
Implementing Revenue Recognition Standards: A 3 Part Series

To help you through 2019, the year of revenue recognition implementation, KatzAbosch has put together a 3 part series covering the key implementation issues you need to consider. So far we have covered:

1. Variable consideration
2. Uninstalled materials
3. Pre-contract costs

This article will cover: determining performance obligations, and transition methods. For each, we will provide a definition of the topic and provide questions to consider when implementing it. Therefore, please be aware when it comes to effectively implementing these, the devil is truly in the details. Each phase of the process requires significant judgment. If you have any questions about this information please contact your accounting representative.

Determining Performance Obligations

One of the most challenging parts of the new standards may be determining how many performance obligations you have. Where you previously had more than one “contract” on your job cost schedule, you may now have one. Conversely, you may have previously reported one contract, but under the new standard, it needs to be split into more than one “performance obligation.”

Therefore, what do you need to consider in determining how many performance obligations you have upon implementation of the new standards in 2019?

Here are Six Key Questions to Ask:

- Are there contracts with more than one performance obligation?
- Are there contracts with the same customer that must be combined and accounted for as one performance obligation?
- Who is reading the contracts and assessing them to determine if there is one or more performance obligations?
- Who is assigning the values to the separate performance obligations if you determine there is more than one?
- What changes need to be made in the system to properly account for the performance obligations?
- Do any changes need to be made in internal controls to properly account for determining performance obligations?

Considering these unique factors can help illustrate your company’s implementation preparedness in this area.

Disclosure Information

There are a lot of new disclosures required. Some are policy and can be written/determined at any time during 2019. Others are more pervasive and you may need to make system changes now in order to capture the information needed for your 2019 financial statements.

GAAP now requires a footnote disaggregating revenues, however the footnote is optional for private companies. We don’t know if users of the statements (bonding companies) will encourage companies to include this information as it adds value, especially if you have divisions or different service lines.

If you think you want to include this disclosure, what does it mean? Revenues must be disaggregated according to the timing and qualitative information about how economic factors will affect the nature, amount, timing, and uncertainty of revenue and cash flows. In addition to disclosing the timing, you must chose the other disaggregation categories that make sense to your organization. Some common categories include:

- Geographical regions
- Service lines
- Segments
- Departments
- Customer type
- Contract type

Entities should ensure that they have systems, internal controls, and procedures in place to accumulate the

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New Laws
New Tech
New OSHA
Oh S#^?! 

A Wisdom & Wine Presentation
By Tracy Steedman, Esq. & Oren Saltzman, Esq.
Adelberg Rudow Attorneys at Law

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Wood Construction and Fire Protection – Eight Considerations

Wood construction is seeing a re-emergence as a preferred building material among developers. The advantages of wood construction include lower material cost and shorter lead times. According to the US Census, the number of multi-family units constructed with wood framing increased more than 230 percent from 2011 to 2016. Wood construction, when combined with the mixed-use development trend, can be challenging to coordinate. Wood does represent a fire risk during construction, especially before rated components and sprinkler systems are installed. [https://www.wsj.com/articles/apartment-fires-are-tied-to-cheaper-wood-based-construction-1502988893]


Like steel and concrete, wood construction is defined and governed by the International Building Code (IBC). The 2015 version is currently the most widely-adopted edition nationwide. These guidelines regulate nearly every aspect of a facility, including means of egress and fire protection. Chapter 6 defines five different construction types. Types I and II focus on non-combustible materials, such as concrete and steel. Types III through V incorporate combustible materials, which includes wood construction as defined below:

- **V** – All structural and framing elements, exterior and interior, can be made of any permitted materials (V)

- **IV** – Heavy Timber with noncombustible materials for exterior walls. Glue-laminated members without concealed spaces are also allowable for interior spaces (IV)

- **III** – Exterior walls are of non-combustible material and have a fire-resistance rating of 2-hours. Interior building elements are of any permitted material. (III)

Each of these construction types offers different benefits and limitations such as cost and constructability. There are even fire and life safety benefits and limitations. Below are eight considerations for fire and life safety in regards to wood construction.

1. **Size** – Wood construction is common in
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School Supply Drive

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It will be back-to-school before we know it and our friends at The William S. Baer School in Baltimore need our help in getting another school year off to a great start! To do that, we will be collecting classroom and art supplies, health room supplies, and other items needed daily to meet the unique needs of these incredible children.

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- Erasers
- Pencil Grips
- White Glue Bottles
- Index Cards
- 3-Ring Binders
- Lined Loose-Leaf Paper
- Highlighters
- Weighted Blankets
- Diapers/Pull-ups (3-yrs & up)
- Glue-sticks
- Pocket Folders
- Pencil Box/Case
- Scissors
- Construction Paper
- Baby Wipes
- Facial Tissue
- Hand Sanitizer (Purell)
- Sanitizing Wipes
- Sensory Toys/Activities
- Play Dough
- Nerf Balls
- Color Kinetic Sand
- Books

NEW or GENTLY USED ITEMS:
- Backpacks
- Clothing and Shoes (for ages 3 thru 21)
- Books

The William S. Baer School, located in Baltimore City, has served children with disabilities for over 75 years. With each year, the children become more dependent on medical technology, more medically fragile and more economically disadvantaged. We have seen firsthand, the immense need for community support in providing every opportunity possible to these very deserving and courageous children. With students ranging in age from 3 to 22 years, their education and care goes far beyond traditional academics. The needs of the students at Baer School cover an overwhelming, and highly individualized, range from medical care to dietary requirements; exercise to calming; learning life skills and skills we all take for granted – such as being able to climb stairs or feed oneself; and everything imaginable in between. It is with dedication, caring and love that the teachers and staff at Baer School give their children the opportunities and tools they need to “defy the odds”.

With sincere thanks for your generosity and support in helping us make a difference in the lives of others!
Contractual Risk Transfer
Best Practices

Blueprint for Safety

Individuals that are better positioned for success understand the necessity of risk management in business. No risk, no reward is a timeless truth, and in order to succeed, risk must be confronted.

Regardless of your industry, you should have a contractual risk transfer program in place to mitigate the exposures that your organization faces. The following is an overview of key elements and tips relating to contractual risk transfer and how to successfully manage and transfer risk.

Record Keeping

Your organization should have an orderly record keeping system and develop record retention criteria in compliance with applicable laws. With the prevalence of electronic documents and storage, why not keep records permanently?

The following are examples of records that should be retained pursuant to your record keeping system and retention criteria:

- Job Specifications
- Contracts
- Blueprints
- Hold harmless agreements
- Design criteria
- Certificates of Insurance
- Quality control data
- Other supporting information

Sound Contracts

Seek legal assistance when developing contractual agreements with subcontractors and before signing agreements with others.

Hold Harmless Agreements

What: Commonly referred to as an “indemnification agreement,” a hold harmless agreement or clause is a contractual device used to transfer costs from one party to another. One party, known as the indemnitor, agrees to bear responsibility for the specified losses, damages or liabilities of another party, the indemnitee.

There are a number of types of hold harmless clauses, differentiated by the extent of the liabilities they transfer.

