

**SVTC**



Silicon Valley Transit Consultants

1742 North First Street, Suite 400  
San José, California 95112

HOSTED BY SVTC AND VTA

## **MENTOR PROTEGE' WORKSHOP #5**

### **The Business of Construction: Pitfalls and Profits**

**Noon, Thursday  
August 12, 2021**

**Presenters: Len Turner & LaTanya Hawkins  
co-founders Construction Resource Center**





# The Business Of Construction Pitfalls and Profits



CONSTRUCTION RESOURCE CENTER

# About Us

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- 50+ Years Combined Experience
- Licensed General Contractor
- 20+ Construction Management
- Over \$350M in Contract Experience (Residential, Commercial - Medical Office Buildings (MOB), Hospitals, Ports, Educational Institutions, etc.)
- Signatory Contractor

With over 50 years of combined construction and business development experience, TGC, along with their large General Contractor partners, have made available trade tools that help Contractors sharpen their construction business and project management skills that will reduce project errors, mitigate potential legal claims, and yield quality workmanship.



# Industry Challenges

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# Funding – Guide 2 Page 65

## STARTUP FUNDING AND FINANCES

*Banking Relationships, Investors, Line of Credit,  
Bank Loans, Managing Budgets*

www.constructionresourcecenter.org

### IN THIS CHAPTER YOU WILL LEARN:

- 1) The importance of startup funding
- 2) How to identify startup funding sources

### WHY ARE BANKING RELATIONSHIPS IMPORTANT?

In financial services marketing, a bank's customer service representative (also called account officer, customer relationship representative, personal banking officer, etc.) attempts to meet



a customer's needs with a complete package of banking services. The package may include most or all services



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Explore more at...  
[www.score.org](http://www.score.org)  
[www.sba.gov](http://www.sba.gov)  
[www.bustness.ca.gov](http://www.bustness.ca.gov)  
[www.obdc.com](http://www.obdc.com)  
[www.opportunityfund.org](http://www.opportunityfund.org)  
[www.wellsfargo.com](http://www.wellsfargo.com)

- Good Banking Relationship
  - Line of Credit
- Friends/Family Loan
- Investors
- Partners (Sweat Equity)
- Credit Cards
- Secured vs Unsecured

# Partnership Agreement - Guide 2 Page 99

## PARTNERSHIP AGREEMENTS

www.constructionresourcecenter.org

### IN THIS CHAPTER YOU WILL LEARN:

- 1) The importance of a partnership agreement
- 2) Who should compile a partnership agreement
- 3) The components of an effective partnership agreement



### WHAT IS A PARTNERSHIP?

A partnership is a written agreement between two or more individuals who join as partners to form and carry on a for-profit business.



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Explore more at...  
[www.businessdictionary.com](http://www.businessdictionary.com)  
[www.score.org](http://www.score.org)  
[www.rocketlawyer.com](http://www.rocketlawyer.com)  
[www.taxes.ca.gov](http://www.taxes.ca.gov)

## GENERAL PARTNERSHIP AGREEMENT

This General Partnership Agreement is between the following persons all located at INSERT APPLICABLE ADDRESS

(Name)

(Name)

(Name)

(Name)

(Name)

Hereinafter, all of the above persons identified above shall be referred to as "General Partners". The General Partnership shall be limited to the persons named or as provided by this agreement.

The General Partners agree as follows:

### 1. Type of Business.

The General Partners voluntarily associate themselves together as general partners for the purpose of conducting general business construction, real estate and business development, and any other type of business that may from time to time be agreed upon by the General Partners.

### 2. Name of Partnership.

The name of the Partnership shall be INSERT NAME. This name is/shall be registered in the Office of the Secretary of State within the State of California as the fictitious name of the Partnership.

### 3. Term of Partnership.

The Partnership shall commence on INSERT DATE and shall continue until otherwise terminated as provided in this Agreement.

- Always have a Partnership Agreement  
(Especially with Family and Friends)
- Expectations
- Roles
- Compensation
- Termination
- Mediation/Legal

# Joint Venture Agreement

## JOINT VENTURE AGREEMENT

This Joint Venture AGREEMENT ("Agreement") is made this 12th day of July 2010, by and between ABC CORPORATION, a corporation organized and existing under the laws of Delaware and its principal office at 1000 Fifth Avenue, New York, New York 10110, and XYZ ("XYZ"), a corporation organized and existing under the laws of California and its principal office at 1000 First Street, Los Angeles, California 90012, referred to collectively as the "Parties" or "Joint Venture" and individually as a "Party".

WHEREAS, the Department of Transportation (hereinafter referred to as the "Contracting Authority") has requested Proposals for the WIDGET PROJECT, Los Angeles, California (hereinafter referred to as "the Project");

WHEREAS, the Parties are interested in submitting a joint proposal for the execution of the Project (hereinafter referred to as the "Construction Contract") and the Project is awarded to them to enter into an agreement with the Contracting Authority for the performance of such Construction Works as set forth in the Construction Contract; and

WHEREAS, the Parties desire to enter into this Joint Venture Agreement or the "JV Agreement" in order to fix and define among themselves their respective responsibilities, interests and liabilities in connection with such Proposal and the performance of the Construction Contract if the Project is awarded to them.

NOW, THEREFORE, in consideration of the mutual promises and covenants set forth and of other good and valuable considerations paid by the Parties, the receipt and sufficiency of which are mutually acknowledged, the Parties agree as follows:

### 1. JOINT VENTURE FORMATION AND PERFORMANCE

a. The Parties hereby associate themselves as a joint venture for the purpose of proposing for and performing and completing the Construction Contract. Each Party shall include each task as it is assigned and all change order agreements in respect of the Construction Contract, and in accordance with the provisions of this JV Agreement. Despite the fact that the Parties might elect to incorporate a special entity to perform

the Construction Contract. In such event, the new entity's formation documents shall be prepared and replace the terms and conditions of this JV Agreement. Nothing in this JV Agreement shall create or be interpreted or construed as a permanent relationship between the Parties or to limit their right to conduct individual businesses for their own benefit, including other work for the Contracting Authority. Each Party shall have an equal fiduciary duty towards the other Party.

b. The Joint Venture shall be named "Seattle Tunnel Partners, a Joint Venture" and shall have its principal office at XXX or such other location as may be determined by the Parties.

c. The Parties shall properly register, file, certify, or license the Joint Venture formed according to the provisions or requirements of the State of Washington and any other applicable jurisdiction. The Parties do not contemplate that the Contracting Authority will require a capacity rating for the Joint Venture. If such a capacity rating is required, however, then each Party agrees to obtain such a capacity rating as may be required to obtain the necessary capacity rating. Percentage of Participation, which may include, but shall not be limited to, substituting an affiliated entity as its contracting party, or adjusting the Percentage of Participation.

d. The Parties shall also properly and in a timely manner comply with any classification and/or qualification of work for contract required by the Contracting Authority.

e. The obligations of the Parties under such Proposal and Construction Contract shall be joint and several. Between themselves, the obligations and liabilities of the Parties shall be in accordance with this Agreement.

f. The Construction Contract, if awarded to the Parties hereto, shall be performed by them as a Joint Venture pursuant to the terms of the Agreement, and all money, equipment, materials, supplies and other property acquired by the Joint Venture shall be held jointly by the Joint Venture in the name of the Joint Venture in accordance with its share participation.

g. Except as provided in this Agreement or unless approved by the Contracting Authority, none of the Parties during the term of this Agreement shall indirectly bid for or have any interest for its own benefit in the execution of the scope of work set forth in the solicitation for the Construction Contract, and each of the Parties will take all reasonable steps to ensure observance of this prohibition by the affiliates of each Party.

h. This Agreement shall terminate automatically in the event that (1) award of the Construction Contract is not made to the Joint Venture; (2) the Contracting Authority cancels the Project procurement activities; (3) the Contracting Authority fails to approve the Joint Venture; and/or (4) the Parties mutually agree in writing to terminate the JV Agreement.

