



Build**PERALTA** Academy

Build Peralta Academy
Access to Capital/ Managing Cashflow
Wednesday, October 28, 2020



Agenda

- Welcome
- Introductions
- Bond Program Overview
- Commitment to Local Businesses
- Build Peralta Academy Schedule
- Course Part 1 – Access to Capital Panel
- Course Part 2 – Managing Cashflow
- Survey
- Closing



BuildPERALTA
Academy

COVID-19 Safety Tips



Disinfect surfaces around your home and work.



Wash your hands for at least 20 seconds.



Sneeze or cough? Cover your mouth.



Wear a mask. Save lives.



BuildPERALTA
Academy



Meet
The
Team



Sharon Serrano

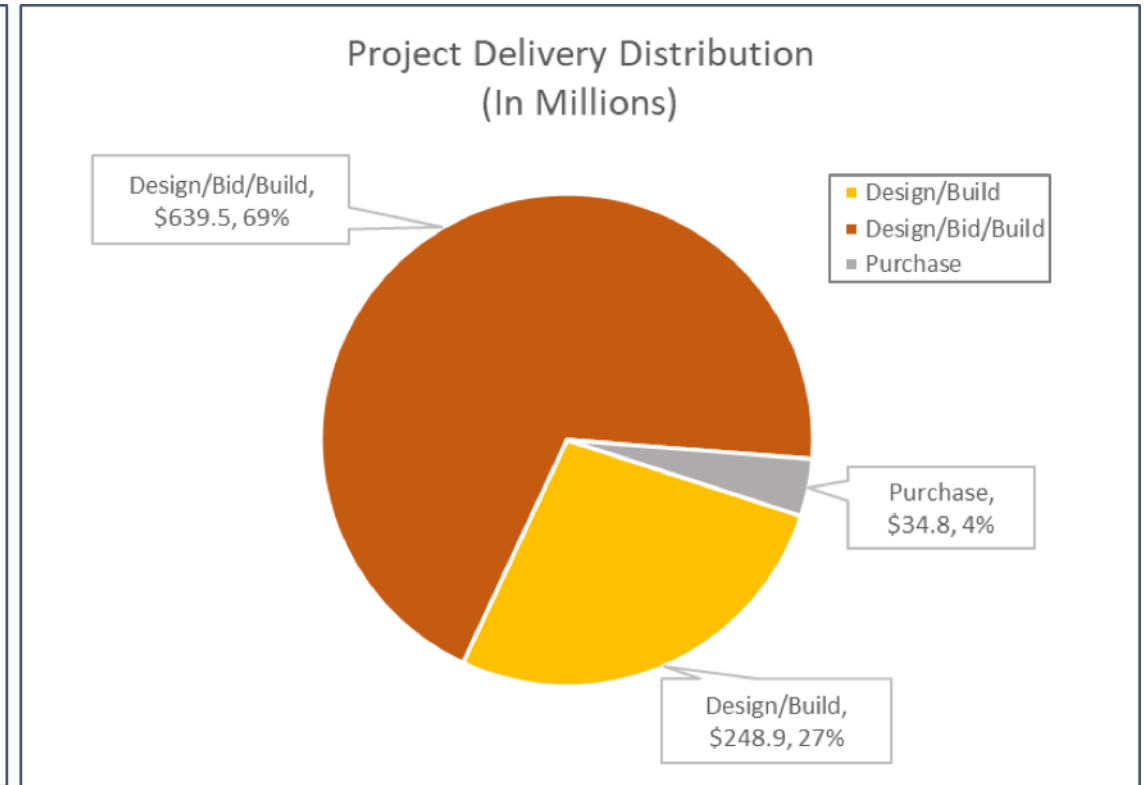
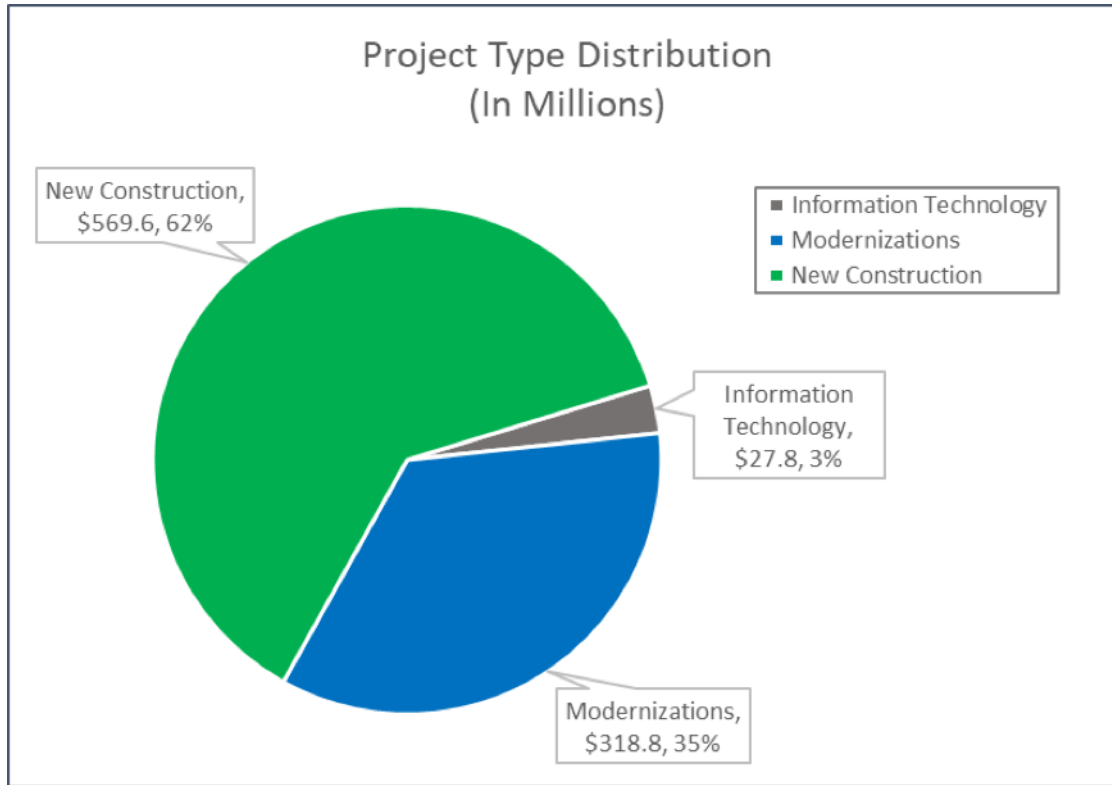
Bond Program Management
AECOM



