

Disadvantaged Business Enterprise Newsletter

February 2020



Featured Article..... 2
*Why a Business Line of Credit May
Be a Smart Choice for Your Business*

**Upcoming Training
& Events 3**

Bid Letting 5
March 4 Bid Lettings

Regional Lettings 6

Invitation to Bid..... 6

Secondary Article 8
*The Numbers You Need to Know to
Keep Your Fleet Profitable*

Welcome New DBEs 10



Featured Article

Why a Business Line of Credit May Be a Smart Choice for Your Business

By Marco Carbajo

As a business owner, you probably already know access to working capital is the lifeblood of a business. Alexander Graham Bell said, “before anything else, preparation is the key to success.”

So, it’s essential to be proactive and ready to deal with any unforeseen expenses in order to keep the business afloat. One way you can accomplish this is to get a line of credit for your business.

When it comes to business credit, there are various options to consider. A business line of credit is a preferred choice among small business owners for obvious reasons.

To qualify for a line of credit, traditional banks typically require good personal credit and a two-year track record of business history with healthy revenue.

Alternative lenders offer a faster and easier application and approval process but the interest rates are slightly higher. With alternative lenders, a business with healthy revenues can still qualify even if the applicant’s credit score is in the 500+ range.

You can apply for a business line of credit at your local bank or with an alternative lender. A line of credit can be either secured or unsecured. You can secure a line of credit with your assets or other form of security such as a certificate of deposit.

A business line of credit is more economical compared to other types of financing such as a term loan or merchant cash advance. Once the line of credit is established, you can draw funds from it by making a direct deposit into your business checking account, or by using a convenience check linked to the credit line account.

Continued on page 2

Upcoming Training & Events



February 25-26

Erosion & Sediment Control & Storm Water Management

February 25 & 26, 2020

8am-5pm, Cost \$150

Best Western Ramkota, Rapid City

[Learn More.](#)



March 26

3rd Annual Women's Business Conference - Aberdeen

Thursday, March 26, 2020

8am-4pm, Cost \$115

Dakota Event Center, Aberdeen SD

[Learn More.](#)



February 26-27

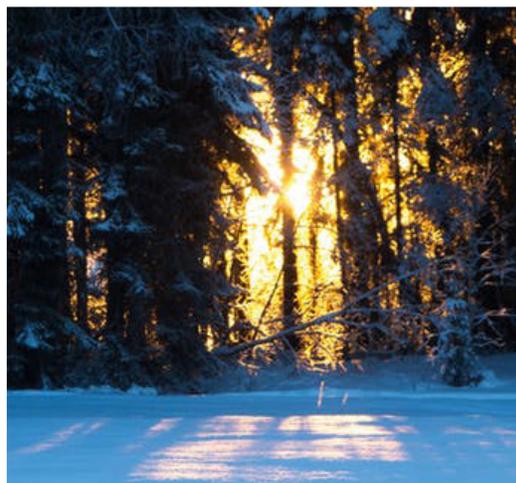
Traffic Control Safety - Rapid City

February 26 & 27, 2020

8am-5pm, Cost \$300

Roth Trucking, Rapid City SD

[Learn More.](#)



March 03

2020 Sioux Falls Business Conference and Expo

Thursday, March 5, 2020

9am-8pm

Sioux Falls Convention Center

[Learn More.](#)



Similar to a line of credit, a business credit card is another option that may be a smart choice especially for startups or businesses with a minimal track record. Business credit cards are a different type of financial instrument than a line of credit, but there are advantages to using them.

For example, with a line of credit you have the ability to write checks to pay billers that don't accept credit cards. In addition, there are no cash advance fees associated with lines of credit compared to business credit cards.

However, business credit cards offer a much easier application process and qualification requirements compared to a line of credit. You can also receive rewards for your business in the form of points, miles, and cash back.

Before you make a decision it's important to check your business's qualifications first. You'll save time and effort by knowing where your business stands prior to applying.

To start, order a copy of your personal credit reports and scores. Once you know where your scores are, you'll be able to rule out lenders that have minimum score requirements that you do not qualify for.

How long have you been in business? Generally, the longer you are in business the less risk in the eyes of a lender. Traditional banks typically require a minimum of two years in business. Whereas, alternative lenders have a much shorter time requirement ranging from six months to one year in business.