### 2. PARTIES PARTICIPATION

a. The Parties shall bear their own costs and expenses in the preparation and submittal of the Proposal and during any pre-contract period, except for expenses incurred with third party consultants which is agreed to in writing by the Parties as set forth in Paragraph 2(b) below, and will share, on a confidential basis as prescribed herein, all necessary information required for the submission of the Proposal.

b. Notwithstanding the foregoing, it is contemplated that the Parties may share certain out-of-pocket expenses in the preparation and submittal of the Proposal and during any pre-contract period proportionally to the Percentage of Participation; provided that the Parties mutually agreed in writing to such sharing prior to the costs and expenses being incurred.

c. Should the Joint Venture be awarded the Construction Contract, the costs incurred during the proposal preparation phase will be billed by the Parties to the Joint Venture.

d. Except as otherwise provided herein, the interests of the Parties in any profits and their respective share in any losses and liabilities that may result from the filing of such Proposal and/or the performance of the Construction Contract, and their interests in all property and equipment acquired and all money received in connection with the performance of the Construction Contract shall be as follows:

ABC	Fifty-five percent (55%)	Managing Partner
XYZ	Forty-five percent (45%)	

This percentage figure shall be referred to hereinafter as each Party's Percentage of Participation. The Parties agree that (a) all net proceeds representing the cash, interest from investments, equipment, receivables, claims of every kind or nature, or other property derived from the performance of this Agreement by the Joint Venture, (b) any and all profits and any and all losses and liabilities or other obligations of the Joint Venture which may result from the performance of this Agreement, and (c) all financial obligations assumed by the Joint Venture, shall be shared or borne by the Parties in accordance with their respective interests as set forth in this Paragraph 2(d).

THIS DOCUMENT IS A MUST!

- Defines Roles
- Defines Expectations
- Defines %'s
- ...and MORE

• Never Underestimate Your Worth and Contribution!



# Contracts – Guide 1 Page 63

## CONTRACTOR/ SUBCONTRACTOR AGREEMENT

### IN THIS CHAPTER YOU WILL LEARN:

- 1) What is the importance of a contract/subcontract agreement?
- 2) What are the main components of a contract/subcontract agreement?
- 3) How do I complete a contract/subcontract agreement?

### WHAT IS A CONTRACTOR/ SUBCONTRACTOR AGREEMENT?

A construction contractor/subcontractor agreement is the legal document that provides the guidelines and criteria between the parties (con-

tractor and subcontractor) participating in the construction process. It establishes the project start date, contract amount, location, scope of work, and necessary legal articles required to enter into the legal relationship.

WITNESSETH, that in consideration of the mutual agreements and covenants herein contained, and intending to be legally bound hereby, the parties herein agree as follows:

#### 1. AGREEMENT

The SUBCONTRACTOR agrees to furnish all material and perform all work and labor, and furnish all tools, equipment and all things necessary for the proper execution of this Subcontract in such a manner as to comply fully with the requirements of the "Contract Documents" as herein defined. The "Contract Documents" for this Subcontract consist of this Subcontract and any Exhibits attached hereto, for the Project referenced above, and all general and supplementary conditions thereto all other conditions, drawings, plans, specifications, addenda issued prior to execution of the Subcontract, and all Modifications and Change Orders issued subsequent to such execution.

In general terms, states that Subcontractor agrees to follow plans and provide labor and materials

#### 2. GENERAL SCOPE

The SUBCONTRACTOR agrees, for the Subcontract price or prices set forth herein, to do, perform, supply, furnish and pay for all plant, labor, supervision, administration, material, equipment, drawings, transportation, fuel, energy, light, water, telephone service, tools, and other facilities, utilities, services and supplies whatsoever necessary and incidental to fully perform and complete all Work as herein described, or as may be directed by Change Order, in a good workmanlike manner, in strict accordance with the terms and provisions of the above mentioned Contract Documents.

The Contract Documents have been read and fully understood by the SUBCONTRACTOR, together with the conditions, plans, specifications and other documents referred to therein, and the SUBCONTRACTOR agrees that all of the conditions, plans, specifications and other documents referred to therein shall apply to this Work.

#### 3. SUBCONTRACT WORK

The SUBCONTRACTOR agrees to perform the Work outlined in \_\_\_\_\_ attached in a good, workmanlike, timely and professional manner, which is incorporated herein by reference, such Work being hereafter referred to as the "Work". All submittals such as shop drawings, catalogs, samples and material lists required by the CONTRACTOR, if any are necessary, which pertain to the Subcontract Work, shall be furnished complete and timely to the SUBCONTRACTOR. All deviations from the Prime Contract must be noted clearly on the submittal, and the SUBCONTRACTOR shall state by separate cover letter the reasons for the deviation and refer to the applicable Contract provision. The SUBCONTRACTOR shall be bound by the CONTRACTOR'S decision with respect to the allowance or disallowance of such deviation, subject only to any disputes procedure under the Subcontract.

ENTER "Exhibit" Reference

In general terms, states Subcontractor agrees to follow all plans, designs, and shop drawings

#### 4. CHANGES

The CONTRACTOR may at any time, with notice to the SUBCONTRACTOR'S sureties, make changes (including additions, deletions, omissions) in the Work by (1) written agreement with the SUBCONTRACTOR prior to commencing with the change, which written agreement specify the change and the increase or decrease, if any, in of performance and/or subcontract price; or, (2) by written to the SUBCONTRACTOR to proceed with changes in the without prior agreement as to any adjustment in the time of performance or Subcontract price, if directed to

Allows General Contractor the right to make changes but changes must be in writing

shall the time directive Work.

- Top Items to Look During Contract Review
  - Mark-ups
  - Request for Information (RFI) – Obtain Clarification for Ambiguous Sections

# Estimates – Guide 3 Page 23

## ESTIMATING: DETERMINING THE PROJECT COSTS & PROFIT

### IN THIS CHAPTER YOU WILL LEARN:

- 1) Why is an accurate estimate critical?
- 2) What are the Pros and Cons of Consultants?
- 3) How can I determine if I covered all costs?