BuildPERALTA
Academy

Capital Program Overview

Sharon Serrano, AECOM



BuildPERALTA
Academy

Meet
The
Team



Bonnie James

CEO
BRJ & Associates



BuildPERALTA
Academy

Build Peralta Academy Course Schedule (9 Part Series – Technical Assistance Workshops)

Course Title	Description	Instructors	Date
Developing A Safety Program During COVID19 Era	Learn The Law(s) Federal OSHA has approved California's use of its version of construction and OSHA safety	BRJ & Associates - Mark Edwards Avitus Group – Bill Kane	9/30/20
How to Bid Informally and Formally including CUPCCAA	Learn how to bid informally and formally including the CUPCCAA process, pre-qualification and other PCCD contracting procedures	PCCD – Brian Slaughter AECOM - Ray Loving	10/14/20
Small Business Guide to Access Capital; Manage Profitability and Cashflow	Learn about programs and opportunities for small businesses to achieve capital/cashflow in a COVID-19 Era, including PPP loan forgiveness	SBA - Julie Clowes Summit Bank - Tom Duryea FHLB–Kevin Blackburn PCV - Adria Moss Avitus Group - Pete Maki 360 Total Concept - Shonda Scott	10/28/20
Change Management: How to Manage Scope, Schedule & Budget	Learn the principles of planning for the identification and management of changes	PCCD Program Management/ Construction Management PM Panel: AECOM, BRJ, Kitchell, Roebblen, Swinerton	11/12/20
How to Obtain Bonding/Insurance	Learn how to obtain construction bonds and insurance for major projects and how to build bonding capacity for your company	Merriwether & Williams	11/18/20
Learn more about PCCD Small Business Program and Local Small Business Certification	Learn about PCCD's small local business program and how to get certified with local agencies	PCCD - Atheria Smith City of Oakland - Ernestine Nettles Port of Oakland - Ramona Dixon	12/09/20
How to Prepare Estimate	Learn the principles of how to prepare a construction estimate	AECOM - Peter Morris	12/16/20
Scheduling 101 - How to Prepare A Schedule	Learn the basics about project schedules: from critical path method to work breakdown structure and everything in between	AECOM - Craig Olsen	1/12/21
How Labor Compliance is Implemented at PCCD	Learn what is needed when working under a Project Labor Agreement, including guidelines and challenges that can impact small businesses	TBA	TBA