Additionally, review your company's annual revenues. Some lenders have a minimum requirement for annual revenues that must be met in order to qualify for a line of credit. If you don't meet the revenue requirement for a specific lender, then don't apply.

Finally, assess what kind of collateral you can offer since you may be required to secure the line of credit. Keep in mind, not all lenders require physical collateral. They may just require that you sign a personal guarantee.

Once you have evaluated your company's qualification and where you stand, you're ready to explore your options. By assessing your situation, you'll be able to narrow down your options and find the ideal business line of credit to apply for. No matter which option you consider, one of the most important tools for your business is access to business credit.

About the author:

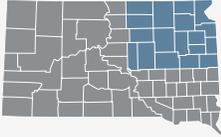
Marco Carbajo is a business credit expert, author, speaker, and founder of the Business Credit Insiders Circle. He is a business credit blogger for Dun and Bradstreet Credibility Corp, the SBA.gov Community, About.com and All Business.com. His articles and blog; Business Credit Blogger.com, have been featured in 'Fox Small Business', 'American Express Small Business', 'Business Week', 'The Washington Post', 'The New York Times', 'The San Francisco Tribune', 'Alltop', and 'Entrepreneur Connect'.

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Bid Letting

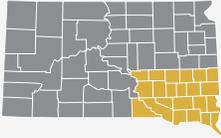
March 4, 2020 Bid Lettings

1. BRO 8015(38) (PCN 04YH) - Codington, SWPPP = 0.80 AC - Structure (102'-10 1/2" Continuous Concrete Bridge) & Approach Grading - Structure on 159th St, 11.4 miles west and 2 miles south of South Shore over the Big Sioux River
2. P 0030(33)361 (PCN 05V3) - Brookings - Bridge Deck Overlay, Bridge Rail, & Guardrail - SD30 Structures 3.4 east of I29 over Six Mile Creek & 0.8 miles west of I29 over the N Branch of Deer Creek
3. P TAPU(23) (PCN 06Y5) -Lincoln, SWPPP = 6.23 AC - Shared Use Path - In Harrisburg, on the North Side of Willow St./CR110, from Vernon Dr. to Columbia St.
4. P TAPR(12) (PCN 05CD) - Lawrence - Lawrence - Laurel St from Meade St to Custer St in Whitewood
5. P TAPR(02) (PCN 04QG) - Corson, SWPPP = 0.30 AC - Pathway Lighting Construction - Near McLaughlin, along the existing pathway
6. NH 0085(98)56 (PCN 05F1) - Butte, SWPPP = 4.40 AC - Cold Milling Asphalt Concrete, Asphalt Concrete Resurfacing, & Pipe Work - US85 from north of Belle Fourche to south of SD168
7. NH-P 0023(58) (PCN 0705) - Hutchinson, Lincoln, McCook, Union, Yankton - Asphalt Concrete Surface Treatment - Various Routes in the Yankton Area
8. P 0042(82) (PCN 06YV) - Butte, Harding - Asphalt Concrete Surface Treatment - Various Locations in the Belle Fourche Area
9. P 0012(277) (PCN 06YN) - Codington - Asphalt Concrete Crack Sealing - SD20 from Codington/Grant CL west 11 miles
10. P 0011(143) (PCN 06YF) - Brown - Brown - SD37 from Groton to SD10
11. IM-NH-P 0022(82) (PCN 07K3) - Lincoln, Miner, Minnehaha, Turner - Asphalt Concrete Crack Sealing - Various Routes in the Sioux Falls Area



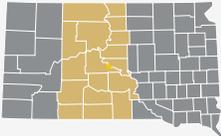
Aberdeen Region

There are currently no lettings .



Mitchell Region

There are currently no lettings.



Pierre Region

3/5/2020

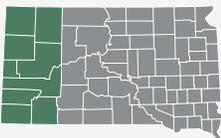
Project: 000P-351 & 000N-351;
PC# i5VG & i5VH; Stanley & Ly-
man Counties; Spraying of Nox-
ious Weeds - Pierre Area (Shop
355)

3/5/2020

Project: 000P-352 & 000N-352;
PC# i5VJ & i5VK; Stanley, Jackson,
Haakon, & Ziebach Counties;
Spot Spraying of Noxious Weeds -
Pierre Area (Unit 352)

3/5/2020

Project: 000P-351 & 000N-351;
PC# i5VE & i5VF; Hughes, Sully &
Hyde Counties; Spraying of Nox-
ious Weeds - Pierre Area (Shop
354)



Rapid City Region

There are currently no lettings.