### WHY IS AN ACCURATE ESTIMATE VITAL?

An accurate estimate will provide a financial "blueprint" for the entire project outlining every cost, contingency, and profit margin. An estimate will "make or break" your project



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Explore more at  
[www.dir.ca.gov](http://www.dir.ca.gov)  
[www.smaa.org](http://www.smaa.org)  
solutions/

CSI	Description	Firm	City	License#	Sub\$\$\$	Bid \$\$\$	SLBE	LBE
<b>DIRECT JOB COSTS</b>								
9	Temporary Power	Power Plus	Sacramento		20,640	20,640		
10	SWPPP Testing/Monitoring	KAZ & Associates			96,000	96,000		
11	SWPPP Install Maintenance	ADCO/Turner/Alten JV	Oakland		19,000	19,000		
12	Traffic Control Materials/Installation	ADCO/Turner/Alten JV	Oakland		87,000	87,000		
13	Remove & Replace Turf at Lower Yard	1st Impression	San Ramon	959316	81,978	NIC		
14	Dust Control/Street Sweeping				106,496	106,496	70,997	35,499
15	Replace Resilient Tiles Lower Play Yard		Oakland		52,000	52,000		
16	Erosion Control Permits	ADCO/Turner/Alten JV	Oakland		13,000	13,000	8,667	4,333
17	Wash Station @ Construction Entrances	ADCO/Turner/Alten JV	Oakland		24,000	24,000	16,000	8,000
18	Time Lapse Camera	ADCO/Turner/Alten JV	Oakland		12,000	12,000	8,000	4,000
19	Fire Watch	Not Required			0	0		
20	Coordinate MEP BIM Efforts	Modulus Consulting	San Francisco		60,000	60,000		
21	Rodent Remediation - (ALL OWANCE)	ALLOWANCE			0	0		
22	Pre-Construction Survey of (E) Residences	Part of Picon Services			0	0		
23	Air Monitoring during Activities	Not Required			0	0		
24	Ambient Noise Study	Provided by HKT			0	0		
25	Noise Monitoring/Fines	ADCO/Turner/Alten JV	Oakland		0	0		
26	Sound Blanket Wall - 200LF	ADCO/Turner/Alten JV	Oakland		INC 2	INC 2		
27	Repave/Stripe Lower Play Yard	ADCO/Turner/Alten JV	Oakland		95,282	95,282		
28	Security Guard for Night Hours - 14 mos				60,000	60,000		
29	Add Alternate for 8:00AM Start				0	0		
30	Monthly Weeding of School Garden	ADCO/Turner/Alten JV	Oakland		12,096	12,096	8,064	4,032
31	Allowance for Structural House Repairs	ADCO/Turner/Alten JV	Oakland		0	0		
32	Electrician Rainday - Sundays (2 x 8 Hr x 10 Men)				400,000	ALLOW		
33	Carpenter Rainday Sundays (2D x 8 Hr x 10 Men)				400,000	ALLOW		
34	Work Force Fund	ADCO/Turner/Alten JV	Oakland	705713	25,000	25,000		
35	Earthquake/Flood Insurance	ADCO/Turner/Alten JV	Oakland		100,000	100,000		
36	Permit Fees				0	0		
37	PG&E Fees				0	0		
38	FEE				0	0		
39	FEE	ADCO/TURNER/ALTEN JV			2,392,450	2,392,450	1,674,715	717,735
40	B&I	ADCO/TURNER/ALTEN JV			731,406	731,406	487,694	243,802
41	B&I	ADCO/TURNER/ALTEN JV			2,231,636	2,231,636	1,487,757	743,879
42	GENERAL CONDITIONS							
43	Survey	Sandis	Fullen		92,390	92,390		
44					27,186	27,186		
45								

A	B	C	D	E	F	G	H	I	J
0	Total	37,301,705	27,294	35,744,528					
1	BASE BID	32,304,755							
2	Developer Contingency	932,543							
3	Abatement Allowance	Incl in Unforeseen							
4	Sound/Traffic Allowance	100,000							
5	Unforeseen Allowance	300,000							
6	CURRENT GMP TOTAL	33,937,298							
7	ALTERNATES								
8	Replace Stage Lighting	27,294							
9	Value Engineering	0							
10	PROPOSED GMP TOTAL	33,964,592							
11	ALLOWANCES								
12	January 2020 Completion								
13	Extend GC's 5 Mos	500,000							
14	Reduce OT Costs	-500,000							
15	Replace Play Tiles	NIC							
16	Repave & Strip Yard	NIC							
17	Replace Turf	NIC							
18	ALLOWANCE TOTAL	0							
19	OUSS								
20	SWPPP Testing/Monitoring	96,000							
21	Security Allowance	60,000							
22	Earthquake/Flood Insurance	100,000							
23	OUSS Contingency	893,613							
24	Rain Day and OT Allowance	400,000							
25	OUSS ALLOWANCES	1,589,613							

- Estimating is the Heart of Your Business – Key to your Success
  - Labor Rates
  - Equipment and Material Costs
  - Overhead & Profit
  - General Conditions
  - Generating Project Budget Based on Estimate/Job Cost

# Request For Information(RFI) - Guide 1 Page 91

## REQUEST FOR INFORMATION (RFI)

www.constructionsourcecenter.org

### IN THIS CHAPTER YOU WILL LEARN:

- 1) What is a Request for Information (RFI)?
- 2) When should an RFI be submitted?
- 3) Who should an RFI be submitted to?
- 4) How do I complete an RFI?

### WHAT IS A REQUEST FOR INFORMATION (RFI)?

A Request for Information (RFI) is a formal way of requesting information of various kinds from contrac-

tors and/or suppliers with an aim of delivering quality products or services. The RFI is a document containing a description of what and why certain infor-



mation is needed. It is a document intending to resolve gaps, conflicts, or subtle ambiguities in construction documents such as contractual agreements, blueprints, and specification manuals.

The RFI seeks to act as a tool to address these ambiguities during the bidding process or in the construction process. It eliminates the need for costly corrective measures. An RFI can occasionally lead to additional work during the construction process that results in additional profit.



### WHEN SHOULD A REQUEST FOR INFORMATION (RFI) BE SUBMITTED?

An RFI should be submitted if any vital questions or con-



### A "CORRECTED" DRAWING

Make sure you always ask for a "corrected" drawing in return or a signature approving the drawing you submitted as this will occasionally result in a monetary increase to your contract value...or what's referred to as a Change Order.

- Clarification for Omissions & Ambiguity
- Reduces Liability
- Prevents Delays

If you do the work without a signed RFI – You accept the liability.

# Change Order (CO) – Guide 1 Page 163

## CHANGE ORDER (CO)

www.constructionresourcecenter.org

### IN THIS CHAPTER YOU WILL LEARN:

- 1) What is a Change Order?
- 2) Why are Change Orders important?
- 3) How do I complete a Change Order?
- 4) What does a Change Order consist of?
- 5) How do I initiate a Change Order?

With most construction projects, Change Orders are a typical occurrence. Owners will inevitably add additional scope or a contractor will encounter unforeseen conditions that need to be addressed. A Change Order ensures agreement upon the added scope and amount associated with completing it.

### WHAT IS A CHANGE ORDER (CO)?

A Change Order (CO) constitutes a change in the construc-



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Explore more at...  
[www.construction.about.com](http://www.construction.about.com)  
—  
[www.fastfieldforms.com](http://www.fastfieldforms.com)  
—  
[www.calstate.edu/cpdc/cn/forms](http://www.calstate.edu/cpdc/cn/forms)



### REVIEW CONTENT BEFORE APPROVING

Never approve a Tier 2 Change Order without reviewing its content and without obtaining the approved Change Order (CO) from the contractor. Occasionally, an owner will dispute an amount with an amount he or she deems may require a meeting between the contractor to clarify charges and scope.