Meet
The
Team



Shonda Scott

CEO / Founder
360 Total Concept



BuildPERALTA
Academy

Commitment to Local Businesses

Shonda Scott, 360 Total Concept

- PCCD Small Business Policy
 - 25% Small Local Business Participation
- Certification (small business located in 6 cities in Peralta District: Alameda, Albany, Berkeley, Emeryville, Oakland and Piedmont)
 - SLBE: Revenue size has not exceeded gross annual revenue for the past 3 consecutive years
 - Construction Firms: \$8.5M > under
 - Goods Non-Professional Services Firms \$6M > under
 - A/E and Professional Services \$3M > under
 - SELBE
 - For businesses that have not exceeded revenue of \$1.5M past 3 consecutive years
- Host Outreach Meetings
- Matchmaking Sessions with Primes
- Build Peralta Academy
 - Technical Assistance Workshops



BuildPERALTA
Academy



Meet The Experts



Julie Clowes
Small Business Administration, Director



Tom Duryea
CEO, Summit Bank



Kevin Blackburn
Federal Home Loan Bank



Adria Moss
Pacific Community Ventures



BuildPERALTA
Academy



Build**PERALTA** Academy

Julie Clowes
Small Business Administration



Small Business Administration

- Access to Capital
 - Microloans
 - Guaranteed Loans
 - Venture Capital
- Government Contracting Assistance
- Business Advising and Education
 - Free, confidential, one-on-one advising
 - SBDC, SCORE, WBC, VBOC
- Disaster Assistance
 - SBA Debt Relief Program
 - Economic Injury Disaster Loan (EIDL)
 - Wildfire Assistance



U.S. Small Business
Administration



BuildPERALTA
Academy



PPP Loans – What’s Forgivable

- PPP loan can be spent on:
 - Payroll Costs(at least 60% of loan proceeds)
 - Employee compensation – salary, wages, tips etc
 - Employer’s Payment for benefits like group health coverage, retirement plans, leave options
 - Except FFCRA – can’t get FFCRA credit and those leave options paid for under PPP
 - State and local taxes assessed on employee compensation
 - Non-payroll Costs (no more than 40% of loan proceeds) – must have been in service before Feb 15, 2020
 - Mortgage interest
 - Rent
 - Utilities - electricity, gas, water, telephone, transportation, or internet access

Source: Interim Final Rule and Forgiveness Application instructions



BuildPERALTA
Academy

PPP Loan Forgiveness - Process

- Submit forgiveness application to lender- after covered period or all funds are spent
 - Lender has 60 days to review
 - Document everything
 - Keep all documents related to payroll and benefits and utility bills
 - Keep all emails or other correspondence related to rehiring employees
 - Documents supporting certification can't return to pre-Feb 15 operations
- Lender will request forgiveness from SBA
- SBA has 90 days to review and pay lender
- Any unforgiven portion will be converted into term loan
 - 1% interest
 - 2 or 5 year term
 - 10+ month deferment



BuildPERALTA
Academy

PPP Loan Forgiveness - Forms

- Option 1: Form 3508S
 - Loans \$50,000 or less
- Option 2: Form 3508EZ
 - Self-employed with no employees
 - Did not reduce number of FTEs, pay by more than 25% and average hours (safe harbor applies) Jan 1- covered period, or
 - Did not reduce pay by more than 25% and could not return to pre-Feb 15 operating levels
- Option 3: Form 3508
 - Everyone else