The most commonly used types of clauses are the broad, intermediate and limited form hold harmless clauses.

- **Broad Form Indemnification** - Indemnitor agrees to hold indemnitee harmless for all liability pertaining to the subject matter of the agreement, regardless of who was responsible for the loss.
- **Intermediate Form Indemnification** - Indemnitor agrees to hold indemnitee harmless for all liability pertaining to the subject matter of the agreement except for any damage, injury or claim that is caused by the indemnitee's sole negligence.
- **Limited Form Indemnification** - Indemnitor agrees to be responsible only for losses caused by its sole negligence.

Why: An indemnification agreement is used to protect the indemnified party against losses from third party claims related to the contract.

How: Consult your legal counsel when entering into contracts to ensure the indemnification language provides the intended indemnity and complies with the laws of the state that govern the interpretation of the contract.

Tips:

- Have legal counsel review all contracts and, specifically, the indemnification language.
- Become familiar with the differences between broad form, intermediate form, and limited form indemnity.

Additional Insured Status

What: Additional insureds are individuals or entities who are specifically added, or required by contract to be added, to the policy, usually by endorsement, and may have rights under another entity’s commercial general liability (CGL) policy.

Why: Contractors and others are often required to add various parties, such as owners and design professionals, as additional insureds on their CGL policies. At other times, contractors may require their subcontractors to name the contractor as additional insureds on the Subcontractor’s CGL policies.

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Just Tell Us What The Rules Are

The current proposed draft federal “clean water rule” is less about clean (or dirty) water and more about simply where water is, or is not.

Everyone clamors for predictability and uniform definitions of federal U. S. Environmental Protection Agency (EPA) and U. S. Army Corps of Engineers (COE) regulated Waters of the United States (WUS), so why do they change? If they need fixing, were they broken?

One thing is certain. When a science-based topic is deliberated by those less immersed in the science, ultimately abstract concepts of good or bad are gradually attributed to what should primarily be a technical dialogue.

The 1972 Clean Water Act (CWA) amendments have been the basis for many of our familiar regulatory processes affecting projects at the site level. They include the Section 404 joint COE/Maryland Department of the Environment (MDE) wetland and waterway permit (WWP); Section 401 state Water Quality Certification (WQC); Section 402 Phase I and II National Pollutant Discharge Elimination System (NPDES) General Construction and Municipal Separate Storm Sewer System (MS4) programmatic permits; and the Section 303 Total Maximum Daily Load program. (Geez. I should have given an abbreviation warning.)

They all reference and regulate WUS unifying and catalyzing meaningful deliberation, and food for thought, for those who are not familiar or customarily involved. What may get lost in the shuffle is, regardless of how WUS are defined, many states’ and localities’ own laws and regulations, especially Maryland’s, exceed them – while preserving preferential state rights as intended. So maybe the media can relax, just a little?

Many are familiar with the need to establish WUS limits – comprised of navigable water, open water, streams, and wetlands contiguous to these waters, both tidal and nontidal – but it doesn’t end at the COE/MDE joint permit process. MDE additionally regulates the non-tidal 100-year floodplain, 25 ft. non-tidal wetland buffer, and isolated wetlands. MDE also regulates “non-COE”, or “non-fill”, activities in all waters such as vegetative clear cutting and excavation.

The Maryland Chesapeake Bay Critical Area Commission emplaces their own additional 100 ft. buffer to mean high water via delegated local planning overlays within 1000 ft. from mean high water. Outside of the Critical Area, county natural resources inventory and delegated Maryland Forest Conservation Act ordinances add their own water and stream setback buffers of usually 100 ft. These are further expanded by sensitive habitat, steep slopes, and erodible soils.

WUS have zero buffers from federal agencies.

COE-regulated impacts also require the corresponding Section 401 WQC from the MDE (embedded in the WWP), which certifies the federal Section 404 permit will not violate the state’s water quality standards - providing Maryland (and every other state) with complete permit veto ability. Despite current media-reported executive branch intentions to potentially modify this process (regardless of whether good or bad), a substantial change to a federal act is not possible without Congress.

Section 402 NPDES is the basis of the states’ and local jurisdiction’s MS4 permits as well as the Construction General Permit Notice of Intent (NOI) process. As such, it can also drive acceptable state erosion and sediment control (ESC) and stormwater management (SWM) compliance. MDE ESC and SWM criteria require best management practice (BMP) designs using environmental site design (ESD) to the maximum extent practicable (MEP) per the MDE SWM law. In the end, any water leaving post-development uplands must mimic woods in good condition – and is what the receiving WUS must “see”.

But wait, there’s more. CWA Section 303 mandates TMDLs for stream segments putting them on a pollution diet with the most recent being the Chesapeake Bay TMDL – the largest in the country – achieved by state and county Watershed Implementation Plan (WIP) compliance.

This layers on more state waters criteria even while its
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Understanding The Impact Of 100% Performance And Payment Bonds And Sureties

Why are 100% performance and payment bond penalties important on government projects? The reason is because if the performance bond penalty is any less than 100%, taxpayer dollars are at risk if the contractor defaults. If the payment bond penalty is less than 100%, first- and second-tier subcontractors, vendors and laborers may not be made whole if the bonded contractor defaults, fails to pay its bills, or declares bankruptcy. Since businesses cannot lien government property, recourse against the payment bond is essential. However, if the government agency elected to only require a 50% payment bond from the prime contractor, it’s important for subcontractors and vendors to make their claim quickly – first come, first served.

As a matter of practice, subcontractors should always request a copy of the payment bond from the prime contractor prior to signing their subcontract agreement. Having the payment bond information upfront is necessary in order to file a timely claim with the surety. In many states, a payment bond is not bound by “paid-if” or “paid-when” language. A first-tier subcontractor has one year to file suit against the bond. A second-tier subcontractor or vendor has 180 days (at most) to file suit, depending on each state’s lien laws.

Also, businesses should be wary subcontracting work to Public Private Partnerships – P3s. If the state does not require the prime contractor to bond its at-risk work, subcontractors will be without lien rights and have no bond claim abilities. Subcontractors can lose terribly if payment from the prime contractor is delayed or denied, especially on change order work.

Recently, an unfortunate trend appeared with several state departments of transportation concerning bond penalties. Several transportation agencies, including Georgia DOT and Maryland DOT, have increased their bond penalty rates to 120% and 125%. Georgia DOT changed its stance and lowered the penalty back to 100% after the Office of Equal Rights advocated for the change. Maryland DOT canceled a $30 million, five-year project after emails from The Barbour Group brought key points to light. Subsequently, Maryland DOT also lowered the penalty back to 100% in spring 2019.

Many disadvantaged businesses rely on bond support from the Small Business Administration’s (SBA) Office of Bond Guarantees. Here, SBA will reinsure losses up to 90% to entice surety companies to approve the bond. However, SBA cannot approve bonds having bond penalties greater than 100%. This is also true for most surety companies, especially those that support small business contractors. It stands to reason that since bond penalties are codified in law, changing the bond penalty amounts in a solicitation would be cause for a protest; or require a change in the law. However, that isn’t necessarily the case.