A complete Change Order (CO) must include all applicable attachments to be complete. A CO packet will typically include:

- Change order
- Photos
- RFI (if applicable)
- Receipts
- Field authorizations (if applicable)

- Obtained Signed CO for all Added Scope
- Define Change Order Rate in Your Contract
- Confirm Profit % is Consistent with Contract
- Define # of Days Delayed
- Always Attached Applicable Documentation (Receipts, Invoices, PO, Photos, Drawing, etc.)

# Daily Report – Guide 1 Page 119

## DAILY CONSTRUCTION REPORT (DCR)

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### IN THIS CHAPTER YOU WILL LEARN:

- 1) What is a Daily Construction Report (DCR)?
- 2) Why is a Daily Construction Report important?
- 3) How do I complete a DCR?
- 4) Why should I retain a DCR for each project?

### WHAT IS A DAILY CONSTRUCTION REPORT?

Daily Construction Reports (DCR) are generated by contractors on a daily basis. This allows the contractor to

keep track of all daily activities within the project. Simply put, it is an outline of daily conditions, and personnel events on a jobsite.



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Explore more at...  
[www.contractorform.net](http://www.contractorform.net)

All sub tier reports must be submitted on a separate form.

Project Name: \_\_\_\_\_ Towers Projects \_\_\_\_\_ Report Completed By: \_\_\_T. Geitz\_\_\_  
Project Address: \_1234 Sample Way Oak, CA\_ Telephone: \_510-123-4567\_ Fax: 510-123-4545

Date: \_\_\_6/10/15\_\_\_\_\_ Company: Turner Group Construction Weather: \_72/Clear\_

#### Daily Work Description CPM Task #'s

Provide brief description of work performed:

Completed Site Clean-up (Removed Dumpsters, Debris on Landing, Swept all areas)

#### Manpower

Provide a detailed list of manpower. The Trade field refers to type of manpower, i.e. Carpenter, Electrician, etc. The Classification field refers to qualifications, i.e. Foreman, Journeyman, Apprentice, etc.

QTY	TRADE	CLASSIFICATION	RATE	# OF HOURS WORKED
2	Laborers	Apprentice/Journeyman	Per Union	6ea

#### Major Equipment/Materials Use

Provide a detailed list of major equipment resources  
No major equipment other than brooms, shovels, etc.

#### Events or Issues (ie. Inspections, Injuries, Unforeseen Delays, etc)

Provide a brief description of any significant events or issues to report. Include quantities and units as applicable.

No events, inspections, unforeseen occurrences. Reviewed punch list with Project Manager of ACME

No subs on site

Fax or email completed forms to (INSERT FAX or EMAIL)

- Daily Reports Should be Completed Daily (Even When No Work is Done)
- Required by All Trades/Contractors (all tiers)
- Reduces Liability
- Substantiates Delays Associated with:
  - Unforeseen Conditions
  - Weather Delays
  - Other Trades
  - Unexpected Site Shut-Downs
  - Delays in Material or Equipment Arrival

# 20-Day Preliminary Notice – Guide 1 Page 83

## PRELIMINARY NOTICE

www.constructionresourcecenter.org

**IN THIS CHAPTER YOU WILL LEARN:**

- 1) What is a Preliminary Notice?
- 2) When do I file a Preliminary Notice?
- 3) How do I complete a Preliminary Notice?

**WHAT IS A PRELIMINARY NOTICE AND WHY FILE?**

A Preliminary Notice (also known as a Notice to Owner) is a notice sent by the contractor, subcontractor, suppliers, or other parties to a

construction project owner to establish a mechanic's lien, or a "claim" against the owner's property. If the claimant's bill has been paid, the Preliminary Notice has no legal effect. However, if the claimant has not been paid, the Preliminary Notice has the effect of a claim against the owner's property.



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<http://www.builderslaw.com>



**PRELIMINARY NOTICE**

An incorrectly completed Preliminary Notice can determine whether or not you can file a mechanic's lien or stop notice. Always consult your attorney prior to distributing.

**CALIFORNIA PRELIMINARY NOTICE**  
(For use on Private and Public Works)  
See Civil Code Sections 8200, et seq., 9300, et seq.

**OWNER or Reputed Owner (private work)** or **PUBLIC ENTITY (public work)** **YOU ARE HEREBY NOTIFIED THAT . . .**

(name) \_\_\_\_\_ (name of person or firm furnishing labor, services, equipment or material) \_\_\_\_\_  
 (address) \_\_\_\_\_ (address of person or firm furnishing labor, services, equipment or material) \_\_\_\_\_  
 (city) (state) (zip code) Telephone ( ) \_\_\_\_\_  
 (relationship of claimant to the parties) \_\_\_\_\_  
 has furnished or will furnish labor, services, equipment or materials of the following general description: \_\_\_\_\_  
 (general description of the labor, services, equipment or material furnished or to be furnished) \_\_\_\_\_  
 for the building, structure or other work of improvement located at: \_\_\_\_\_  
 address or description of job site sufficient for identification, including street address, if any) \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_  
 The name of the person or firm who contracted for the purchase of such labor, services, equipment or material is: \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_  
 An estimate of the total price of the labor, services, equipment or materials furnished or to be furnished is: \$ \_\_\_\_\_  
 Identify all laborers not paid compensation when due, and any person or entity to whom a portion of a laborer's compensation is paid. \_\_\_\_\_  
 (Material suppliers not required to furnish)  
 (name) (address) \_\_\_\_\_  
 (name) (address) \_\_\_\_\_  
 (name) (address) \_\_\_\_\_  
 Dated: \_\_\_\_\_  
 By: \_\_\_\_\_  
 Sep 2006

**NOTICE TO PROPERTY OWNER**

**EVEN THOUGH YOU HAVE PAID YOUR CONTRACTOR IN FULL, if the person or firm that has given you this notice is not paid in full for labor, service, equipment, or material provided or to be provided to your construction project, a lien may be placed on your property. Foreclosure of the lien may lead to loss of all or part of your property. You may wish to protect yourself against this by (1) requiring your contractor to provide signed release by the person or firm that has given you this notice before making payment to your contractor, or (2) any other method that is appropriate under the circumstances. This notice is required by law to be served by the undersigned as a statement of your legal rights. This notice is not intended to reflect upon the financial condition of the contractor or the**

**on record a notice as must within 10 us to your notice. The notice of the notice will required to send a containing four or**

- 20-Day Preliminary Notice Should be Completed for Every Project
- Provides Protection for Unpaid Balance
- Hand-deliver or Mail Certified/Registered
- Allows for Mechanics Lien (Good for 90 Days)

# Insurance – Guide 2 Page 133

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## INSURANCE: INSURING YOUR BUSINESS AND STAFF

### IN THIS CHAPTER YOU WILL LEARN:

- 1) The importance of insuring your business and staff
- 2) Various types of insurance
- 3) How to acquire insurance

### HOW CAN I PROTECT MY BUSINESS?

As a business owner, you need insurance to protect you as an employer, your products and services, your equipment, and your employees.

When you specialize in a field with tight profit margins,



the way you manage worksite and business risks can make the difference between earning a profit and suffering a loss.