BuildPERALTA
Academy

Resources

- San Francisco District Office
 - [SBA.gov/ca/sf](https://www.sba.gov/ca/sf)
 - SFOMail@sba.gov
 - (415) 744-6820 (leave a message)
- PPP Rules and Forgiveness Applications
 - <https://www.sba.gov/funding-programs/loans/coronavirus-relief-options/paycheck-protection-program>
- COVID EIDL Application
 - <https://covid19relief.sba.gov/#/>
- Wildfire Disaster Application
 - <https://disasterloan.sba.gov/ela/>
- Disaster Customer Service
 - 1-800-659-2955 / 1-800-877-8339 (TTY)
 - disastercustomerservice@sba.gov



BuildPERALTA
Academy

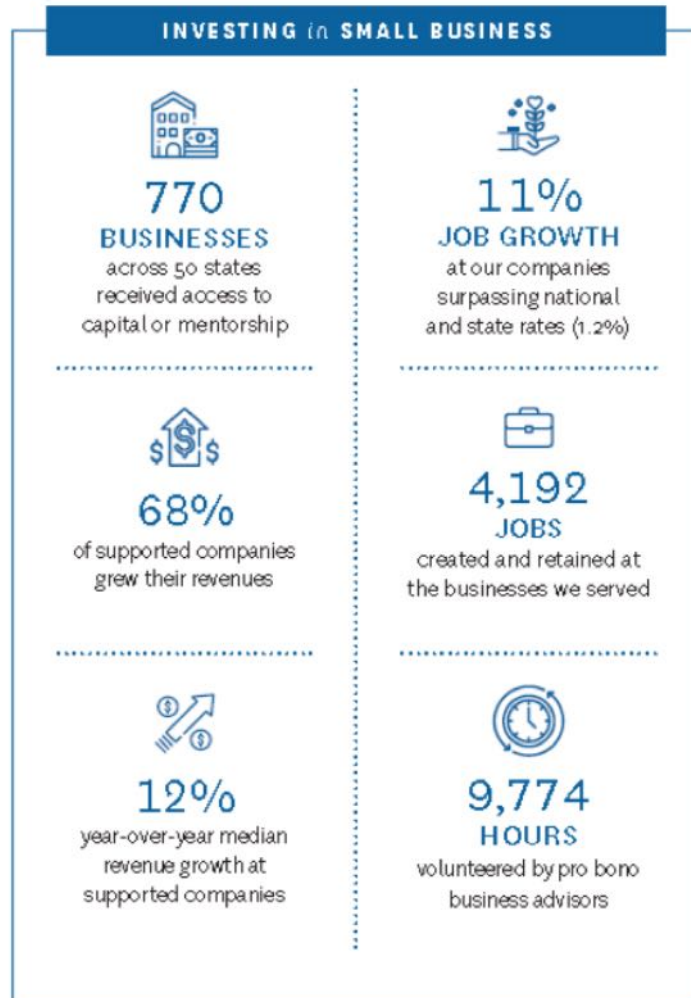


Build**PERALTA** Academy

Adria Moss
Pacific Community Ventures



Pacific Community Ventures



- **Creating economic impact and high quality jobs.**
- **Pacific Community Ventures** is a nonprofit that engages small businesses, investors and policymakers to create good jobs for working people and build an economy that works for everyone.



BuildPERALTA
Academy

Small Business Lending

Loans between \$10,000 to \$200,000 to growth stage businesses within the state of CA.

Used for various reasons including hiring employees, purchasing new equipment, expanding to new locations, and refinancing predatory loans.



In 2019,

80%

*of capital deployed
went to women and
entrepreneurs of color*

61%

*of our loans are
invested with women
business owners*

58%

*of our loans are
invested with business
owners of color*



BuildPERALTA
Academy

Disaster Relief Loans

Prior Requirements for 80% Guarantee

- DSCR of 1.25
- 3 years of business taxes
- 3 years of personal taxes
- Year-to-date financial statements
- Personal financial statement
- Credit report
- Full credit memo with narrative write up
- **Approval would take several days to a week**

New Requirements for 95% Guarantee

- Depends on specific relationship with FDC so below are just for PCV
- DSCR of 1.1
- Last year's business taxes OR financial statements
- 3 months of bank statements
- Credit report
- **Approval within 24 hours**

Small Business Advising



Only 30% of businesses make it to 10 years. But for small business owners with a mentor, 70% of small businesses reach that ten-year mark.