Large primes can gain exceptions from their sureties. Today there are still very few disadvantaged, minority or small businesses that bid as prime on highway construction work. One minority contractor lost out on nearly $2 million in bids because of this issue. With only one bidder on a Georgia DOT project shortly after this penalty increase, the price per lane mile was double the cost. Fortunately, Georgia DOT acquiesced and reversed the decision.

Sources stated that Georgia DOT specified higher bond penalty amounts because the contract language was written in such a way that precluded the agency from increasing the bond penalty to accommodate change orders.

If true, then it is better and more legally correct to change the contract language, as this does not require legislative action. Private sector contracts tend to address this issue by stating, “We have the right at our sole discretion to increase the bond penalty by 20% to accommodate any change order work without notice to the surety”—or something like that. If the contract value increases as work progresses, then there is no issue because the bond penalty increases if the contract value actually increases, too.

As for bond penalties and bond premium: Is bond premium reduced if the bond penalty is less than 100% of the contract value? Most state agencies representatives believe that to be true. However, surety premium is

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Streamline Your Operations With Unified Communications As A Service (UCaaS)

Telecom can be confusing, time consuming and unnecessarily expensive.

Every business needs a telephone. These days, to communicate with your clients effectively, you’re also likely to need mobility, a video communications platform, a chat interface, social media, and a company-wide calendar. The technology patchwork is a lot for the user to keep track of, and; a bit of an IT headache.

Unified-Communications-as-a-Service (UCaaS) solves these problems in a single sweep; especially in the construction industry. Most construction staff are in the office, in the field, in their car or on a job site multiple times a day. To have a direct number assigned to contact them can unify the business’ communications.

Your telephone calls and voice mails can follow you while you are on the go so you never miss a call or communication from a client.

UCaaS offers a secure means of collaboration across multiple channels (voice, mobile, video, chat, etc.) and guarantees a seamless communications experience for mobile and remote employees.

Effective UC can also help CIOs simplify data management, satisfy privacy requirements, and solve quality of service (QoS) issues. The “as-a-Service” model is flexible, scalable, and cost-effective. These are just a few of the benefits, but there are many more.

A trusted telecom advocate can help your business source and implement a customer tailored UCaaS strategy. Their primary goal should be to ensure that you receive the best possible solution that maps and scales to your business needs.

UCaaS promises seamless integrations with business processes at a lower price point than traditional premise-based solutions. Traditional premise-based systems are coming to end of life!

UCAAS includes:
• Fast implementation & easy upgrades
• Business continuity & security
Communication the key to success! Could Unified Communication benefit your company? Many believe it to be the key to running a successful business!

Wendy Jeffords, your trusted telecom advisor, is an experienced sales consultant who has designed and developed solutions for hundreds of clients from single owner businesses to large national corporations operating in multiple states in the hyper-competitive Telecommunications Industry. For the last 10 years, Wendy has worked closely with the construction industry; from setting up construction trailers to multi location sites. Wendy’s unique insight, and her years of experience, provides her clients with the best use of technologies for years to come. Contact Wendy Jeffords at 410.627.1066 or at wendy@eldsi.com.

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How Individual Efficiency and Effectiveness Can Make or Break Productivity and the Pace of Progress for You and Your Company

A Wisdom & Wine Presentation By Leslie Shreve, Founder and CEO of Productive Day® and the creator of Taskology®
The Science of Getting Things Done.

Thursday, October 24th, 2019
Offices of PK Law - Towson, MD

Get More Information!
A Basic Understanding Of OCIP And CCIP Insurance

Over the past few years there seems to be a growing number of questions and confusion over the use of OCIPs (Owner-Controlled Insurance Programs) and CCIPs (Contractor-Controlled Insurance Programs) in the construction marketplace. OCIP and CCIP plans are also commonly referred to as “Wrap-Up” or “Wrapped” insurance plans. The concept is for the project owner (OCIP) or prime contractor (CCIP) to purchase a “master policy” to cover insurance issues pertaining specifically to a particular construction project. Usually a very large project.

This concept is not new, but the use of these programs is becoming more prolific due to a few reasons:

- There is more competition for this business among insurers. Many years ago, there were only a few key players in this market, but the number of providers has grown dramatically.
- The application of the OCIP concept has grown into a broader scope of construction projects. Initially most were applicable to very large commercial and civil projects. Now we see OCIPs/CCIPs used larger residential (multi-family) projects, as well.
- OCIPs/CCIPs are also being used for smaller projects than they have been historically which has increased their visibility.

Why Use an OCIP?

The primary reason for the use of an OCIP/CCIP is to give the owner of the project greater control of the insurance concerns relating to a particular project. Some items may include:

- Ongoing administration of a project’s insurance is easier handled with a single policy v a conglomeration of multiple subcontractors’ individual policies.
- Added consistency with coverages because all subcontractors share the same limit on the OCIP master policy in lieu of each of their individually procured policies.
- Streamlined management of claim handling and safety efforts for the duration of the project.
- Owner has direct involvement in policy terms, conditions, coverages, and limits of insurance.
- The Owner may have greater ability to negotiate coverages, limits and rates to “buying in bulk.”

Pitfalls of OCIPs for Subcontractors

A subcontractor’s own insurance policy will typically exclude coverage for losses on a job that is covered by an OCIP/CCIP policy. They will also not charge a premium for insurance on a project where an OCIP/CCIP is in place as long as they can show records of this project at time of audit.

Here are some potential problem areas:

- The coverage selected by the OCIP/CCIP purchaser may not be as broad as what the Subcontractor has procured on their own. An example could be duration of coverage. The OCIP/CCIP may have a 5-year limitation for liability claims related to the project, and a subcontractor’s own insurance may not have any time limit.
- Deductibles are often much higher on an OCIP/CCIP policy than what a subcontractor has purchased on their own. We had a situation where a subcontractor was installing a large piece of corrugated sheet metal on a rooftop. An unusually high wind gust caused the metal to plummet 6-stories onto a car below. The $35,000 claim was submitted under the OCIP/CCIP policy insuring the subcontractor for the project, only to discover the OCIP policy had a $50,000 deductible.
- Limits of insurance selected by the OCIP/CCIP purchaser may be inadequate for the project. Recently encountered was a large multi-family project insured under an OCIP/CCIP. The limit of insurance was $20,000,000 to cover any claims resulting from the entire project and limited to a
Stabilizing Your Fleet Management Costs

No business owner likes increasing commercial auto premiums, especially when they’re multiplied by however many vehicles your company has on the road. And when you've had very few claims, or even none, that increase is especially hard to swallow. Why does it seem that even good behavior is punished?

For one, a thriving economy means more companies have more vehicles out there driving more miles and sharing the same amount of highway real estate. That means an increased number of losses. Combine that reality with the scourge of distracted driving and the ever-present threat of huge settlements in accident cases and you have a recipe for spiraling premiums.

In fact, commercial automotive coverage remains a loss leader for many insurers, who are paying out claims at a higher rate than their collected premiums will cover. Put another way, in many cases carriers are unable to increase premiums at a pace sufficient to keep up with losses, so look for the trend to continue.

