

**From:** [Gary Peterson](#)  
**To:** [Robert Rivera](#)  
**Subject:** FW: Incentives  
**Date:** Friday, April 09, 2021 11:20:34 AM

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Robert,

See email below,

**Gary Peterson**

SR. Project Manager  
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**From:** rowvanvalin@gmail.com <rowvanvalin@gmail.com>  
**Sent:** Friday, April 9, 2021 11:05 AM  
**To:** 'Gary Peterson' <gary@stroudengineering.com>  
**Cc:** mattf148@gmail.com; Kelly Fulford <keljf1@verizon.net>  
**Subject:** Incentives

Gary feel free to add to this explanation, with your thoughts.

**By definition incentive pay is a motivational tool used as an additional compensation to achieve a specific goal.**

- A As discussed we are at risk for added costs to achieve the specific intended goal. As example, we planned on installing the curb ourselves in advance of the pavement operation. Under our current effort to achieve a time savings, we will be utilizing a sub to install a trench type D Curb. This will be installed after the pavement is placed. This requires actually installing additional pavement beyond the plan limits to cover the width of the D curb and generates additional clean-up. The trench curb will be installed by a subcontractor at a higher unit price than our planned bid cost. Any risk for damage to final pavement falls on us, as well as the added subcontractors costs.
- B As discussed we will be committing more forces to this project to achieve this goal. By committing these additional forces, we are restricting our abilities to secure other work which would generate additional profits to our company. Why would make a commitment of these resources to this one project to only to achieve the original profit margin?
- C There are intangible costs. We will be paying the overtime to achieve this goal, recognizing that there will an inefficiency in the work effort. To overcome this inefficiency we anticipate we will have supplement our forces with subcontractors at a higher cost
- D The cost of the additional supervision to man this project 7 days a week for 3 to 4 months., again restricts our ability to secure additional work and places a

burden on our staff.

- E We are now operating under a different planned sequence of work, which puts the risk solely on us.
- F Also in seeking to achieve this goal we will incurred up-front costs not anticipated in the original contract (Pre-purchase of crushed concrete to insure its availability at the accelerated time of need.
- G For every day we finish early there is a cost savings to the City of New Port Richey, as they will have reduced cost associated with this project as relates Engineering Fees, Inspection Fees and Administrative Costs. In addition to the City of New Port Richey there is a financial benefit to the surrounding businesses, in so far as there will a much shorter duration where the parking for their businesses are impacted. The City and the businesses benefit financially from the accelerated contract. The only party at risk is the Contractor. We will be investing additional funds in an effort to achieve the goal, with no guarantee that we will meet our goal. Further, we will be subject to penalties for failure to meet the goal.

**Right of Way Contracting, LLC**

Robert T. Van Valin

Estimator

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