We have a pool of over 1,000 mentors nationwide in various areas of expertise (legal, marketing, finance, etc.) who offer their time for free

20%

Average
increase in
revenue

7X

Above the
national rate
for job growth



BuildPERALTA
Academy

Thank You! Adria Moss amos@pcvmail.org





Build**PERALTA** Academy

Tom Duryea
Summit Bank



Summit Bank

Your Local Community Bank

- Started by Shirley Nelson in 1982 and is the Oldest Women Founded Community Bank in California with Local Branches in Oakland; Emeryville; and Walnut Creek
- “Commitment to do for the greater good of the local community” – State Bank Charter
- ‘A Financial Engine for our Community’ – 100% of our Local Deposits have Funded all of our Local Loans
- A Consistently Top Rated Community Bank in California as Measured by Independent Bank Rankings



BuildPERALTA
Academy

LENDING FOCUS

Summit Bank is a commercial/business focused community bank offering a full array of small business loan products. These include:

- ❑ Commercial Working Capital Lines of Credit; Commercial Working Capital Term Loans; and Commercial Equipment Term Loans
- ❑ Commercial Real Estate Loans – both Conventional and SBA 504 Loans
- ❑ Construction Loans – both 1-4 Residential and Commercial Buildings – Office, Industrial, & Multi-Family
- ❑ Active participant in the *California State Loan Guaranty* program that similar to SBA and USDA provides additional support for those loans that may need additional Secondary Support (Collateral) and/or Tertiary Support (Guarantor)
- ❑ We are exploring involvement with other community based organizations to increase our efforts to help more people in our community such as through *The Invest in Women Initiative Entrepreneurs program*



BuildPERALTA
Academy





Build**PERALTA** Academy

Kevin Blackburn
Federal Home Loan Bank



The FHLBank System History

- **Chartered by Congress in 1932 as a funding resource for home mortgage lenders**
- **Lending institutions use FHLBanks to finance housing and economic development in their local communities**
- **11 FHLBanks nationwide**
- **Regulated by the Federal Housing Finance Agency (FHFA)**



FHLBank San Francisco (FHLBSF)

- **Owned by member financial institutions headquartered in Arizona, California, and Nevada**
- **Members include commercial banks, saving institutions, credit unions, insurance companies and non-depository community development financial institutions (CDFIs)**
- **Affordable Housing Program (AHP) is funded annually from 10% of the Bank's net income**

Discounted Credit Programs

Community Investment Cash Advances (CICA)

- Community Investment Program (CIP)
- Advances for Community Enterprises (ACE)

Advances and Letters of Credit (LC) offered below regular rates

- CIP - mainly to support residential lending
- **ACE** - mainly to support small business and economic development lending
- Member limit combined for both programs based on asset size, up to max of \$200 million



Meet The Experts



Julie Clowes
Small Business Administration, Director



Tom Duryea
CEO, Summit Bank



Kevin Blackburn
Federal Home Loan Bank



Adria Moss
Pacific Community Ventures



BuildPERALTA
Academy

QUESTIONS?



Meet
The
Expert



Andrew Miller

Vice President of Financial Services
Avitus Group



BuildPERALTA
Academy



AVITUS GROUP

Simplify, Strengthen and Grow Your Business





HOW TO MANAGE PROFITABILITY AND CASH FLOW

October 2020



BuildPERALTA
Academy

COURSE INTRODUCTION

One of the biggest challenges for construction and general contractors is effectively managing profitability and cash flow. Larger revenues and more jobs don't always result in more take home pay for the business owner. There are a few things that can be done to ensure the best possible position for you and your employees.