Given that scenario, you may not be able to insulate your firm from premium increases altogether, but there are steps you can take to mitigate the pain. The more you can demonstrate to an insurer that you’re taking a consistently proactive approach to vehicle safety and claim prevention, the better things are likely to go at renewal time.

Here are some steps to consider:

- Consider deploying dashcams or similar products on all company vehicles. These can give your insurer a stronger position in defending liability claims.
- Provide seminars on Distracted Driving and Defensive driving to all employees driving for company business (including those using personal vehicles). Attendance should be mandatory.
- Verify adequate personal insurance coverage and MVRs for any employees using personal vehicles on company business.
- Establish written policies and procedures barring the use of handheld devices. A signed acknowledgement of the receipt and understanding of this policy should be kept in each employee's personnel file.
- Educate employees on what to do in the event of an accident. This effort should be accompanied by written policies and procedures for accident investigation.
- Provide training on properly securing various types of loads in company trucks and trailers.
- Deploy cell-phone blocking technology. In most cases, this takes the form of an app deployed to drivers' mobile devices. The settings can be configured to match your specific policies and managed from a central dashboard.
- Finally, establish a clear – and consistently enforced – disciplinary policy for violation of any policies or attempts to defeat safety technology.

Not all of these actions will necessarily make sense for your firm, but some combination of them will help you to tell a better story at renewal time.

You may not be thrilled about the idea of establishing another company policy or giving your employees the sense that Big Brother is always watching them, but this is the reality of commercial auto coverage in 2019. As with any other new initiative, a thorough explanation...
2015 report by the National Institute on Retirement Security (NIRS) sent a shockwave throughout the country. According to the report, 45% of working-age households --- nearly 40 million people --- have no retirement savings whatsoever, and 62% of working households between the ages of 55 and 64 have less than one year's worth of income saved, which is not nearly enough to maintain their standard of living once they retire.

So, what are the options for stemming the tide of this looming crisis?

Here are the 6 types of accounts to consider:

1. **401(k)**

The gold standard when it comes to retirement accounts. They are only offered by an employer, with the money being withheld through payroll deduction. The contribution limit for 2019 is $19,000 in pre-tax income. That number jumps to $25,000 if you are 50 or older in the form of catch-up contributions. If you find a new job at another company, you can roll the account over into your new employer's 401(k) plan.

2. **SEP IRA**

The SEP in SEP IRA stands for “Simplified Employee Pension.” It is available for any sized business and can only be funded by the employer, not the employee. The contribution limit for 2019 is 25% of the employee’s compensation or $56,000, whichever is less, and there are no catch-up contributions. SEP IRAs allow employers to adjust how much money they contribute every year and are easy to set up and operate.

3. **SIMPLE IRA**

The SIMPLE in SIMPLE IRA stands for “Savings Incentive Match Plan for Employees.” It is available for any small-sized business with 100 or fewer employees. Both employee and employer can contribute to the plan. The contribution limit for 2019 is $13,000. That number jumps to $16,000 for anyone over the age of 50 in the form of catch-up contributions. SIMPLE IRAs mandate that employers either match employee contributions up to 3% of their compensation or make 2% unmatched contributions.

4. **IRA**

IRA, which stands for “Individual Retirement Account,” is available to anyone. The contribution limit for 2019 is $6,000 in pre-tax income. That number jumps to $7,000 if you’re 50 or older in the form of catch-up contributions. The money grows tax-deferred until you start taking withdrawals.

5. **Roth IRA**

A Roth IRA is available to anyone who makes $137,000 or less a year and is funded with after-tax dollars. The money inside the account grows tax-free and, unlike a traditional IRA, you pay no taxes on withdrawals once you reach the age of 59 ½. The contribution limit for 2019 is $6,000 but jumps up to $7,000 for those 50 or older in the form of catch-up contributions. The Roth IRA is a popular option for people just starting out in the workforce who expect their income to gradually increase.

6. **State-Sponsored Retirement Programs**

In response to this retirement crisis, 28 states have introduced legislation for state-sponsored retirement programs, including Illinois, New York, California, and Maryland. In general, these state-sponsored programs are designed as Roth IRAs, which means they are funded with after-tax dollars, carrying a maximum contribution limit of $6,000. Some states may mandate that businesses of a certain size auto-enroll their employees into these state-sponsored programs if they don’t currently offer a workplace retirement plan. Penalties for not complying with certain mandates will vary greatly from state-to-state.

In Maryland, the program is called the Maryland Small Business Retirement Savings Program, which was signed into law in 2016. Under this program, businesses

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Key Performance Indicators (KPIs) are commonly used as benchmarks by construction firms to help gauge their overall success in the industry. Often, KPIs are used by business owners and project executives to gauge if projects are on budget, if projects are on time, and if projects were completed to the customers’ satisfaction. While every company uses different KPIs to measure profitability and performance, it’s important to look beyond financial statements and take a broader approach when evaluating success.

Lagging vs. Leading Indicators

Traditional financial indicators, often referred to as lagging indicators, such as profit, revenue, and cost, are important measurements that help gauge a company’s progress. They help to identify whether the business is growing, shrinking, or remaining stable. While these indicators are crucial to every business, incorporating forward-looking KPIs, also known as predictive KPIs or leading indicators, will give companies a more complete overview by looking forward in the future to drive desired results. The CFMA provides several KPIs that can be used as predictive indicators. For example, measuring bid development by tracking pending bids, active proposals, the number of scheduled and completed development meetings, and the probability of winning projects. More predictive KPIs can involve tracking safety involvement company-wide, quality control and monitoring, employee development, and inventory management. Thus, carefully selecting a collection of both lagging and leading KPIs will capture all facets of your business.

Choosing and Driving Your KPIs Effectively

Each construction company relies on a different set of KPIs to drive better business decisions. Selecting the right KPIs to best fit a company can be a daunting task, however, when metrics are thoroughly thought out, collected, and analyzed, the results can be as beneficial as winning more bids. To determine which KPIs to use, construction companies should first identify their strengths, weaknesses, and what sets them apart from the competition. Also, evaluating past project successes and failures can help identify future opportunities to build upon and mistakes to avoid. Furthermore, setting goals for the company and specific projects will help decide the appropriate KPIs to use in relation to these goals. When implementing new KPIs, Viewpoint suggests, “determine which are most important to your organization by evaluating problem areas.” Once your goals have been met, you can begin building upon your collection of KPIs.

For KPI data to be used productively, proper measuring, tracking, and rewarding need to occur. The most difficult challenge when implementing KPI metrics is gathering the correct information in order to achieve the desired results. Luckily, software technology provides the capability to easily collect, analyze, and report KPI data. Software platforms like Viewpoint provide customized databases that standardize construction processes and measurements, improve workflows, and track and report KPIs on a simple, visual dashboard.

Companies also need to involve employees and encourage participation in software and KPI implementation. Including staff members when determining your KPIs will ensure participation in measuring and tracking these indicators. Sharing and enforcing KPIs throughout the entire organization, not just management, will help drive better decision making on job sites in real time. Additionally, having an open and accessible system for employees will help strengthen trackability and ensure your KPIs are being recorded.