### THE BIGGEST HAZARDS: ARE YOU PROTECTED?

Equipment damage, personal injury, and seasonal slowness are among the biggest hazards construction and contracting businesses face. Make sure your business has the resources in place to protect itself when these and other problems arise.

### HANDLING HARASSMENT

It is a misconception that general liability insurance will cover any and all harassment claims. Additionally, when a claim is made, the employees included in the claim may be subject to exclusion when policy is renewed. Rule of thumb: As a standing item on weekly staff meetings, review appropriate protocol. Also, conduct mandatory harassment training.

- What Types of Insurance Are Needed? GL, Property, Professional, Employment Practice, etc.
- Coverage Limits?
- Policy Limitations?
- Renewals – What Impacts This?
  - Claims
  - Safety (EMR)
  - Contractual Requirements

*Most if not all of your lawsuits will, unfortunately, come from your friends or relatives. Therefore, make sure you have all required insurances.*

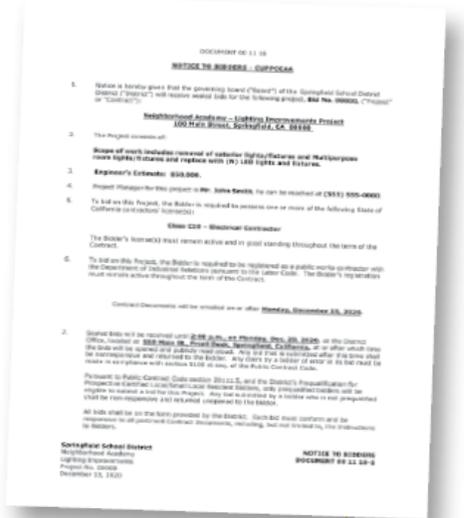
# Project Management – Guide 3

**CAUTION:**  
All post-bid price adjustments and related correspondence, notes, etc. shall be in writing and included in the bid package file.

self, “we can do this!”. The following factors should always be considered:

1. scope of work
2. experience needed
3. duration of project
4. availability of skilled manpower (internal & subcontractors)
5. licensure and certification requirements
6. Insurance requirements
7. safety (physical & environmental)
8. capital
9. overall costs
10. potential profit
11. contractual requirements

Bidders prepare respective bids in a variety of formats unless otherwise indicated in the Bid notification. In some cases, specific bid forms must be utilized, or the bid will be rejected. It is imperative that you read the bid package in its entirety, as additional information may be requested as part of the bid submission.



(see pages 20-21)

Typically, bidders are asked to itemize the value of labor, materials, equipment, overhead and profit.

It is routine for bidders to submit bids in a sealed envelope. Upon submission, a “received” stamp is affixed to the bid. It is important to retain a stamped copy of the bid for records. In some cases, bids can be submitted electronically. Whether written or elec-

written explanation by the Construction Management Team may be subject to rejection.

All post-bid price adjustments and related correspondence, notes, etc. shall be in writing and included in the bid package file.

### Bid Tabulation & Award Recommendation

When the analysis of bids, including any post-bid reviews, is complete, recommendations for award are formulated. The process is finalized with signatures, recommendation for award, and awarded contractors are contacted. This process can vary from bid to bid and are out-



(see page 19)

lined during the pre-bid process.

### Notice to Proceed

Once a contract is awarded, a Notice to Proceed (NTP) can be issued from the principal (client or owner) to a contractor

- You Start Managing Your Project at the Time of Bid.
  - Define Scope
  - Educate Project Team
  - Define Roles /Staff Requirements
  - Coordinate Meetings
  - Define Project Schedule
  - Assess & Mitigate Project Risks
  - Review Safety Program
  - Project Budget Review
  - Billing
  - Start Close Out Process at Outset
  - Document Retention Process
  - Compliance Checks

# Submittals - Guide 1 Page 33

## SUBMITTALS

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### IN THIS CHAPTER YOU WILL LEARN:

- 1) What is a submittal?
- 2) Why are submittals needed?
- 3) How does a submittal protect all parties?
- 4) How do I identify what submittals are needed?
- 5) What does a completed submittal consist of?
- 6) How do I substitute a submittal?

### WHAT IS A SUBMITTAL?

Submittals serve as a protection for the owner and contractors as it acknowledges the materials or products that will

be utilized. This process makes for a smooth and hassle-free construction process.



23



### SUBMITTAL COVER SHEET

Project Name: \_\_\_\_\_  
Project Location: Address, State, Zip \_\_\_\_\_ Submitted By: Project Manager  
Date: Month, Day, Year \_\_\_\_\_  
To: Name and Title \_\_\_\_\_ From: Turner Group Construction  
8055 Collins Dr. Oakland, CA

Submittal# 021 Spec Section: 08800 Qty 1

#### Submittal Description:

The items listed below are being submitted for approval.

Spec No.	Spec Sub Sec	Item Description
08800	1.4.A	Glazing Product Data

CC: Lincoln Glass & Mirror Co.

- Review and Approve
- Approved "As-Is" By \_\_\_\_\_ Approval Date: \_\_\_\_\_
- Approved with "Exceptions" By \_\_\_\_\_ Approval Date: \_\_\_\_\_
- Exceptions Are:
- Rejected By \_\_\_\_\_ Rejection Date: \_\_\_\_\_

Remarks \_\_\_\_\_

- Defines Approved Materials
- Shows Compliance w/Specifications
- Identifies Approved Substitutions
- Prevents Possible Delays
- Can Result in Added Scope and Profit



# CPA/Bookkeeper - Guide 2 Page 77

and CPA are a must when managing a project.

## WHAT SHOULD THE WEEKLY BUDGET REVIEW INCLUDE?

- material costs
- equipment costs
- labor costs
- subcontractor costs
- billings
- change orders (additions and deductions)
- costs variances
- existing scope/remaining scope
- unforeseen costs

In order to conduct an effective weekly budget review, customized reports must be generated to view all expenditures associated with the project. Ideally, reports will provide a summary and detail transactions so each expen-



Photo by Peter Kraemer on Unsplash

Project Variance - Detailed  
01 - Turner Group Construction  
Report Through Date: 12/31/2014

Cost Code	Budgeted Cost	Posted Cost	Cost Variance	Contract Amount	Posted Revenue	Revenue Variance
Project: 20140312 - Various Sites #74846 (Cont. Project)						
01.000 - General Conditions and Mobile	30,000.00	5,478.00	24,522.00	30,000.00	30,000.00	0.00
01.010 - Office Furniture	25,000.00	812,168.00	(811,888.00)	42,870.00	42,870.00	0.00
01.060 - Fuel/Mat	36,950.00	0.00	36,950.00	40,000.00	40,000.00	0.00
01.990 - Contingency	0.00	0.00	0.00	20,000.00	0.00	20,000.00
02.000 - Modification	5,204.00	1,039.20	4,164.80	6,300.00	6,300.00	0.00
02.010 - Working	18,000.00	146.20	18,146.20	20,200.00	20,200.00	0.00
02.020 - No Design Feeding	189,750.00	79.00	189,829.00	222,000.00	222,000.00	0.00
02.800 - File Fees	7,600.00	0.00	7,600.00	8,200.00	8,200.00	0.00
05.010 - Misc	0.00	33.32	(33.32)	0.00	0.00	0.00
05.000 - Plumbing	15,000.00	428.00	15,428.00	16,800.00	16,800.00	0.00
05.020 - Electrical	23,000.00	0.00	23,000.00	20,500.00	20,500.00	0.00
Total For Various Sites Portable Demos	375,204.00	254,828.20	120,375.80	411,400.00	411,400.00	0.00
Total For Turner Group Construction	375,204.00	254,828.20	120,375.80	411,400.00	411,400.00	0.00

bond is available only to the project/property owner. No one else can make claims against it. In order for a performance bond to be effective, the contract must be specific about the work to be done. A contractor cannot be held accountable for vague descriptions that are open to interpretation.