OUTCOMES OF THE COURSE

The course will help a small business owner identify and develop:

- Understanding of techniques that can improve cash flow
- Tips for automating and speeding up payments
- Ideas on how to train Project Managers on cash flow

management



BuildPERALTA
Academy

Part 1 –Using Cash Flow Forecasts & Projections

It isn't easy to make projections about your future cash flow. In fact, it's a little more complicated in construction than it is in most industries because of the varying degree of jobs and the change orders on current projects.

One way to do this is by using cash flow management basics. By taking advantage of these tools, construction companies can get a general idea about the income and expenses they expect to see in the future.

Proper planning in anticipation of these events will help prevent payroll and payment problems.

First hand example regarding the oil and gas industry.



BuildPERALTA
Academy

Part 1 Continued –Cash Flow Forecasts

How to make a Cash Flow Projection-

Many accounting software programs, like QuickBooks, will create current and past cash flow reports based on data already in the system, so don't spend hours working on this until you see if yours does.

We will walk through an example on the following slides. Please refer to the Excel template "Cash-flow-projection-report-Example" in the provided materials.



BuildPERALTA
Academy

Part 1 Continued –Cash Flow Forecasts

ABC Construction - Cash Flow Projection Report					
Category	Jan	Feb	Mar		
Beginning Balance	\$ 550,000.00	\$ 620,500.00	\$ 635,500.00		
Operating Activities					
Projected Income	\$ 100,000.00	\$ 150,000.00	\$ 75,000.00		
Supplier Payments	\$ (14,000.00)	\$ (20,000.00)	\$ (10,000.00)		
Subcontractor Payments	\$ (25,000.00)	\$ (50,000.00)	\$ (25,000.00)		
Payroll Expenses	\$ (10,500.00)	\$ (10,500.00)	\$ (10,500.00)		
Interest Expense	\$ (1,000.00)	\$ (1,000.00)	\$ (1,000.00)		
Tax Expense	\$ (2,500.00)	\$ (2,500.00)	\$ (2,500.00)		
Office Expenses	\$ (1,500.00)	\$ (1,000.00)	\$ (2,500.00)		
Operating Activities Total	\$ 45,500.00	\$ 65,000.00	\$ 23,500.00		
Investing Activities					
Truck Purchase	\$ 35,000.00	\$ -	\$ 35,000.00		
Bulldozer Sale	\$ 10,000.00	\$ -	\$ -		
Investing Activities Total	\$ (25,000.00)	\$ -	\$ (35,000.00)		
Financing Activities					
Sale of Stock	\$ 200,000.00	\$ -	\$ -		
Building Lease Payment	\$ (50,000.00)	\$ (50,000.00)	\$ (50,000.00)		
Dividend Payments	\$ (100,000.00)	\$ -	\$ -		
Financing Activities Total	\$ 50,000.00	\$ (50,000.00)	\$ (50,000.00)		
Net Cash Flow	\$ 70,500.00	\$ 15,000.00	\$ (61,500.00)		
Projected Bank Balance	\$ 620,500.00	\$ 635,500.00	\$ 574,000.00		



BuildPERALTA
Academy

Part 1 Continued –Cash Flow Forecasts

Definitions of Cash Flow Activities-

Operating activities include your income from sales, minus the cost of goods sold, labor expenses, and other costs of doing business.

Investing activities include the purchase and sale of fixed assets (building, equipment, etc.).

Financing activities include stock offerings and long-term debt. Your business may not be active in all three, so just report on the ones that apply.



BuildPERALTA
Academy

Part 1 Continued –Cash Flow Forecasts

Example of Operating Activities-

\$100,000 potentially received from customers
(\$14,000) projected payments to suppliers
(\$25,000) payments to subcontractors
(\$10,500) payroll expenses
(\$5,000) other business expenses, interest, taxes

Operating Activities	
Projected Income	\$ 100,000.00
Supplier Payments	\$ (14,000.00)
Subcontractor Payments	\$ (25,000.00)
Payroll Expenses	\$ (10,500.00)
Interest Expense	\$ (1,000.00)
Tax Expense	\$ (2,500.00)
Office Expenses	\$ (1,500.00)
Operating Activities Total	\$ 45,500.00

Projected cash flow from Operating activities: **\$45,500.**



BuildPERALTA
Academy

Part 1 Continued –Cash Flow Forecasts

Example of Investing Activities-

(\$35,000) purchase of a new truck (negative because cash is going out)
\$10,000 income from sale of bulldozer

Investing Activities	
Truck Purchase	\$ 35,000.00
Bulldozer Sale	\$ 10,000.00
Investing Activities Total	\$ (25,000.00)

Projected cash flow from Investing activities: **\$(25,000)**. The result is negative because we plan to spend more than we will take in.



