



DEVELOPMENT



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# Wayne County Criminal Justice Center

## Purpose:

- To assist viable contractors with bid readiness for the Wayne County Criminal Justice Center construction project.
- Identify contractors near ready/ready to participate in construction bid opportunities

## What is the Project?

- This project is to build a new criminal justice center for Wayne County
- The project is located at the former Detroit Department of Transportation Building at 1301 East Warren Ave, Detroit, MI
- The project consists of:
  - 5 story Adult Detention Facility
  - 3 story Juvenile Detention Facility
  - 7 story Courthouse Building
  - 4 story Sheriff/Prosecutors Office

## Who's Involved?

- Wayne County
- Rock Development (Developer)
- Barton Malow (Construction Manager)
- MCL JASCO (Owner's Advocate)
- Cheryl Bolson Consulting (Compliance)

Boilermakers

Asbestos Workers

Tile, Marble Terazzo

Bricklayers

Operative Plasterers & Cement Masons

Electricians

Carpenters

Elevator  
Constructors

Laborers

Millwrights

# UNION

Sheet Metal Workers

Glaziers

Iron Workers

Roofers

Sprinkler Fitters

Operating Engineers

Painters

Plumbers/Pipefitters/HVACR  
Service Technicians



**WAYNE COUNTY CRIMINAL JUSTICE CENTER**

## CJC PROJECT TEAM:

- Owner's Representative: Bedrock Detroit
- End User: Wayne County
- Construction Manager: Barton Malow Company
- Architect/Engineer: HOK
- Owner's Advocate – MCL Jasco

## CJC Barton Malow Team:

- Vice President – Jeff Baxa
- Sr. Project Director – Steve Lorenzo
- Project Director – Andrew Miller
- General Superintendent – Joe Jason
- Sr. Project Manager – Rick Bruining
- Project Manager – Steve Ocana
- Project Engineer – Dekenzie Dixson
- Project Engineer – Matt Rigsby
- Diversity & Inclusion Manager – Dannis Mitchell
- Diversity & Inclusion Coordinator – Katie Gandy
- Preconstruction Director – Mark Bacha

