



Reimbursement Can Cost More Than You Think

By Brett Frazee, *Enterprise Fleet Management*

When looking at the entire cost to own a vehicle versus reimbursing drivers at the 2013 IRS rate of 56.5 cents a mile, a company-provided vehicle can cost considerably less. Operating a fleet enables businesses greater control of the ownership-related expenses such as depreciation, interest, tax, registration fees, fuel, insurance, maintenance and repairs. Right-sizing both the vehicle and the fleet can go a long way toward



decreasing the operating expense even in lower mileage applications. But unlike the vehicle's dashboard, there are no blinking lights to warn businesses that reimbursing drivers for using their own vehicles could be dangerous to the bottom line.

One reason company-provided vehicles might be more advantageous than reimbursement is the increasing availability of vehicles with smaller, more

efficient engines, resulting in lower fuel spend. In a recent analysis for a mid-size sedan, instead of paying 56.5 cents a mile to reimburse a driver, the total cost of ownership for a company-owned vehicle was 44.4 cents a mile. This generated a savings of \$7,260 per vehicle based on a savings of 12.1 cents per mile for 60,000 miles over four years. Multiplied by the number of company-provided vehicles in a fleet, the savings can be very significant.

In addition to the hard costs savings, some drivers that are reimbursed may be driving vehicles that are not very reliable and require frequent repairs that can take precious time and may not be completed by the most qualified repair facility.

Reimbursing drivers whose own vehicles may be older and less reliable also can lead to lost revenue due to missed appointments when vehicles break down and are out of service.

Newer, well-maintained

(continued on page 3)

Member News

October 2013
Vol. 24, No. 10
Ft. Lauderdale, Florida

More than 200 people from the public and private sector in the construction industry in South Florida attended a workshop on September 16 at Shula's Hotel & Golf Club in Miami Lakes describing new infrastructure legislation in Florida that expands the scope of Public-Private Partnerships (P3s). Governor Rick Scott attended the event and gave the Keynote Address.



The Workshop was co-hosted by Peckar & Abramson, The Florida Transportation Builders Association, the Construction Association of South Florida, AON, Sabadell Bank and AGC of South Florida.

Stiles Construction recently announced that the new EcoDiscovery Center wing of the Museum of Discovery and Science in downtown Fort Lauderdale has achieved Leadership in Energy and Environmental (LEED®) Silver certification. The Museum contracted Stiles Construction to build this two-story, 34,000-square-foot addition that effectively doubled the public space of the Museum.

"Achieving LEED Silver certification on this new project is a testament to its quality as well as the dedication of the team," said Tim Moore, Stiles Construction president. "The industry is being challenged to move faster and reach further than ever before, and the Museum serves as a prime example of what we can accomplish."



Safe and Efficient Trench Shoring

Each month Construction FOCUS features a CASF member company, selected by drawing a business card from among those attending the monthly networking breakfast. The next breakfast, sponsored by Suffolk Construction, will be held on Thursday, October 17, 7:30 a.m. at Shula's Hotel in Miami Lakes.

Efficiency Shoring & Supply is a leading manufacturer of trench shielding and shoring systems such as "trench boxes" and vertical hydraulic shores. Efficiency is committed to provide the most cost-effective, safe, and versatile trench shielding and shoring equipment for underground utility professionals, municipalities, and private contractors and plumbers.

Through innovative engineering, state-of-the-art manufacturing, and extensive network distribution; Efficiency products make a measurable contribution towards reducing direct job costs, heightening equipment utilization, and boosting project productivity.

The company's concepts started from within the trenches by a utility contractor named T.A. Forsberg of Lansing, MI. "When I was

working as a contractor we began building our own 'homemade' trench shields, or 'trench boxes' as they were called then, to meet our deep pipe installation needs," said Forsberg. "We discovered through the use of trench shields that we were able to keep our trenches narrower and thereby increase our daily pipe production while decreasing our installation and restoration costs."

"We were also able to reduce the risk of trench related injuries to our pipe installation crews, that was critical, and realized that it was very time consuming and costly to build one box at a time," said Forsberg.

In 1971 Efficiency Production became the first company to commercially manufacture and distribute trench shields in the United States and Canada. Since

its inception 42 years ago, Efficiency has grown to be the leading manufacturer of trench shielding and shoring equipment. With a staff of professional engineers, product specialists, and a state-of-the-art manufacturing facility, Efficiency provides products throughout the State of Michigan, the United States, Canada, South America and many other parts of the world.

In 2008, Efficiency established its own distributorship in Florida called Professional Shoring & Supply; starting with stores in Orlando, Tampa and later adding a branch in Jacksonville. When Efficiency began planning its first distributorship in the Midwest, they made the decision to name the store Efficiency Shoring & Supply, to better identify the branch with its corporate owner and manufacturer. That decision carried over to when they launched their fourth Florida branch in Miami earlier this year, calling it Efficiency Shoring & Supply. The decision was also made at that time to change over the existing Professional Shoring branches to the name Efficiency Shoring & Supply.

Efficiency Shoring & Supply - Miami Branch is located at 4201 Kean Road in Davie. Their phone number is 954-332-7700. The new Branch is staffed and operated by Acting Manager, Mike Ciotta; Operations Manager, Dave Roach, and Shoring and Shielding Specialists, Frank Gonzalez and Jason Figueredo.