The most effective way to drive KPIs is through an incentive program. By rewarding the behaviors that deliver your desired results and achieve specific goals, employees, customers, and executives will benefit.

The KPIs you decide to implement will need to be continually revisited and updated. For indicators to remain beneficial and relevant, an on-going effort to re-evaluate them is necessary. Allocating in time to continue the KPI discussion will ensure constant feedback and improvement.

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3 Tips For Meeting Your 2019 Business Goals

With the half-year mark quickly approaching, how close are you to your 2019 business goals? Setting yearly goals can be a great way to help keep your business on the road to success and growth. However, these goals are only useful if you keep working towards them. With the second quarter winding down, now is the time to analyze where you have failed and succeeded to make sure you’re on track to meet your goals. To help you succeed, here are three tips to take into account as you build your next plans.

Re-Think Your Strategy

Bring together your team to look at your initial goals and how you’ve measured up. In areas where you’ve succeeded, take a look at what’s been working and see if there are any improvements you can make to ensure growth continues. If you have areas where you’ve been lagging--it’s time to re-think your methods. What about your current system isn’t working, what is? Are there successful strategies you can adapt to this segment to help? Now is the time to set new, shorter-term goals to help you measure further success before the end of the third quarter.

Review Your Growth

Quarterly reviews are a great time to reflect on your numbers and goals, but setting up shorter review periods can help you make more easy changes. While adding more reviews may seem like an unnecessary measure when you’re busy, this can help you to notice segments that are not performing well before it’s too late. With the year flying past these more common measures can be the difference between catching problems before they become substantial.

Take Chances

Often, business leaders fail to encourage the growth their business is capable of because they are scared to take risks. Whether it’s re-thinking business strategies or taking more significant chances, risk is what makes or breaks a company. While you don’t want to take any unneeded risks, it’s important not to let fear hold your company back from success.

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The Pivotal Value Of Construction Scanning Services

It's no secret 3D laser scanning has recently become a leading trend within the A/E/C industry and its growing popularity is no surprise. The impact can be attributed to its many perks, such as: assessing building conditions more accurately, reducing rework, providing more competitive bids, and aiding in the creation of highly detailed BIM models. Perhaps you have done some 3D laser scanning in the past but aren't quite sure how to translate that data into something meaningful. Maybe the learning curve involved in processing the data has made you apprehensive to give 3D scanning a try at all. At the end of the day, what you do with the captured 3D scan data is what truly matters. That's where investing in comprehensive construction scanning services can be a huge benefit for your company.

Construction scanning services combine 3D laser scanning and 3D visualization solutions as a more accurate and efficient way to support your planning, designing and construction. By having large elements of your scanning project completed offsite, you free up more time (and budget) to effectively manage other aspects of your ongoing list of projects.

Some key advantages to utilizing Construction Scanning Services include:

- Receiving incredibly accurate as-built files/data delivered on your timeline in your preferred format
- Eliminating the learning curve involved in 3D scan data processing software
- Promoting an accelerated end-to-end workflow
- Rapidly increasing mobilization periods leading to less time in the field

RPG Squarefoot Solutions

Interested in learning more? Please feel free to submit a web form here: https://bit.ly/2SEvMn2 and a member of our team will get back to you as soon as possible. Do you want to speak with us directly? To reach us by phone: 301-498-3225, if you prefer email: info@rpg.com.
for Equal Work Act. Employers with questions about specific employer policies and practices as they relate to equal pay requirements are encouraged to contact the attorneys in PK Law’s Labor and Employment Group.

David Burkhouse, Esquire  
PK Law

Mr. Burkhouse 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.

“Civilization is built on a number of ultimate principles... respect for human life, the punishment of crimes against property and persons, the equality of all good citizens before the law... or, in a word justice.”  
~ Max Nordau

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is no plan of action and as tasks are crossed off, a lot of time is wasted when rewriting lists.

To save time, work more efficiently and make more progress, every task needs to be on a centralized, digital list with a target date of action. Leaving this to chance is what causes tasks to be missed, lost or forgotten. And the action date is a target date, because, as we know, priorities can shift like sand on a windy day. But you have to have a plan to start with.

Make POWERFUL progress.

When using one reliable task management system you will be able to gather tasks from multiple sources—where they are currently decentralized—and put them into a central, digital plan. This is ESSENTIAL for managing the 30, 40, 50 or more tasks you’re responsible for. And not for accomplishing them all in one DAY, but managing them all in one SYSTEM.

When you’re crystal clear about everything you need to do, it’s easier to create a realistic plan of action for tasks you’ll do today and for many days into the future. And unlike using paper, a digital approach will allow you to quickly reprioritize with confidence and easily change your plan.

You won’t waste any time wondering what to do next or jump reactively to tasks that are competing for your attention. And when you’re working less reactively and more proactively, you’ll have the power to make more meaningful, powerful progress in less time—all without missing, losing or forgetting anything.

Leslie Shreve  
Founder and CEO  
Productive Day®

Leslie Shreve is a workload management and productivity expert and the Founder and CEO of Productive Day®. Leslie is also the creator of Taskology®: The Science of Getting Things Done, a simple, logical and easy-to-use system that helps leaders, managers and professionals increase efficiency, effectiveness and productivity by up to 300% while reducing stress by up to 90%. Clients previously frustrated or overwhelmed with too much to do, too many emails and not enough time now claim to have a secret—a new system they can use to take charge of their workday; gain more clarity, confidence and control; and get things done faster and easier—and with a LOT less stress.

Leslie Shreve

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and her Master of Architectural Engineering from The Pennsylvania State University.

Founded in 1988, Engineering Consulting Services (ECS) is a leader in geotechnical engineering, environmental consulting, construction materials testing and facilities engineering. Today, with over 1,700 employees, ECS has grown to more than 60 offices and testing facilities spread across the Mid-Atlantic, Midwest, Southeast and Southwest. ECS is currently ranked 72 in Engineering News Record’s (ENR) Top 500 Design Firms and 163 in ENR’s Top 200 Environmental Firms.
information required to satisfy these new presentation and disclosure requirements if applying this part of the standard.

**Here are Six Key Questions to Consider if including the disaggregation information:**

- Which of these (or other) categories of disaggregation make sense for your business?
- Who is responsible for determining the categories on which you are reporting?
- Do you need to make updates to your system in order to track the categories of disaggregation?
- Do you need to make updates to your system in order to track the timing (point in time versus over time)?
- Who will update the accounting system to capture the information and when?
- If not updated as of 1/1/2019, will you be able to get the relevant information needed prior to the systems update? If not, who is and how are you getting the information prior to the systems update?

**Transition Methods**

There are several methods to transition: full retrospective or modified retrospective. Full retrospective restates all prior periods included in the financial statements. Modified retrospective allows you to report 2018 under old GAAP and 2019 under new GAAP. However, you need to disclose 2019 information under old GAAP if using the modified approach. Both of these methods require you to calculate one year under two different methods. The other option is not issuing comparative statements for 2019.

In order to determine the most appropriate transition method for your organization, below are a few suggestions to ask yourself to see if you are prepared.