BuildPERALTA
Academy

Part 1 Continued –Cash Flow Forecasts

Example of Financing Activities-

Financing Activities		
Sale of Stock	\$	200,000.00
Building Lease Payment	\$	(50,000.00)
Dividend Payments	\$	(100,000.00)

\$200,000 projected income from sale of stock
(\$50,000) building lease payment
(\$100,000) projected dividend payment to stockholders

Projected cash flow from Financing activities: **\$50,000.**



BuildPERALTA
Academy

Part 1 Continued –Cash Flow Forecasts

Example Summary-

Here is how our example shakes out:
\$45,500 cash flow from operations
(\$25,000) cash flow from investing
\$50,000 cash flow from financing

That produces a **\$70,500** net positive cash flow for the period.

Analyzing each of the categories on a regular basis will help you spot trends and see exactly where you are losing or making money.

Obviously, you don't know exactly what your expenses and income will look like in the next 12 months, so all these figures are estimates. However, the best predictor of the future is the past! So use your actual cash flow from the last several months (or several years) to help you fill out a forecast for the future.



BuildPERALTA
Academy

Part 2 –Automate Invoicing and Payments

Invoicing can be tedious. But they're an important part of your cash flow. You can definitely write up your invoices by hand, but you'd probably be better off by purchasing software to make your job easier.

And remember, all invoices should be automated and sent as soon as possible. If you want to maximize cash flow potential, send invoices ahead of time.

Cash may be king, but make sure your business accepts different forms of payment including electronic payments. This ensures that your business is paid faster, which increases cash flow and allows for more capital to be used for day-to-day operations, payables, and growth.



BuildPERALTA
Academy

Part 2 Continued –Invoicing and Payments

Best Practices (Invoicing)-

Invoice on a timely basis with automated reminders.

Reduce invoicing errors with invoice templates.

Attach required documents electronically to invoices with work flow capability to avoid delays.

Send automated reminders and invoice copies to past due customers.

Provide online notes to expedite resolution of invoice disputes and collection problems.

Include online bill payment with a hyper-link on your invoice, so your customer can pay via credit card or ACH transfer through a secure payment portal.



BuildPERALTA
Academy

Part 2 Continued –Invoicing and Payments

Best Practices (Payments)-

Simplify the AP process and use an automation software (such as Bill.com for QuickBooks).

Improve invoice and file management. Try to digitize the data to name and store invoices in one management system.

Maintain supplier/vendor communication. Keep them informed of your automation efforts and how they can provide info to assist (i.e. file formatting, timing, etc.).

Go after early payment discounts, or ask for extended payment terms if no early payment discounts.

Develop AP related KPI's such as: Average cost per invoice, # of invoices received, # of invoices, processed, invoice cycle time, discounts captured, discounts missed, rate of wrong payments.



BuildPERALTA
Academy

Part 3 –Train Project Managers on Cash Flow Basics

About 85% of cash in construction comes from project work in progress, which means cash flow performance depends on the project manager's cash flow management.

In addition to training, you can offer an incentive package that's based on cash flow performance. This is likely to be effective.



BuildPERALTA
Academy

Part 3 Continued –Cash Flow Basics

Spread out Costs-

Unless you're receiving a steep discount, never use cash to buy your supplies and materials. Instead, make sure you finance these purchases. Many suppliers provide contractors with financing options—credit cards, lines of credit, and loans.

Of course, you will be responsible for finance and interest charges. But you won't be out of pocket for the full amount, since you'll have to make regular payments.

This leaves more cash on hand for the business to continue operating. And you may even be able to write off the interest and other fees as business expenses.