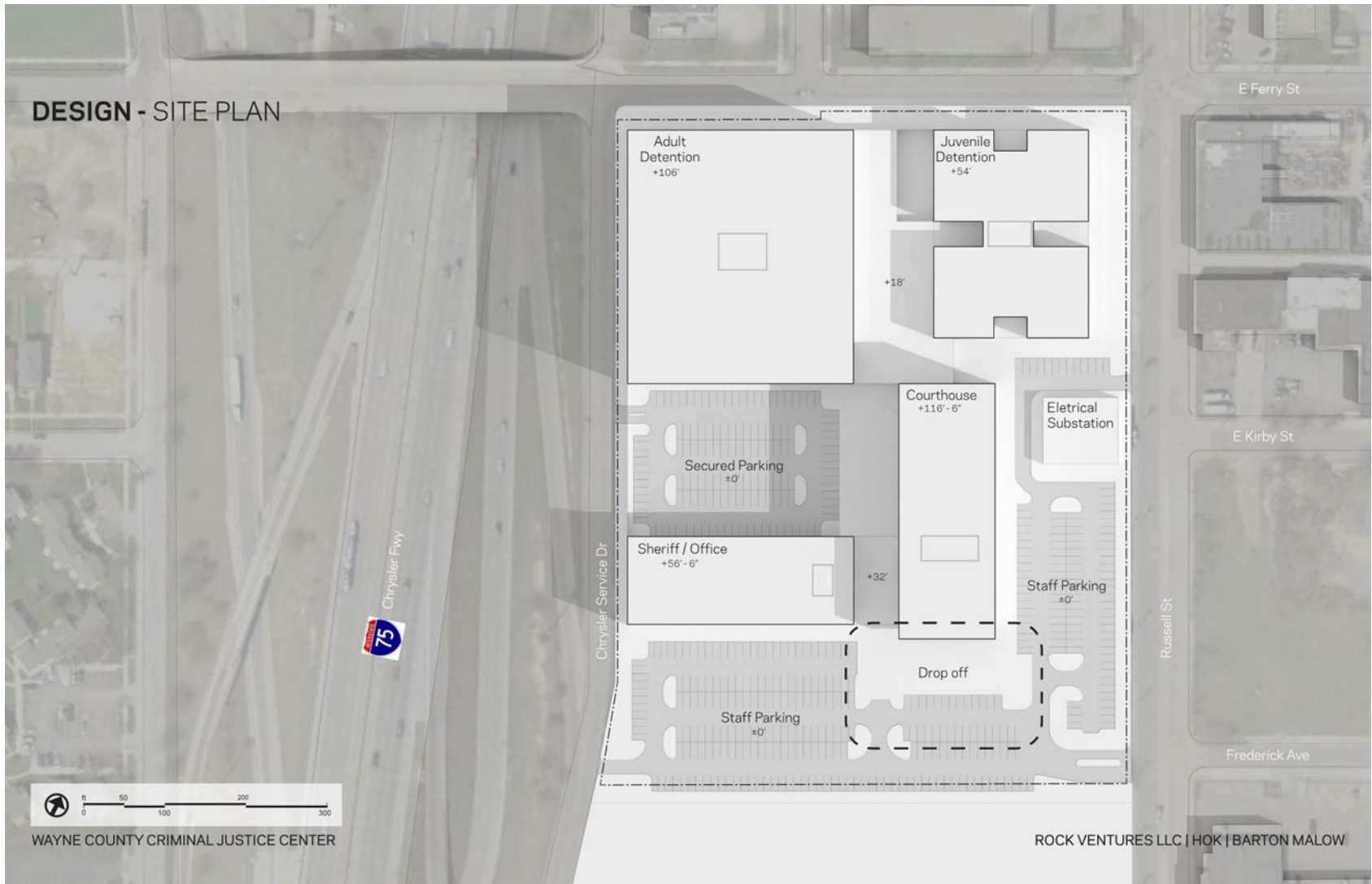
# Wayne County Criminal Justice Center





# Wayne County Criminal Justice Center

## DESIGN - SITE PLAN





## DESIGN - MASSING

### JUVENILE DETENTION FACILITY

Level 1 to 3 | 54 ft  
Floor to Floor 18 ft typ.

### ADULT DETENTION FACILITY

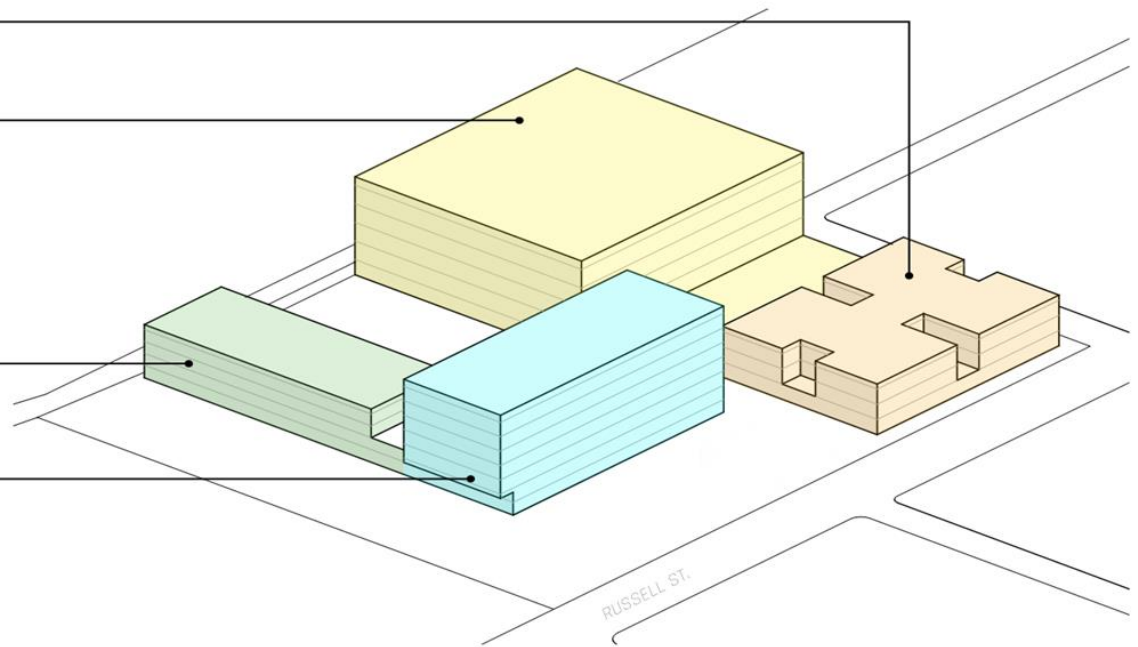
LEVEL 1 to 5 | 106 ft  
Ground Level 18 ft  
Second Level 16 ft  
Floor to Floor 23 ft typ. with Mezzanine