Invitation to Bid

Invitation to Bid #1 - Project Location: Sioux Falls, SD

Sealed combined bids will be received by the State Engineer on behalf of the South Dakota Department of Corrections at the Office of the State Engineer, Joe Foss Building, 523 East Capitol Ave, Pierre, South Dakota 57501-3182 until **March 5, 2020 at 2:00 PM CT for JPA, Pavement Maintenance at South Dakota State Penitentiary, Sioux Falls, SD, OSE# C1220--01X/SWMR.**

An on-site pre bid meeting will be held on February 19, 2020 at 12:00 PM CT, SDSP Administration 3rd Floor Conference Room. Security clearance must be approved prior to entering the site. Allow 5 business days for processing of security clearance forms. Refer to project manual for these forms and special conditions regarding photos. Attendance is optional, but it is the only time for bidders to review the site. Campus contact is Jeff Wieman, 605.367.5180 jeffery.wieman@state.sd.us. OSE contact is Jennifer Walz, 605. 773.6512 jennifer.walz@state.sd.us.

Copies of the Plans and Specifications, as well as general project info, may be obtained by bidders at the office of Clark Engineering Corporation, 1410 West Russell Street, Sioux Falls, SD 57104. A/E Contact is Shane Waterman, 605.331.2505, SWaterman@clark-eng.com. Copies are also on file for viewing purposes at the Office of the State Engineer. Anyone requesting, reviewing, or copying Plans and Specifications for this project agrees that they are doing so for the sole purpose of submitting a bid on the project.

Invitation to Bid #2 - Project Location: Yankton, SD

Sealed combined bids will be received by the State Engineer on behalf of the South Dakota Department of Corrections at the Office of the State Engineer, Joe Foss Building, 523 East Capitol Ave, Pierre, South Dakota 57501- 3182 until **February 26, 2020 at 2:00 PM CT for the Shower Tower Replacement, Yankton Community Work Center, Yankton, South Dakota, OSE# C2420--03X/SWMR.**

There will be an on-site pre-bid meeting on February 19, 2020 at 10:00 AM CT. All bidders can meet at the Human Services Center, Industrial Building (Physical Plant Building) Conference Room. This pre-bid meeting is optional but is the bidders only opportunity to review the site. Campus contact is Mark Stoebner, 605-661-2879, Email: Mark.Stoebner@state.sd.us., OSE Contact is Brent Morford Email: Brent.Morford@state.sd.us.

Copies of the Plans and Specifications may be obtained by bidders at the office of Roby, Quintal & Everson, 2000 N Kimball St, Mitchell, SD, Phone: 605-996-7543. A/E Contact: Bob Everson, P.E., E-Mail: RQE@RQECE.com. Anyone requesting, reviewing, or copying Plans and Specifications for this project agrees that they are doing so for the sole purpose of submitting a bid on the project.

Invitation to Bid #3 - Project Location: Springfield, SD

Sealed combined bids will be received by the State Engineer on behalf of the South Dakota Department of Corrections at the Office of the State Engineer, Joe Foss Building, 523 East Capitol Ave, Pierre, South Dakota 57501-3182 until **March 3, 2020 at 3:00 PM CT for the Grounds, Asphalt Repairs-Gill, West & Inner, Mike Durfee State Prison, Springfield, South Dakota, OSE# C1520--03X/SWMR.**

There will be an on-site pre-bid meeting on February 20, 2020 at 11:00 AM CT. All bidders can meet at the Gill Hall Conference Room. Security clearance must be approved prior to entering the site. Allow 5 business days for processing of security clearance forms. Refer to project manual for these forms and special conditions regarding photos. This pre-bid meeting is optional but is the bidders only opportunity to review the site. Campus contact is Rob Caruana, 605.941.0183, Rob.Caruana@state.sd.us. OSE contact is Brittany Beck, Brittany.Beck@state.sd.us.

Copies of the Plans and Specifications may be obtained by bidders at the office of Stockwell Engineers Inc., 801 N Phillips Ave Suite 100, Sioux Falls, SD 57104. A/E Contact: Dexter Mahrt, 605.610.6904, DMahrt@stockwellengineers.com. Anyone requesting, reviewing, or copying Plans and Specifications for this project agrees that they are doing so for the sole purpose of submitting a bid on the project.