BuildPERALTA
Academy

Part 3 Continued –Cash Flow Basics

Shop for the Best Prices-

It's always a good idea to comparison shop between suppliers to make sure you're getting the best price. Every supplier wants your business. If you let them know you're shopping for the best offer, a supplier is likely to give you the best deal possible, especially if you're not bluffing and willing to walk away.

By reducing costs, you're freeing up cash.

Shopping around for the best deal for supplies and materials can help boost your cash flow—just remember to finance your purchases rather than pay with cash.



BuildPERALTA
Academy

Part 3 Continued –Cash Flow Basics

Approach Payroll Correctly-

Payroll is different in construction than it is in most businesses. Construction, employees are almost always paid on a bi-weekly basis. To improve cash flow, you can hire subcontractors, which often are paid every four weeks.

This should only be done in special situations, however, as you'll get better results from permanent, full-time employees. Higher-quality work reduces the odds of accidents and project setbacks and increases the likelihood of repeat business, referrals, and new clients.



BuildPERALTA
Academy

Part 3 Continued –Cash Flow Basics

Process Change Orders Quickly-

Change orders are common in construction. They're often the result of a project that requires more time, money, and/or resources than originally thought. Extreme weather also can play a role.

The project manager should process a change order immediately, rather than waiting until the project is complete. That money needs to be received quickly, which will positively impact cash flow.



BuildPERALTA
Academy

Part 3 Continued –Cash Flow Basics

Avoid Over and Under Billing-

Some project managers take pride in over-billing. Since this means the invoice will be higher than the job completed to date, current cash flow will increase. The downside is that it will reduce cash flow when the project is complete.

Cash flow takes a hit in the near term for companies that decide to under-bill their clients. So what's the best option? The best approach is to bill according to how much of the project has been completed.



BuildPERALTA
Academy

Part 3 Continued –Cash Flow Basics

Set a Goal for Outstanding Day Sales-

Having a goal greatly increases the odds of success. The average number of days it takes to get paid in the construction industry is between 60 and 90.

Strongly consider setting a realistic goal to reduce that number to 45 or 50 days. You can do this by sending invoices immediately, offering payment incentives, writing clear terms, checking credit reports before making any deals, and restructuring terms with non-payers.



BuildPERALTA
Academy

The Bottom Line

Construction companies operate differently from most businesses because no project is the same. Therefore, improving cash flow requires some different strategies. A lot will depend on the project manager's ability to manage cash flow.

That being the case, be sure to hire a qualified project manager or to offer comprehensive cash flow management training to a current project manager.

Aside from having the right project management, a construction company should do everything in its power to increase the speed of receivables, which will improve cash flow.



BuildPERALTA
Academy



About Avitus Group

Our Philosophy

We are a United States based provider of a services suite which includes payroll, benefits, taxes, information technology, training, safety, marketing, bookkeeping and strategic planning all under one roof.

“Simplify, strengthen and grow” is our internal mandate to help you as a business owner reduce complexity in managing your company and create and maintain a strong organizational structure that allows us to assist in the most important way – to grow your business.





Avitus Group Services

Simplify



BOOKKEEPING /
ACCOUNTING



BUSINESS TAX
PLANNING AND
PREP



PAYROLL

Strengthen



CO-EMPLOYER



HUMAN
RESOURCES



RISK AND SAFETY
MANAGEMENT

Grow



RECRUITING



INFORMATION
TECHNOLOGY



MARKETING AND
BRANDING



INTERNATIONAL
PLANNING

Sources Cited:

> www.investopedia.com

> www.levelset.com



BuildPERALTA
Academy

**THANK
YOU
PCCD'S
SMALL
BUSINESS
ENTERPRISE!**



Payroll Administration
Accounting
Tax Planning & Preparation
Human Resources
Benefits Administration
Co-Employment
Risk & Safety Management
Recruiting
Branding & Marketing
Information Technology
Professional Acceleration
Avitus Dental Management

QUESTIONS?





BuildPERALTA
Academy





BuildPERALTA
Academy

Build Peralta Bond Program Contact Information

Website <https://build.peralta.edu>

Email buildperalta@peralta.edu