### SHERIFF OFFICE

LEVEL 1 to 4 | 57 ft  
Ground Level 15 ft  
Floor to Floor 14 ft typ.

### COURTHOUSE

LEVEL 1 to 7 | 117 ft  
Ground Level 15 ft  
Floor to Floor 17 ft typ.



## CJC Projected Bid Package Schedule:

- Bid Package No.1 Demo, Initial Sitework & Utilities.....June 2018
- Bid Package No.2 Foundations, Substructure, UG MEP.....November 2018
- Bid Package No.3 Building Core & Shell Substructure.....January 2019
- Bid Package No.4 Interior Fit-out, Finishes, Equipment and Final Sitework.....June 2019

# Wayne County Criminal Justice Center

## CJC Projected Schedule:

Start Demolition.....	November 2018
Start Site Utilities & Grading.....	December 2018
Start Excavation Foundations.....	January 2019
Start Steel Erection.....	August 2019
Start Elevated Slab Placement.....	November 2019
Start Exterior Enclosure.....	March 2020
Start Interior Rough-in MEPs.....	May 2020
Start Roofing.....	November 2020
Start Detention Cell Install.....	February 2021
Substantial Completion.....	March 2022

# Wayne County Criminal Justice Center

Project Site  
&  
Trailer City / Laydown  
Area



## Bid Requirements:

- Register on BMC website
- Wayne County Certified Business
- Pre-qualified
- Final qualification
- Insurance requirements
- Bonding requirements



WCCJC Roundtable Outreach Introduction:

30% Wayne County based businesses

51% of work hours by Wayne County residents

BMC Boot Camp

Partnering and Target Business Barriers



## Local Business Utilization Plan

- Wayne County Based Businesses (30% participation)
  - Must obtain Wayne County Based Business Certification
  - Requirements for obtaining
  - Timeframe to obtain
- Targeted Growth Enterprise
- Workforce Requirements
  - Union
  - 51% Bona fide Wayne County Workforce





## Contracting:

- Understand how much work can I handle?
- Understand the pitfalls of overextending
- What are the impacts to my business after the project is complete
- Managing cash flow (finance)
- Why should I become signatory to the union (Union)



**LEGAL**

# Wayne County Criminal Justice Center

## Legal:

- Contracts
- Subcontracts
- Facilitate the partnering of Wayne County Based businesses with contractors who have the necessary requirements for a project of this magnitude
- How does a JV work? (legal)



Chemical Bank: Donnel White

Detroit Development Fund: Vanessa Holsey

## **FINANCING**

MCL JASCO: E'Lois Thomas

# **ACCOUNTING/TAXES**



**MAJOR REFUNDS, PLLC**  
TAX & ACCOUNTING SERVICES

# Revenue Recognition Procedures & Tax Issues for Contractors

MCL JASCO Technical Assistance Workshop

Presentation Date: Jan 24, 2019



**MAJOR REFUNDS, PLLC**  
TAX & ACCOUNTING SERVICES

# Agenda

- About / Major Refunds, PLLC
- Revenue Recognition Accounting Procedures
- Tax Issues for Contractors
- Questions?