Invitation to Bid #4 - Project Location: Sioux Falls, SD

Sealed Bids for the construction of the Economy Parking Lot Expansion, KLJ No. 10517128 will be received by the Sioux Falls Regional Airport Authority, at the office of **Dan Letellier, Executive Director, 2801 Jaycee Lane, Sioux Falls, South Dakota 57104, until 2:00 PM CT on February 25, 2020**, at which time the Bids received will be publicly opened and read. The Project consists of grading, storm sewer, base course, curb & gutter, asphalt paving, pavement markings, lighting, landscaping, irrigation and traffic control.

Bids will be received for a single prime Contract. Bids shall be on a unit price basis as indicated in the Bid Form. The Issuing Office for the Bidding Documents is: KLJ, 5110 East 57th Street, Sioux Falls, South Dakota 57108. Prospective Bidders may examine the Bidding Documents at the Issuing Office on Mondays through Fridays between the hours of 8:00 AM and 5:00 PM, and may obtain copies of the Bidding Documents from the Issuing Office as described below.

Bidding Documents also may be examined at the office of the Executive Director, Sioux Falls Regional Airport Authority, 2801 Jaycee Lane, Sioux Falls, South Dakota 57104 on Mondays through Fridays between the hours of 8:00 AM and 4:30 PM. Copies of the plans and specifications and other bidding contract documents may be obtained from KLJ, Inc., 5110 East 57th Street, Sioux Falls, South Dakota 57108 by payment of \$70.00 for each set so obtained.

Invitation to Bid #3 - Project Location: Springfield, SD

Sealed bids will be received by the State Engineer on behalf of Journey Construction at the Office of the State Engineer, Joe Foss Building, 523 East Capitol Ave, Pierre, South Dakota 57501-3182 until **March 5, 2020 at 11:00 AM CT for the DSU RESIDENCE VILLAGE, DAKOTA STATE UNIVERSITY, Madison, South Dakota, OSE# R0418--03X.**

There will be an on-site pre-bid meeting on February 25, 2020 at 10:00 AM CT. All bidders can meet at the Learning Engagement Center (lower level of The Courtyard)-adjacent to the Residence Village Project. Participants of the meeting are to park on the west side of the building by the garage doors. This pre-bid meeting is optional but is the bidders only opportunity to review the site. Campus contact is Corey Braskamp, 605.256.5223, Corey.Braskamp@dsu.edu. OSE contact is Chris Gukeisen, Christopher.Gukeisen@state.sd.us.

Copies of the Plans and Specifications may be obtained by bidders at the office of Journey Construction, 4500 W. 58th St, Sioux Falls, SD 57108. Contact: John Reiser, 605.221.0156, jreiser@journeyconstruction.com. Anyone requesting, reviewing, or copying Plans and Specifications for this project agrees that they are doing so for the sole purpose of submitting a bid on the project. Bidder further agrees the Plans and Specifications are the sole property of the State.



The Numbers You Need to Know to Keep Your Fleet Profitable

How to take control of your equipment costs

By George Hedley

Whether you are a general contractor, builder, specialty contractor or subcontractor, it takes labor, equipment and materials to complete a contract's scope of work. Therefore, when pricing and estimating projects, you must include the time and money required for each in your bids.

Equipment Isn't Free

The contractors who make the most money always job-charge for labor and equipment at the right rates—rates that compensate the company for the actual cost of owning and using the equipment, while providing a fair return on investment (ROI). Too often, owners treat their equipment investments as insignificant.

Every piece of equipment owned, whether fully paid for or financed, has value. And to not charge for valuable equipment is bad business. In fact, if you don't charge, you're giving customers free equipment, vehicles and tools, which causes your prices to be lower than your cost of doing business and your long-term survival to be doomed or significantly hindered. If you don't give customers free materials, why wouldn't you charge them for equipment?

Know Your Minimum ROI

In real estate development, it takes a combination of equity and financing to put together the entire transaction and deal. To attract equity investors, the project proforma must propose to generate a minimum of 10% to 15% ROI for the investors—after all expenses, including mortgage, management, maintenance and upkeep. Without a minimum ROI, investors won't be tempted to invest and will seek other higher-return investments.