**Four Questions to Consider:**

- Do you want to issue comparative statement which requires reporting one year under two methods? If so:
  - Do you want to use the full or modified retrospective approach?
  - How will you go about restating 2018 under the new method or calculating 2019 under the old method?
- What are the additional costs and required resources?
- Will the users of the financial statements accept a single year statement for 2019? (Talk to the bankers and bonding companies now to get their blessing!)
- If single year statements are not an option,
  - Will the users of the financial statements allow a GAAP departure to report under the modified retrospective approach but exclude the disclosures for 2019 under the old method?
  - If not, circle back to the first bullet point above.
- Who is going to calculate the adjustment to beginning equity and when?

Entities should consider the benefits of each method as well as the costs of implementation.

**In Summary…**

Asking these questions will help mitigate the surprises that often appear when implementing these changes within your organization. This is only a surface of items to address and consider. If you have any questions or concerns, please contact your accounting representative.

**Claudia R. Wolter, CPA, CCIFP, CCA Shareholder**

Claudia Wolter is a Shareholder with KatzAbosch. She serves as Chair of the firm’s Accounting and Auditing Services Group, assists in the quality control management and oversight of the firm and is a member of the Construction and Real Estate Services Group. Most recently, Claudia earned a Lean Six Sigma CPA Green Belt certification from Ohio State University ATI and Boomer Consulting, Inc. To read more about Claudia or to contact her, please click here.

“The entrepreneur always searches for change, responds to it, and exploits it as an opportunity.”

~ Peter Drucker
residential occupancies. This includes not just apartments, but also hotels and assisted living facilities. Per IBC Chapter 5, wood construction is the most limited in area, height, and stories. For example, a hospital being built of wood would be very limited in size. Per IBC Table 506.2, an apartment building with Type V construction would be limited to 7,000 to 12,000-square-foot floors without a sprinkler system and 21,000 to 36,000-square-foot floors with a NFPA 13 sprinkler system. Area, height, and story allowances almost double for Type IV construction. Area allowances are also greater for Type III construction.

2. **Materials** – The construction type can make a difference in both cost and regulation. Although fire-resistance rated materials may cost more and are somewhat more difficult to build, incorporating such materials can, in some cases, negate the need for other costly systems, such as sprinklers.

3. **Constructability** – In residential construction, corridors and sleeping/dwelling units must be separated by fire-resistance rated construction. Within Type V and III, there are two possibilities — “A” requires a fire-resistance rating, and “B” is non-rated. In some cases, it may be easier to construct a residential building following Type “A” requirements because a lot of the members of the building are already fire-resistance rated. As the building is naturally fire-rated, the continuity of construction is consistent throughout the structure. This minimization of wall/ceiling types can offset some or all of the additional cost associated with fire-resistive rated construction. In addition, it makes review by the code officials easier.

4. **Making the Grade** – When a building receives a structural fire-resistance rating (e.g. Type VA has to be one-hour), that rating only applies to the structure—only the wood construction that is supporting the primary structural frame, i.e. gravity loads. A non-bearing wall or member only supporting a wind/seismic load does not need to have a fire-resistance rating.

5. **Structural Rating Only** – IBC Section 704 contains the requirements on how to build a fire-resistance rated structural member. The fire-resistance rating required by IBC Chapter 6 and Section 704 only requires the fire-resistance rating to be applied to the structural portion of the member. For example in a fire-resistance rated member, a door does not need a fire-resistance rating because the door is not actually supporting the wall. Thus when a structural member receives a fire-resistance rating, the member is not defined as a “Fire Wall,” “Fire Barrier,” and or “Fire Partition” per IBC 705/706/707. IBC 602.1 supports this arrangement by stating: “The protection of openings, ducts and air transfer openings in building elements shall not be required unless required by other provisions of this code.” These arrangements are often over-designed or requested by code officials when not needed.

6. **Other Components** – Openings in structural members would need a fire-resistance rating if required by another IBC Section. One example is a residential corridor wall in Type VA construction. This example would require a one-hour fire-resistance rated structural member, but also a 30-minute fire partition due

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to the corridor requirements of IBC Section 1020 with a 20-minute fire door (with sprinkler protection). Another example is that a two-hour fire-resistance rated stair with a 90-minute fire door would trump the 1-hour structural requirement.

Quick Tip: Fire-resistance rated structural members still require firestop systems and fire-resistant joint systems to ensure the integrity of the member.

7. **Timber** – Historically, heavy timber construction is typically found in older construction, such as an old mill that was built from roughhewn logs. Columns have to be 8-inch nominal, beams 6x10-inch nominal, and floors 3-inches thick. Heavy timber construction is becoming popular again using glue-laminated members, whereby layers of wood are bonded together with adhesives. [https://www.apawood.org/glulam](https://www.apawood.org/glulam) The code allows more design freedom with heavy timber construction because it has a natural fire resistance rating, even though it’s not UL listed. The inherent fire resistance of heavy timber is a result of the insulating effects that occur as the wood chars. The char layer temporarily hardens and slows the burning process. The performance of heavy timber in fire tests suggest it offers comparable performance to one-hour fire-resistance rated materials. Type IV construction offers owners a beautiful exposed wood aesthetic without requirements for enclosing framing with gypsum or other fire rated materials.

8. **Against the Wall** - Type III construction requires non-combustible two-hour fire-resistance rated exterior walls, which are traditionally made of brick or concrete. However, a code exception allows the use of fire-retardant-treated (FRT) wood. This exception streamlines construction by eliminating the need for masonry. The challenge is that Type III construction with FRT is difficult to build properly. Normal wood framing follows a stick building approach where each floor is stacked on top of each other. Instead, Type III construction with FRT requires the exterior walls to be constructed completely independent from the interior members due to continuity of construction, just like a masonry wall would. Thus, the exterior walls cannot be supported by interior walls from a gravity load perspective; however, the exterior wall can support an interior load. Additionally, the FRT structure cannot be supported by any non-FRT structure. This arrangement is detailed in IBC Section 704.3, which clarifies: “members of the primary structural frame other than columns that are required to have protection to achieve a fire-resistance rating…shall be provided individual encasement protection by protecting them on all sides for the full length, including connections to other structural members, with horse barn and dormitory with business spaces above. For this project, our team has preliminary approval from the county to satisfy one-hour fire-resistance rated code requirements with heavy timber structural elements.

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Project Innovation: KCI is currently mixing Type IV and VA construction on a mixed-use facility comprised of a ground floor

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of the reasons behind the changes will go a long way towards getting the team to buy into them.

Josh H. Marvel, CIC, AAI, CAWC
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Josh Marvel is a Commercial Risk Advisor with Consolidated Insurance + Risk Management based in Owings Mills, Maryland. Armed with a unique background that started as a commercial insurance underwriter, Josh began his career as a Risk Advisor with Consolidated in 2008. Drawing off of his experience, Josh proudly works with clients to align their corporate and risk management goals in a way that will stand out to the insurance marketplace. Josh specializes in Business, Strategic, and Hazard risk identification and planning, as well as Experience Mod. Rating management, reputation management, and insurance contract reviews. Josh has earned the Certified Insurance Counselor (CIC), Accredited Advisor in Insurance (AAI), and Certified Authority on Worker’s Compensation (CAWC) professional designations. Josh lives in Ellicott City, Maryland with his wife and son.