**MAJOR REFUNDS, PLLC**  
TAX & ACCOUNTING SERVICES

## Jarael Major, CPA

### About Myself

- Owner & Principal Accountant of Major Refunds, PLLC
- B.A, Accounting, Eli Broad College of Business Michigan State University, 2008
- Certified by State of Michigan Bureau of Accountancy

### Career Experience

- Deloitte Tax, LLP – Detroit, MI
- Marathon Petroleum Company – Findlay, OH
- DTE Energy Company – Detroit, MI
- Major Refunds, PLLC

### Areas of Focus

- Federal Income Tax
- State & Local Income & Franchise Tax
- Individual Tax
- Sales & Use Tax
- Payroll Tax



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# Revenue Recognition Procedures

## Revenue Recognition Procedures – Most Industries

- GAAP (Generally Accepted Accounting Principles)
- Accrual Basis of Accounting
  - “Matching Principle” - Revenues & Expenses are matched to the period in which they occurred, NOT when they are paid.

## Revenue Recognition Procedures – Construction Industry

- Percentage of Completion Method (GAAP)
  - Applies unless certain exceptions are met
  - Revenue is recognized throughout life of long term contract in proportion to estimated completed percentage
- Completed Contract Method (Non-GAAP)
  - Alternative revenue recognition method used only if certain conditions are met
  - Defers recognition of revenue until long-term construction project is completed.



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## Percentage of Completion Method - Example

\* Intentionally left blank for handout version \*



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## Completed Contract Method- Example

\* Intentionally left blank for handout version \*



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## Tax Issues – Independent Contractors

### Self Employment Tax

- Contractor typically receives a 1099-MISC of GROSS income earned and pays Self-Employment Tax on NET income from 1099 Activities
- Current Self-Employment Tax Rate ~15.4%
- Paid in ADDITION to Federal, State & Local Income Taxes
- Payer makes NO WITHHOLDINGS on behalf of the contractor; thus contractor is responsible for making timely & accurate estimated tax payment throughout the year
- Underpayments of tax liabilities typically subject to additional interest & penalties



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## Tax Issues – Independent Contractors (cont.) W2 Employee Example

Assume a W2 Employee has 100K in taxable income, falls in the 22% Income Tax Bracket, and employer accurately withholds applicable taxes throughout the year.

### Withholdings made by employer

- Federal Income Tax Withholding = \$22K
- Social Security Withholding =
- Medicare Withholding =
- Total Tax Withholdings =

\*Additional SALT Income Withholdings may also be applicable\*



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## Tax Issues – Independent Contractors (cont.) Independent Contractor (1099) Example

Assume an Independent Contractor has 100K in taxable income, falls in the 22% Income Tax Bracket, and makes NO estimated tax payments throughout the year.

### Tax Liability due @ Year-End

- Federal Income Tax Withholding = \$22K
- Social Security Withholding =
- Medicare Withholding =
- Total Taxes Paid =
- Tax Liability @ Year-End =
- Additional Penalties & Interest =
- Total Tax Obligation =

\*Additional SALT Income Withholdings may also be applicable\*





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## Tips & Advice

### Build a trusted relationship with your CPA

- Look for a CPA with very specific knowledge of rules and regulations to keep independent contractors in compliance with IRS and other filing jurisdictions
- Look for a CPA that has your best interest at the forefront. A good CPA will initiate tax planning strategies, research potential credits & other tax incentives for their clients.
- Be proactive (not reactive) in finding a CPA. Significant tax savings and engagement fees can be achieved the earlier a CPA is engaged

# Questions



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# Contact Info





**MAJOR REFUNDS, PLLC**  
TAX & ACCOUNTING SERVICES

## **JARAE MAJOR, CPA**

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Zervos Group:

# **INSURANCE/BONDING**

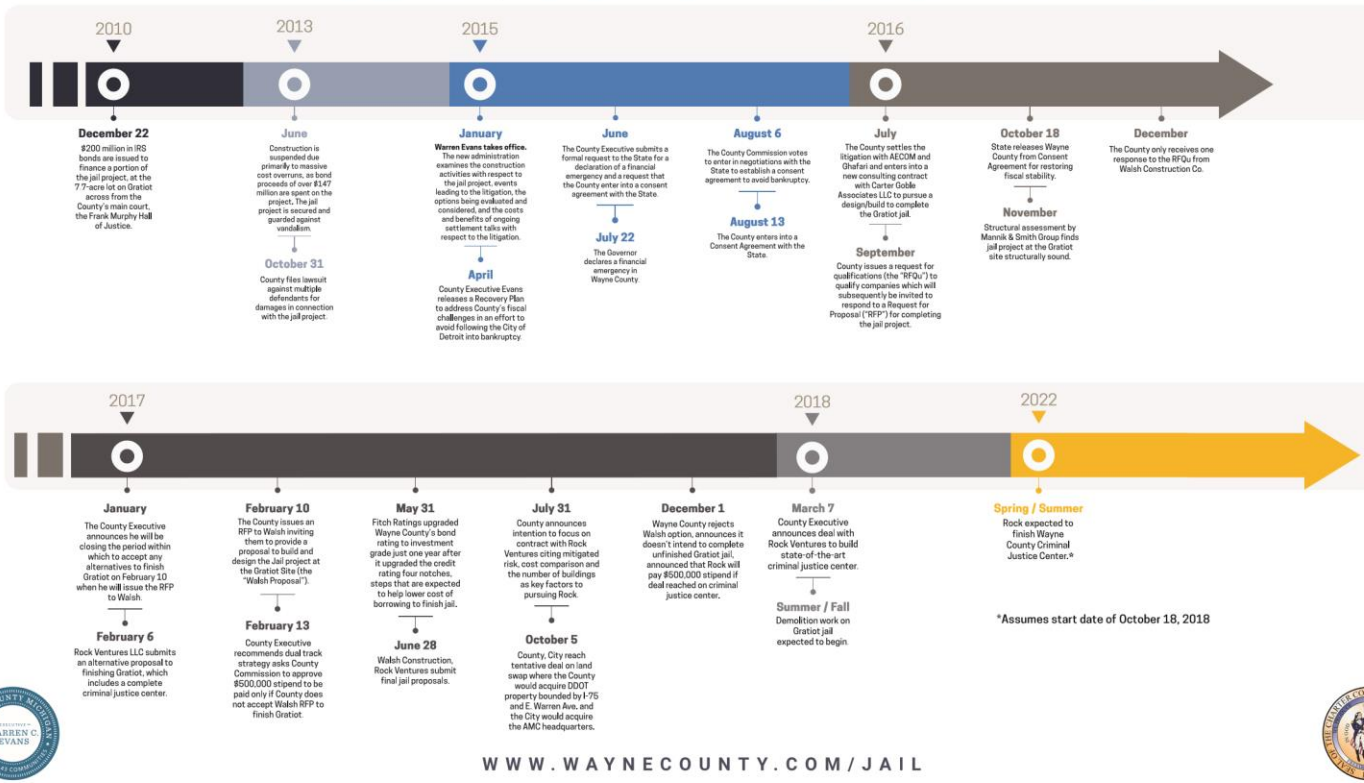
How we can help:

- Hosting events like this
- Assist in Matchmaking /JV relationships with prime contractors for future bid packages
- Work directly with the JV/MentorVentures to facilitate the creation of legal/operational agreements
- Help contractors through the contract process to minimize impediments to the success of Wayne County businesses



## JAIL PROJECT: GRATIOT TO WARREN AVE.

Key steps tracing the history of Wayne County's failed Gratiot jail project to the announcement of a deal between Wayne County and Rock Development Company LLC to build a \$533-million criminal justice center on property in the City of Detroit bounded by the I-75 Service Drive and Warren Avenue.



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