## Performance Bonds Benefits

Performance bond benefits include:

- The owner of a project is assured of the completion of the project.
- The owner does not need to incur additional costs.

There are also some drawbacks with the Performance Bonds. They are:

- Occasionally, the surety tries to establish that the owner did not comply with the technical conditions of a bond to avoid paying the compensation.
- Occasionally, the surety will try to prove that the

owner needs to quantify the losses that might have been suffered when a contractor fails in its performance.

- If the owner underestimates the losses and the future cost of the completion of the project, the owner may not be able to recover the shortfall from the surety.

## Performance Bonds Requirements

Surety and financial institutions have different requirements depending on the capacity of the contractor, the volume of the project being insured, and the projects challenges. Usually they ask for the following:

- at least two years of CPA prepared, reviewed, or audited financial statements
- copy of the contract that is being awarded and all bids
- application of the surety
- owning real estate will help you and will accelerate the process

- Banking and Credit is Key to your Companies Success
  - You Cannot – Not Afford a Bookkeeper and CPA
  - Internal AP/AR Process
  - Document Retention/Tracking
  - Monthly Reconciliations and Review
  - Project & Business Impact

# Attorney – Guide 1 Page 64

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## FUTURE SECURITY

You may think that a partner agreement is not needed if your partner is a close friend or relative. **THIS IS NOT TRUE!** All provisions of the agreement **MUST** be outlined in order to eliminate any future legal ramifications resulting from profits, divorce, bankruptcy, etc.

agreement. Though not a legal requirement, it provides protection, as it outlines how profits will be split, who assumes responsibilities, and so on.

You should be able to resolve any issues that could arise between partners by referring to the agreement that the two of you and the attorney collaborated on to create. If you find yourself unhappy in your partnership, your operating agreement will be one of your best chances to prove resolution. While a generic version can be utilized, a custom agreement will ensure it covers the intricacies of your business.

Work with your lawyer and accountant to formalize your agreement. At a minimum include the following components:

### **COMPONENT #1: DIVISION OF PROFITS AND COMPENSATION**

This section should also define how you will address company losses.

### **COMPONENT #2: CONTRIBUTIONS TO THE PARTNERSHIP**

These include any assets, property, or cash that either partner rolls into the business.

## REASONS YOU NEED AN ATTORNEY

- They know the law!
- Saves Money in the Long Run
- Aware of Appropriate Filing Documents and Deadlines
- Reduces Liability



## LEGALLY BINDING

Contracts are legally binding. Hence, always have a legal professional review the content prior to signing. Always include scope inclusions and exclusions for less ambiguity. Additionally, always review the contract content to ensure the scope provided in your initial “accepted” estimate is consistent.

NOTE: Remember all contracts are negotiable.

# Union vs Non-Union – Guide 4

## Recommended Steps:

These vary by union, so be sure to check!

### STEP 1:

Discuss the MLA in depth with a union representative. Do you understand what you will be required to do once you enter into the agreement, and how certain practices may have to change?

### STEP 2:

Get clarity on wage and benefit rates. Given the size of the crew you need, what will be the total cost of your monthly payment to the Trust Fund for employee benefits? What are the penalties for late or missed payments? Work with your bookkeeper to project costs.

### STEP 3:

Some unions require contractors to post a surety bond for wages and fringe benefits, beyond other legally required bonds, such as for licensing. Other unions only require a contractor to post a surety bond. Ask ahead of time if any of these

bonding requirements apply.

### STEP 4:

Consider whether you need a line of credit, particularly if you are scaling up.



### STEP 5:

If possible, visit the JATC training facility for the craft.

### STEP 6:

Bring your crew in to discuss what joining the union will mean for them. Some unions will give your crew a skill level test to determine if they qualify as a journey-level worker or an apprentice, and if an apprentice, at what level.

### STEP 7:

It's wise to have your lawyers review the MLA before you sign it.

### STEP 8:

Make sure to get answers to any additional questions you have.

**PROJECT LABOR AGREEMENT  
FOR THE \_\_\_\_\_**

**RECITALS**

WHEREAS, the \_\_\_\_\_ is a visionary, \$4 billion public work project to transform the \_\_\_\_\_ by constructing a multi-modal transit center in the heart of downtown San Francisco; and

WHEREAS, under the \_\_\_\_\_, a new \_\_\_\_\_ and bus ramps will replace the former \_\_\_\_\_ and a new underground Downtown Extension (DTX) will bring current terminus of Fourth and Townsend Streets into the new \_\_\_\_\_ and

WHEREAS, the new \_\_\_\_\_ is a significant, modern regional transit hub connecting eight Bay Area California through eleven transit systems: AC Transit, BART, Caltrans, Greyhound, MUNI, SamTrans, WestCAT Lynx, Amtrak, Paratransit from San Francisco to Los Angeles/Anaheim; and

WHEREAS, when completed, the new \_\_\_\_\_ will provide more than 100,000 passengers each weekday and more than 45 million public transportation a convenient and accessible option for every visit to the San Francisco Bay Area; and

WHEREAS, the successful completion of the \_\_\_\_\_ is of utmost importance to the general public in the San Francisco Bay Area; and

WHEREAS, the central transit hub; and

WHEREAS, it is in the parties' collective interest that the \_\_\_\_\_ projects under the \_\_\_\_\_ be completed within budget; and

**LETTER OF ASSENT**

Each Contractor/Subcontractor/Employer (C/S/E) of any tier working on this project shall submit a signed letter of Assent to the Department of Public Works, Bureau of Contract Administration (BCA) whereby they agree to comply with all the terms and conditions of the DPW-PLA and Policy. No C/S/E (of any tier) may start to work on the project until their signed Letter of Assent has been submitted and approved by the BCA.

**COMPANY LETTERHEAD**

Date: \_\_\_\_\_

Name: \_\_\_\_\_  
Company/Organization: \_\_\_\_\_  
Department: \_\_\_\_\_  
Address: \_\_\_\_\_  
City, ST Zip Code: \_\_\_\_\_

PROJECT NAME: \_\_\_\_\_

Dear \_\_\_\_\_:

This is to certify that the undersigned Contractor/Subcontractor/Employer (C/S/E) has read and understood the Project Labor Agreement (PLA) entered into by and between \_\_\_\_\_ and signatory \_\_\_\_\_ dated January \_\_, 20\_\_ and the DPW Public Infrastructure Stabilization Policy (Policy). The undersigned C/S/E hereby agrees to comply with all the terms and conditions of the aforementioned duly signed DPW-PLA and DPW Policy.