As shown on their balance sheets, many contractors have significant equity and investment in equipment and vehicles. If your company has \$250,000, \$500,000, \$1 million or more invested in equipment, you want a minimum annual ROI

of at least 15%. And if you are not making a reasonable ROI in equipment, you should rent equipment as needed and invest your cash into apartments, commercial property or other higher-return opportunities. In other words, your equity is valuable and must generate a return.

Charging for Your Equipment

When you estimate projects, include the right price for using company-owned equipment. Think like you are a rental company that sets its rental rates based on what it takes to own and manage a fleet of equipment, while also making a profit. The right rental price is the total cost of ownership, including insurance, tires, maintenance, repairs, mechanic, shop, gas, transportation to jobsites, GPS, depreciation and a 15% ROI.

Each piece of equipment or vehicle should have a rental timecard and be charged daily to the correct job and at the same daily or hourly rate at which it is bid. Like rental companies, you should charge for your equipment by the day, rather than the hour, to simplify the tracking process.

Assign someone in accounting to be the equipment bookkeeper, whose daily job is to track and charge each piece of company-owned equipment to the correct job and cost code. At the end of each project, review the actual equipment hours job-charged against the estimated hours to determine if your bid was accurate or if it needs to be adjusted in the future.

The Real Cost of Ownership

Can you generate enough revenue to pay for your company equipment? Do you know what it really costs to own a heavy-duty pickup truck for use on jobsites?

To determine the cost of owning and renting equipment and properly charging it to your jobs, start by estimating the life of the machine until it must be replaced. Then add the total cost of ownership over the lifetime.

Smart businesspeople work to add return to their rates. Remember, owning equipment requires a down payment, which ties up working capital, reduces your bonding capacity and makes it harder to grow your company. To verify an accurate pick-up truck rate for use in bidding and job costing, shop for a truck to rent by the month. You'll find quotes from \$1,150 to \$1,350 per month.

Then, you must add insurance, gas and oil to your budget, but not tires or maintenance. Renting a truck requires no down payment. And when you don't need it, you can turn it back in for a few weeks, as well as during the slower winter months.

Own or Rent?

Depending on who you talk to, you'll receive different answers to this question. Start-up companies trying to grow quickly need to conserve cash to expand, hire and outlast their cash flow. More established contractors with lots of available cash can make additional money by investing in equipment that is well-utilized and required for unique jobsite conditions. In turn, they increase productivity and gain the competitive advantage.

Deciding whether to own or rent is a financial versus an emotional decision. I have witnessed too many contractors' yards filled with underutilized or idle equipment rusting and taking up time, energy and capital that could be invested in appreciating assets that provide a steady return.

When it comes down to areas of specialty, many contractors require different types of equipment, such as skip-loaders, excavators, forklifts, mixers, pumps, scaffolding, generators and scissor lifts, to perform their work on specific

projects. Whether you should own or rent these is a decision tied directly to your project workloads. When schedules are busy, will you keep these types of equipment moving? When work is sporadic, will these machines be working enough to pay for their total cost?

Do the Math

You'll have to determine if it is worthwhile to own, maintain, store, deliver, service, secure, insure, finance and deal with the duties of equipment ownership, while trying find enough jobs to keep your machines busy. Generally, the decision must be based on how many hours you can use it on the jobsite annually. When you can keep equipment working enough billable hours per year at the rates you need, it makes sense to own.

After making your calculations, call local rental companies to compare your cost of ownership to their rates. Consider selling your unprofitable, underutilized equipment and using the cash to boost your bottom line. You might invest in a stronger management team, better technology or build on company assets, like your office or real estate properties that produce a steady yearly income and grow in value.

Also think about what equipment doesn't require a lot of maintenance and offers a larger ROI. For example, used project trailers only cost \$5,000 to \$7,500 to buy, and you can rent them to your projects at \$350 to \$450 per month, which produces a 75% annual ROI.

About the author:

George Hedley, CSP, CPBC, is a professional construction BIZCOACH and industry speaker. He helps contractors build management teams and get their businesses to work for them. He is the best-selling author of "Get Your Construction Business To Always Make A Profit!," available on amazon.com. Email George at gh@hardhatpresentations.com to sign up for his free e-newsletter, start a BIZCOACH program, attend a 2-day BIZ-BUILDER Boot Camp or get a discount at hardhatbizschool.com online university for contractors. Visit hardhatpresentations.com.

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