With wood construction, the key to fire protection and life safety is understanding the nuances of the code and identifying the best type and materials to build a strong, safe, and cost-effective building. These benefits and limitations are important considerations both during construction and beyond.

Steve Welsh, PE
KCI Technologies Inc.

Mr. Welsh has more than 15 years of fire protection engineering experience, including two years working in the United Kingdom and several years as a firefighter. As a project engineer with KCI Technologies Inc., his work involves both design and construction period services. Project have included major projects involving healthcare, hazardous materials, high-rises, business, various assembly spaces, and assorted universities complexes.

Surety premium is considered an underwriting fee and fully earned. Contractors should check with their surety on their return premium policies. Typically, bond premium is returned only if the contract value on a fixed price contract is less at its completion. Bond premium on term contracts is fully earned for the base year and is not refundable unless the surety has filed an exception to their rating plan. Surety rates are filed with the states’ insurance administrations, allowing the sureties to apply debits or credits at their discretion.

It is also common to hear from state agencies that if they lower the bond penalty, the bond premium will have less impact on the contractor’s bonded backlog, allowing the contractor to take on more bonded work. However this is not true. For the most part, sureties count the full amount of the costs to complete on all jobs – bonded and un-bonded – when determining backlog. Why? Sureties analyze a contractor’s financial statement to determine how much backlog a contractor can cash flow, given bank line availability and working capital. Most sureties will treat the full contract value in backlog until the job is at least 10% underway.

There is a lot of information to know and understand when it comes to performance and payment bonds and sureties. However, not knowing can be detrimental to the success of a small business looking to grow and succeed.

Karen Barbour
President, The Barbour Group

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How: Additional insured status is determined based upon the specific language in a contract and the specific language in policy endorsements.

- When policyholder is asked to name another entity as an additional insured: The policyholder should discuss with its agent the requirements of the contract, available additional insured endorsements and scopes of coverage, and other implications of naming an entity as an additional insured on its policy.
- When policyholder asks to be an additional insured on another entity's policy: The policyholder should review the language of the contract requiring the other entity to name the policyholder as an additional insured as well as obtain copies of certificates of insurance, the policy, and endorsements establishing that the policyholder is an additional insured on the other entity's policy. It is a good business practice to review these documents with your agent or legal counsel.

Tips:  
- Implement a process to be sure you obtain and maintain current COIs, policies and endorsements on file for all contractors with whom you are working.
- Confirm with your agent that all COIs indicate adequate policy limits and coverages and that specific additional insured requirements are properly indicated.
- Be aware of contract requirements and the impact of changes to your contracts, and seek the advice of legal counsel, as needed.

Certificates of Insurance

What: A certificate of insurance (COI) is a document issued by an insurance company or broker serving as proof of an insurance policy and summarizing key information, including the insured’s name and address, policy effective date, coverage types and policy limits.

Why: The COI is evidence of insurance and only proves that the specified policies were in effect at the time the certificate was issued. The COI is a summary of the policy and may not contain relevant information, such as coverage exclusions, an excess or other insurance clause, or reduction in aggregate limits by previous claims. The COI cannot be used to modify the terms of the policy and may not reflect coverages that have been excluded or expanded by endorsement.

The certificate holder must verify the policy’s effective dates, coverage types, limits, status of additional insureds, and any other relevant terms by contacting the insurance company or agent directly.

How: Request a COI directly from the insurance company or agent and always obtain an original. Confirm with the insurance company or agent the identity of the insured, policy effective dates and coverage types and amounts.

Tips:
- Establish a written Certificate of Insurance policy to obtain and maintain required COIs, including a process to review and verify that COIs are current, policies are in force, and the coverages, limits and additional insured status are correct and comply with any contract or law.
- Save old COIs, in case a coverage issue arises in the future.
- Speak with your agent about any COI needs.

www.fcci-group.com

Resources:
- ISonet Engineering & Safety Service (available to FCCI policyholders through the ExpressServe® portal)  
  This resource contains articles and checklists on the topic of Certificates of Insurance.
- ConsensusDocs publishes a catalog of more than 100 industry-accepted standard form contracts. http://www.consensusdocs.org/

Ref: 1 https://www.irmi.com/term/insurance-definitions/hold-harmless-agreement

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assumptions may not adequately account for Maryland's other progressive criteria already in place prior to the WIP. In light of “pre-Bay TMDL” water quality management and restoration requirements coupled with a robust SWM law of ESD to the MEP, any further regulation of WUS could achieve a redundancy or even a net gain with redevelopment of pre-regulation lands. Maryland has more than got it covered – regardless of whatever the final federal rules will be. The sky is not falling.

Since other processes may key off of WUS limits by ripple effect, uniform federal rule-making is not a bad thing, and achieving consensus on what those are on the ground is the critical issue. Clarified and uniform WUS definitions were generically welcome when the EPA proposed the 2015 federal rules currently in effect (not in all states now). So what happened?

Some of the jury may still be out on that while the rule’s merits continue to be deliberated in all three branches of government. WUS limits need interpretation by people in the field based on subjective physical character perceptions and the industry needs to continue to proactively work with the process to assure equitable and technically defensible actions.

Prior to the current 2015 rules, the COE historically struggled to make practicable determinations of WUS limits based on policy, the ordinary high water mark, a generic 1986 waters definition, and a 1987 wetland delineation manual. This left some debates settled by the U. S. Supreme Court – somewhat reducing the Corp’s jurisdiction. Among numerous rulings, two notable ones include that jurisdiction cannot extend to some ephemeral connections ("Rapanos"), nor can it extend to isolated waters ("SWANCC").

The current rules reveal confusion and potential for expanded federal jurisdiction beyond what may be viewed as technically substantiated – and even contradict the Supreme Court intentions. For example, certain ditches and isolated waters non-jurisdictional under Rapanos and SWAANC respectively may be subject to regulation. And the primary 2014 scientific analysis used to technically document the basis for the 2015 rule is considered by some to be incomplete and inadequate.

Introduced 2015 rule definitions and interpretations of tributary, neighboring, abutting, floodplain, and riparian area can be vague in how they establish “nexus” – a term that can potentially allow more waters to come under federal authority than has been customary and predictable.

Predictability is something we all can agree is desperately needed.

An unanticipated outcome is some stormwater BMPs, and non-wetland swales created in uplands, may now also be subject to regulation; bringing stormwater management and land use into the purview of a federal water permitting program.

A myriad of lawsuits resulted in some courts overturning the 2015 rules in 28 states. The proposed draft of the new rules would likely refine the current rules to be more compatible with the courts as well as pre-2015 criteria and agency policy. On a more global level, proponents of the draft rules support its affirmation of federalism principles.

Legislators and stakeholders continue to clash over the clarity of water rules that may not be so clear. While the draft rules are still in process, a court in May overturned the current 2015 rules in three more states. Will other courts find this persuasive?

Stay tuned.