More information can be found on their web at: www.efficiencysshoring.com.



CONSTRUCTION ASSOCIATION of South Florida

2929 North West 62nd Street, Ft. Lauderdale, FL., 33309
Phone: 954-974-6333; FAX: 954-974-6633
casf@casf.org

OFFICERS

Craig Heiser, Whiting-Turner Contracting Co., President
Bob Baer, Central Florida Equipment, First Vice President
Russell Anderson, Moss & Associates, Second Vice President
Frank Frione, GFA International, Secretary/ Treasurer

BOARD OF DIRECTORS

♦**Tim Anderson**, JWR Construction Services ♦**Sidney Blaauw**, Steel Fabricators, LLC
♦**Michael W. Fee**, Lotspeich Co. of Florida, Inc. ♦**Donald Ferguson**, Cayman National Manufacturing
♦**Chris Long**, Kaufman Lynn Construction ♦**Justin Lord**, Central Broward Construction
♦**Michael O'Donoghue**, Suffolk Construction ♦**Richard W. Schuerger**, John Moriarty & Assoc. of FL.
♦**Jeff Slade**, Miller Construction Company ♦**Mindy Szarowicz**, Baker Concrete

IMMEDIATE PAST PRESIDENT

Doug Wallace, Stiles Construction Company

PAST PRESIDENT

Bill Bower, Southeast Mechanical Contractors

♦ASSOCIATION EXECUTIVE VICE PRESIDENT, **John C. Siegle**
♦FINANCIAL ADVISOR, **Robert Benson**, Crowe, Horwath, LLP
♦LEGAL ADVISOR, **Heath Eskalyo**, Kelley Kronenberg
♦CONTRIBUTING WRITER, **Genna Fisher**

Construction Focus is the official publication of the Construction Association of South Florida. Article suggestions and submissions for publication consideration should be forwarded to the Executive Vice President.

Vehicle Use Reimbursement

(continued from page 1)

vehicles can present a better brand image, as well as improve driver satisfaction, retention and safety. But the most important decision is to choose the right vehicle to achieve the best balance of cost and performance. A fleet management professional can help ensure drivers are equipped with the best vehicle for their job and the business' bottom line. He or she can assist with proper vehicle and equipment selection to help drive down depreciation by managing both the acquisition and remarketing processes.

Additionally, operating costs can be minimized with a company-owned fleet with a managed maintenance program to monitor and ensure regular service checks, examine invoices

for accuracy, and arrange the most economical, timely and high-quality repairs for fleet vehicles. This program also can yield maximum warranty benefits, rebates, price breaks and other opportunities to minimize expenses.



Finally, a fuel card program can automatically monitor fuel purchases and mileage for each vehicle, while giving drivers maximum access to the most convenient fueling stations. With newer, more fuel-effi-

cient vehicles, the resulting savings can be significant.

According to a recent article in *Automotive Fleet* (July 9, 2013), calculating the breakeven point of a company vehicle can be complex:

"Three factors that influence the breakeven point of a lease versus reimbursement analysis are residual values and net depreciation, vehicle mpg and fuel per gallon pump prices, and reimbursement rate." The article concludes that comparison calculations of company-provided vehicles versus driver reimbursement favor the company-provided option.

Brett Frazee, Vice President for Enterprise Fleet Management in Miami, can be reached at 954-354-5410. Visit the company's web site at www.efleets.com or call toll free 1-877-23-FLEET.

Legal Q & A

by Kevin Taylor, Esq.

Q. I am a GC and the Owner is trying to assess liquidated damages as he said we were late to complete the project. I am trying to pass down these damages to the subs who actually caused the delay. One of them said as there was not a liquidated damage provision in the subcontract I cannot pass these down - is he right?

A. Strictly speaking yes - absent the liquidated damages being specifically included in the subcontract, the subcontractor would not be liable for those damages.

In a lawsuit a party must prove its damages with a "reasonable certainty". In some circumstances a delay in completion would cause

damages, but the amounts of those damages may be difficult to calculate. Say the damages for a school not opening on time or the damages for a bridge not being completed on time.

Liquidated damages are a legal solution to that dilemma.

As a liquidated damage clause is allowed in scenarios where actual damages could not be reasonable ascertained, actual damages would not be allowed. In some instances liquidated damages may actually be a better result than allowing the party to seek its actual damages. For example the damages that can be assessed for not opening a store or other business on time, with lost revenues, lost grand opening advertising costs, etc, may make liquidated damages a bargain.

Liquidated damages are

allowable in both the public and private setting but they must be "reasonable" and cannot be deemed "a penalty". I put these terms in quotations as there are no hard and fast rules for what would be considered reasonable or what would be a penalty. If the liquidated damage amount is determined to be unreasonably high the liquidated damage clause will be deemed unenforceable.

If you desire to pass down the liquidated damage provision in your prime contract you must specifically include in it in your subcontracts.

Kevin J. Taylor has been Certified by the Florida Bar as an expert in construction law. For more information view his website www.kevintaylorlaw.com.

CONSTRUCTION
FOCUS
CONSTRUCTION ASSOCIATION OF SOUTH FLORIDA

3500 NW 9TH AVENUE
FORT LAUDERDALE, FL 33309

ROUTE TO:

Fall Social at Wynwood Kitchen in Miami

Thursday, September 12