The undersigned C/S/E acknowledges that compliance with the provisions relating to Local Hire and Traditional Workers (Articles 7.3, 7.6, 7.7 & 7.10), Workforce referral and Development (Articles 7.1, 7.4 & 7.10), and Apprenticeship Participation (Articles 7.7 & 7.11) is of particular importance.

It is understood that the signing of the Letter of Assent shall be binding on the undersigned C/S/E as though the C/S/E had signed the DPW-PLA and shall require all its subcontractors, of whatever tier, to become similarly bound for all work within the scope of the DPW-PLA and the DPW Policy.

This further certifies (per Articles 3, 11.2, & DPW Policy) that the undersigned C/S/E understands that submission of this letter of Assent and Employment Handling Plan will be required prior to commencement of any work in relation to this contract. non-submittal of this letter and all required hiring plan documentation may preclude the C/S/E from being approved to work on this project.

The Letter of Assent shall become effective and binding upon the undersigned C/S/E the \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_, and shall remain in full force and effect until the completion of the above stated project.

Sincerely,  
(Name of Construction Company)

By: \_\_\_\_\_  
(Name and Title of Authorized Executive)

- Are Relationships Key?





# Contact Us

8055 Collins Drive Oakland, CA  
510-835-0400

330 25<sup>th</sup> Street Richmond, CA

[www.constructionresourcecenter.org](http://www.constructionresourcecenter.org)

**CRC** CONSTRUCTION RESOURCE CENTER



**Silicon Valley Transit Consultants**  
1742 North First Street, Suite 400  
San José, California 95112

HOSTED BY SVTC AND VTA

## MENTOR PROTEGE' WORKSHOP #5

To Register with VTA or  
to apply for Certification go to:  
<https://www.vta.org/business-center>

Next Mentor Protege Workshop #6 Sept 9  
Topic: Client Communication  
Register at <https://tinyurl.com/MPWorkshop6>

Next Bay Area Diversity Business Forum  
Economic Resource Summit  
9-Noon September 14

10-week Program Management Course  
Tuesdays 6-9pm Sept 14 thru Nov 16  
<https://www.constructionresourcecenter.org/>



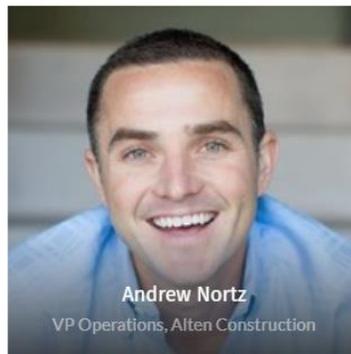
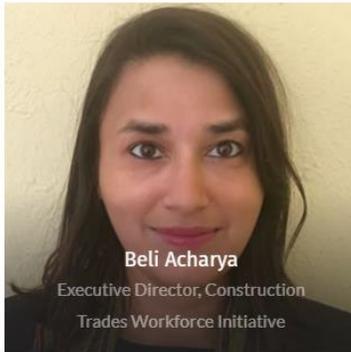


For More Information...

**CRC**

CONSTRUCTION RESOURCE CENTER

# Industry Advisory Board





# Industry 1:1 Consultants

Edward M. Lai – Legal Assistance

Lowe Consulting Group – Labor Compliance

Yerba Buena Engineering & Construction -  
Estimating

Erick O. Bell – Financial Set-up and  
Management

Jeff Santolucito – Insurance Broker

Ranjani Mohana – Certification Broker

# Inclusive Programming Ultimate Construction Guides

English/Spanish - Paperback and eBook



Guide 2 ENGLISH: [http://designcorps.us/client\\_transfers/TURNER/UCGS2\\_interior-FINAL\\_122217-PROOF.pdf](http://designcorps.us/client_transfers/TURNER/UCGS2_interior-FINAL_122217-PROOF.pdf)

Guide 2 SPANISH: [http://designcorps.us/client\\_transfers/TURNER/SPANISH/SpanishBook-2/CRC\\_book\\_2-SPANISH-1st\\_pages\\_w\\_Cover.pdf](http://designcorps.us/client_transfers/TURNER/SPANISH/SpanishBook-2/CRC_book_2-SPANISH-1st_pages_w_Cover.pdf)

# E-Learning Self Paced Modules

English/Spanish (Assessments Included)

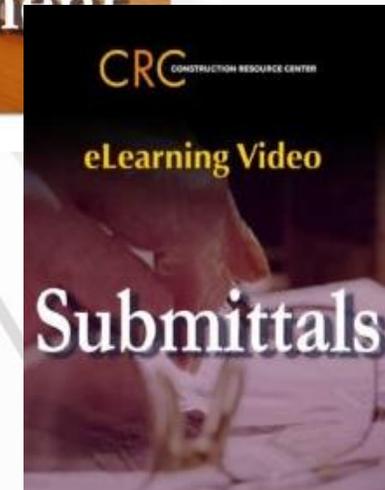
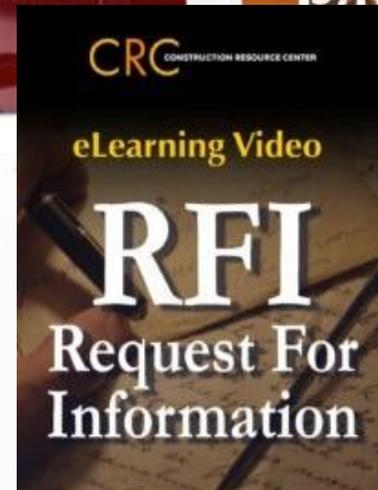
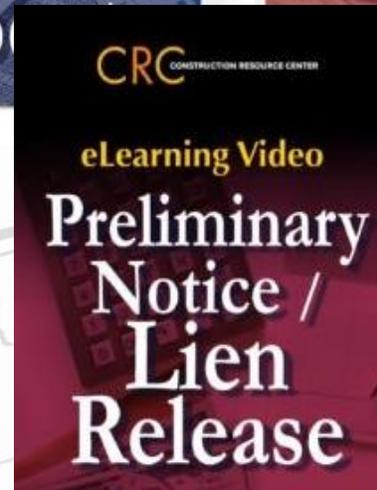
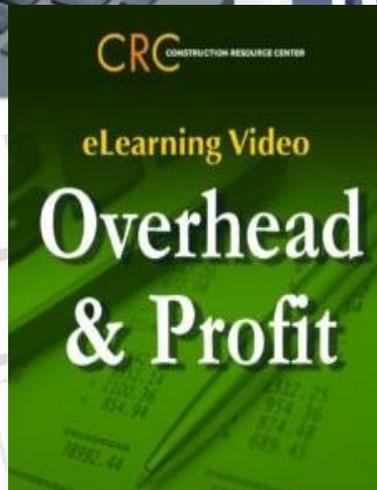
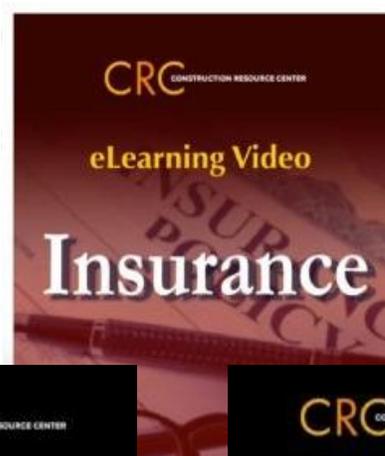
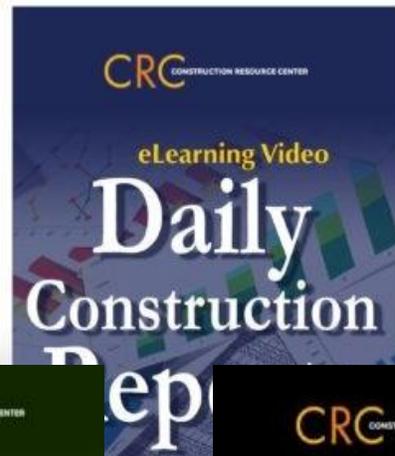
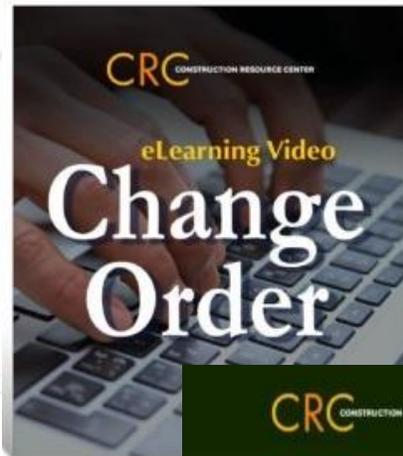
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English RFI:

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Spanish RFI:

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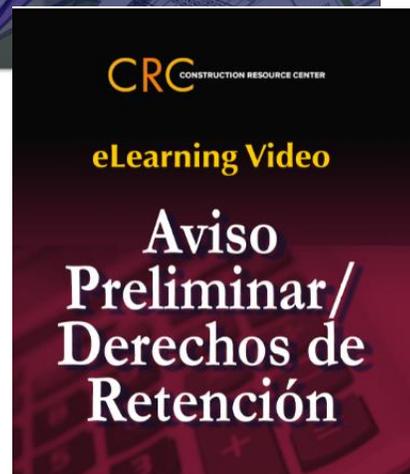
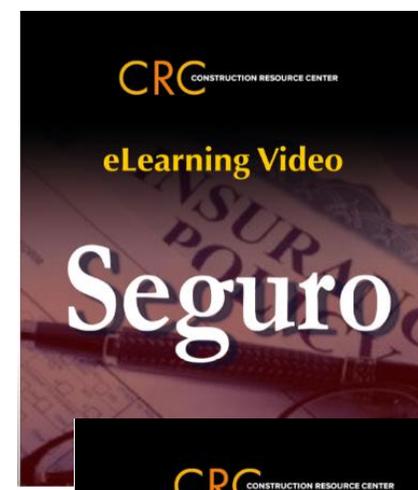
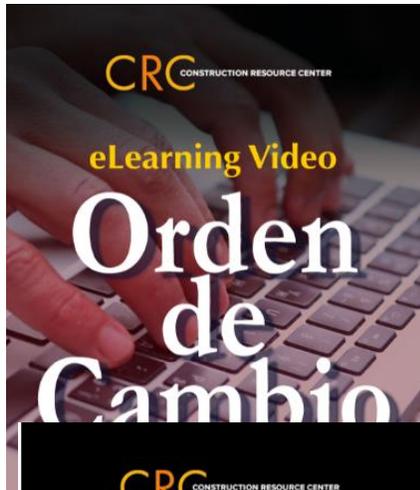
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**CRC CONSTRUCTION RESOURCE CENTER**  
PROCESSES YOU CAN TRUST

**10-WEEK PROJECT MANAGEMENT COURSE** *NEW DATE*

EVERY TUESDAY FROM JANUARY 19, 2021

- Risk Management/Contract Review
- Creating an Effective Estimate
- Creating a Comprehensive Safety Program
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\$345.00 (Class and Materials) - Contact Us for Sub

Register at [www.constructionresourcecenter.org](http://www.constructionresourcecenter.org)

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**CRC CONSTRUCTION RESOURCE CENTER**

**WEB-BASED QUICKBOOKS**

LEARN THE FUNDAMENTALS OF QB ONLINE BASIC FUNCTIONALITY THAT HELPS EARNINGS.

Date: **Saturday, January 9, 2021**

Time: **9am-11am**

Location: **Zoom**

Fee: **\$15\*\***

Facilitated by **SONIC Training**

Clients choose us!

Register at [www.constructionresourcecenter.org](http://www.constructionresourcecenter.org) or email [thawkins@constructionresourcecenter.org](mailto:thawkins@constructionresourcecenter.org)

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**CRC CONSTRUCTION RESOURCE CENTER**

**BUSINESS WRITING**  
What to Say & How to Say It

- Ever wondered, "How do I Communicate Effectively in Writing?"
- Have you asked yourself, "How Can I Communicate My Message With Professionalism?"
- Ever wondered, "What Words Should I Use To Express My Opinion and Maintain My Business Relationship?"

DATE: **SATURDAY, MARCH 13, 2021**

TIME: **9AM-11AM**  
\*Zoom Link Sent Prior to Class

LOCATION: **VIA ZOOM\***

FEE: **\$0 - SPONSORED TO ASSIST SMALL BUSINESSES**

Facilitated: **SONIC Training**

To Register, Go To: [www.constructionresourcecenter.org](http://www.constructionresourcecenter.org)

For Details, Call 510-835-0400

Course Topic	Date	Course Content
Introduction to QuickBooks Online	Saturday, January 9, 2021	Introduction Basic Accounting Functionality as Presented and Maintained in the Online Platform
10-Week Project Management Course	Tuesday, January 19, 2021	Fundamental Practices for Effective Project Management
Construction Unions and Project Labor Agreements (PLA)	Saturday, January 30, 2021	Overview of the Signatory Enrollment and PLA Process as it Relates to Members and Contractors
Estimating	Saturday, February 6, 2021	Activity-Based Course on Creating Estimates and Ensuring all Costs are Included
Gantt Schedules	February 27, 2021	Activity-Based Course on Creating Effective Gantt Schedules utilizing MS Projects and Excel-Based Templates
Business Writing	Saturday, March 13, 2021	Learn How to Effectively Communicate in Writing. Review of Basic Professional Writing Techniques, Tips and Resources

# Community Business Impact



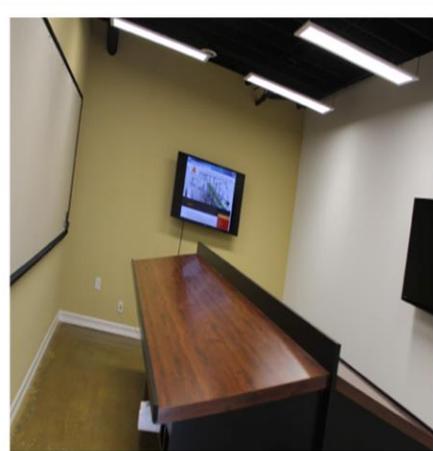
Please rate your experience

- Outstanding*
- Excellent
- Very good
- Good
- Average
- Poor



# CRC – More Than a Business Hub!

---



- Centralized Location
- Accessible via Zoom, Teams etc.
- Affordable Office Space
- Individual Action Plans (IAP)
- Centralized Plan Room
- Warehouse Space
- Equipment
- Parking/Storage
- Two Conference Rooms