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Andrew Der is Principal of Andrew T. Der & Associates, LLC practicing in the consulting industry regionally and nationally since 2001, previously completing 18 years of service at the Maryland Department of the Environment. He specializes in natural resource and water compliance, regulation, permitting, environmental assessment, feasibility studies and advocacy. He is an Academy of Board Certified Environmental Professionals Certified Environmental Professional and also teaches seminars, publishes industry-related articles, an industry representative of advisory committees and provides expert testimony. He can be reached at 410-491-2808 or AndrewTDer@comcast.net.
period of 5-years.

- While the OCIP/CCIP purchaser, as stated above, gains greater control of the claims and safety efforts pertaining to the project, the subcontractor subsequently loses their own. It has been the source of much frustration for a large Workers Compensation claim to surface on a subcontractor’s NCCI Experience Modification only to learn that the claim occurred on a job covered by an OCIP/CCIP, therefore the claim was also handled by the OCIP/CCIP claim administrators and the insurer covering the project.

- Also, on the flipside of the coin, while the owner can gain some administrative simplicity with an OCIP policy because they are only dealing with a single policy for the entire project, the subcontractor typically has added burden and confusion with the reporting requirements. This becomes increasingly true if multiple jobs are under various OCIPs/CCIPs because very few of the reporting formats and requirements are the same.

- Costs and rates may not ultimately be what they initially appear. There have been many situations where a subcontractor’s insurer and the underwriters for the OCIP’s/CCIP’s insurer do not agree on the proper classification of the work being performed. Most trades can have multiple classifications that could apply to their work, and they are not always black-and-white. Commercial interiors, mechanical contractors, ironworkers, concrete contractors, and many others have a variety of classifications that can be applicable to their work, and it is not uncommon for underwriters to disagree regarding which is proper.

- Diminished buying power for a subcontractor’s own policy can also be a concern. If a large hunk of a subcontractor’s insurance premiums are being paid to the insurer(s) writing OCIP/CCIP policies, it can affect underwriting and relationships with the subcontractor’s existing providers. We faced a situation where a subcontractor had so much work insured under OCIP/CCIP plans (virtually all of it) that their own policy didn’t even generate enough premium to keep the interest of their long-time insurer.

- Beware of WRAP exclusion on policy

At the end of the day, there is no perfect way to address all issues, concerns, costs and claims that can surface from insuring a large project. Regardless of the scenario, whether you are a:

- Property owner and/or developer relying on your GC’s insurance,
- Large prime GC relying on subcontractor agreements, and the accuracy and validity of Certificates of Insurance, or
- Trade contractor relying on the insurance purchased by the Owner or Contractor under an OCIP or CCIP

The best message for all readers is to avoid any situations, personally and professionally, where you are relying on somebody else’s insurance.

Patti Maluchnik, CIC, CBIA
Georgetown Insurance Service, Inc.

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.

Save The Date - November 13th
MCN’s Direct Connect® At Manor Country Club
More Information To Be Released Soon

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that do not offer a workplace retirement program for their employees will be required to offer them automatic enrollment in Maryland’s payroll-deduction IRA. The program will offer numerous privately-managed investment options, which includes a default option if an employee doesn’t want to choose their own. Employees who are automatically enrolled can choose their own contribution rate or opt-out of the program entirely.

With state-sponsored programs on the way, it’s time for plan sponsors to take action. Take a step back and decide which of these options makes the most sense for you and your company. Go out there and get the plan you want before you’re forced into a program that doesn’t fit your needs.

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About Beneco: Through unique employee benefits, compliance services, and HR solutions, Beneco allies with contractors nationwide to empower them to build their businesses, while helping their employees to build a secure and prosperous future for their families. Beneco serves as a Recordkeeper and Third Party Administrator (TPA) and offers benefits including retirement, medical, life insurance, and more!

Get Better Insight with Better KPIs

Remember – KPIs are industry and company specific, so a KPI that works for one company, may not work for another. It’s important to determine which indicators are best for your company by evaluating past projects to give insight into future ones. Traditional profit, revenue, and cost metrics are important when measuring success, but shouldn’t be the only indicators used when making business decisions. Including predictive KPIs that relate to quality, performance, safety, and inventory will provide companies insight to make the best possible decisions.

Maura McGowan
Business Information Group

Maura McGowan is the Marketing Coordinator at Business Information Group (BIG), a the leading IT consulting firm in York, PA. She is a graduate of York College of Pennsylvania with a Bachelor of Science degree in Marketing.

“Well, today people have to be self-reliant if they want a secure retirement income.”

~ Scott Cook

Leave it to MCN to chalk up a perfect networking event!

Wednesday, September 25th, 2019
Dave & Buster’s – Arundel Mills

3 Pre-Direct Connect® Safety Training & Education Presentations
MCN’s Exceptional Direct Connect® Networking

PLUS - Extended COMPLIMENTARY Private Party Networking in the 9-Ball Billiards Lounge

GET MORE INFO!
Opportunities

Position Wanted:
Virginia Tech, Pamplin College of Business, August 2019 graduate seeking full-time employment. Applicant will possess a BS in Business Information Technology with a focus on Operations and Supply Chain Management inclusive of quality control and process improvement, enterprise planning and control, logistics, inventory control, scheduling, resource allocation, production planning, and project management. Additional skills include Business Process Modeling/Workflow Analysis using Lucidchart and Bizagi software, VBA programming and User Interface development, programming in Java, sales experience, and a strong interpersonal communication/leadership skillset. Please contact Jacob Troska at 443.895.0405 or via email to learn more about Jacob, his internship experience, work experience, and philanthropic endeavors.

Membership Opportunities

Maryland Construction Network Annual Company Membership: Just $195 “Well Worth The Price Of Admission”

MCN members receive the following and much more:

- Advertising in MCN’s on-line directories on MCN’s well-trafficked website.
- Discounts for all employees to all events.
- No-charge classified ad placements on MCN’s website.
- The members-only opportunity to sponsor MCN’s well-attended events.
- The opportunity to Participate in “MCN – Sure”, an insurance program helping your business save $$$ and reduce risks. “MCN – Sure” has already been of great benefit to many of our construction members.

Need info? Contact Verna at 443.982.7329.

Coming Soon

September 25th – Direct Connect Networking Extravaganza & Pre Direct Connect Safety Symposium With Bonus Billiards & Extended Networking
Dave & Busters - Hanover
Host: Consolidated Insurance + Risk Management
4:00 – 9:00 p.m.

October 10th – “Wisdom & Wine” A Business Enhancement Event With Networking
New Laws | New Tech | New OSHA | Oh S#^?!
Union Jack’s - Columbia
Host: Tracy Steedman, Esq. - Adelberg Rudow
4:00 - 6:30 p.m.

October 24th – “Wisdom & Wine” A Business Enhancement Event With Networking
Top Performers Make Top Performing Companies
Offices of PK Law - Towson
Host: Leslie Shreve - CEO, Productive Day®
4:15 - 6:30 p.m.

November 13th – Direct Connect Networking Extravaganza & Presentation
Manor Country Club - Rockville
4:00 – 7:30 p.m.
More details coming soon.

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