

MODULE 5: ESTIMATING AND INVOICING

Contractor Skill-Building Series – Launch Your RainWise Business

RainWise
Seattle Public Utilities
King County Wastewater Treatment Division



WELCOME



This series is designed for people who want to start their own **RainWise** business but need help getting started.



RainWise seeks to increase the numbers of installations in Seattle within combined sewer basins.



Content is adapted from the **RainWise** Academy, a 12-week course hosted by RainWise program staff and South Seattle College in 2020.



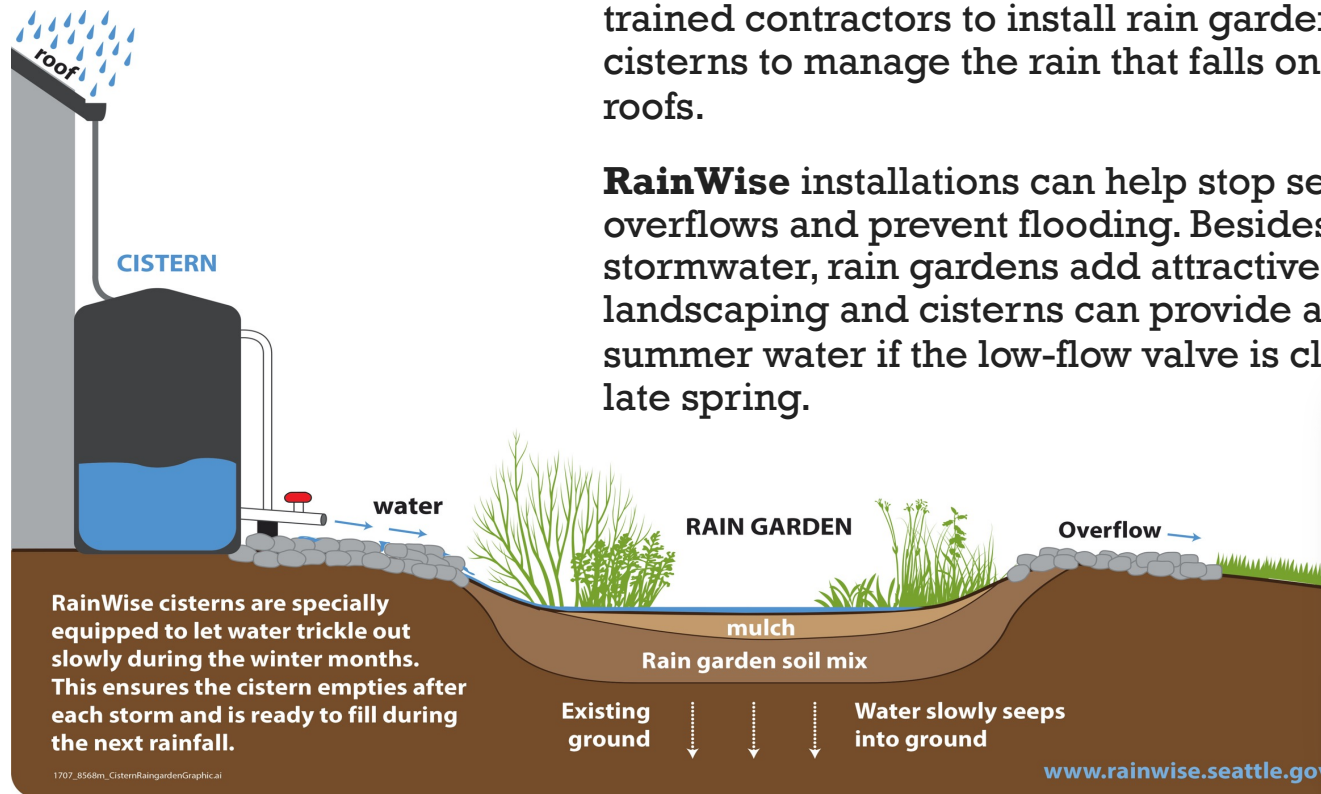
Additional resources available at 700milliongallons.org/rainwise/contractor-resources.



Contact **RainWise** with your questions at rainwise@seattle.gov



WELCOME



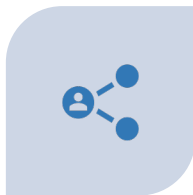
RainWise rebates provide funding for private property owners to hire **RainWise**-trained contractors to install rain gardens and/or cisterns to manage the rain that falls on their roofs.

RainWise installations can help stop sewer overflows and prevent flooding. Besides managing stormwater, rain gardens add attractive landscaping and cisterns can provide a source of summer water if the low-flow valve is closed in the late spring.



Jo Sullivan
King County WTD

RAINWISE CONTRACTOR BENEFITS



Meet potential customers at our in-person & online events



Business listing on the **RainWise** Find-a-Contractor page



Additional skill-building, networking & information-sharing opportunities



Promotion on **RainWise** social media outlets

- **Complete RainWise Contractor Orientation**
- **Be a licensed and bonded contractor in the State of Washington.**
- **Submit your Seattle business license and WA Contractor's License to rainwise@seattle.gov**
700milliongallons.org/rainwise/find-a-contractor



DISCLAIMER

RainWise Contractors are independent businesses.



Do your research and consult financial experts.



Research and understand how you will pay yourself, your reporting responsibilities, and tax liabilities.



Take time to evaluate pros and cons of becoming self-employed.



Evaluate now and decide on changes needed to reach your goals.



ESTIMATING AND INVOICING

This module will cover

- Estimating, bidding and invoicing
- Planning for purchasing materials
- Planning mark ups of materials, subcontracts, and labor
- Aligning contract with invoicing and payments
- Estimating costs of building a RainWise installation for your clients



COMMON QUESTIONS ABOUT ESTIMATING AND INVOICING

Q: Is everything your business does to keep running (overhead costs) specified on an invoice?

A: No, only direct expenses that can be billed to the client are on an invoice.

Q: What are typical line items found on a client invoice?

A: Project labor, materials, soil or debris disposal, sales tax, equipment rental, mileage related to the job

Q: What are some costs that **do not** go on an invoice?

A: Overhead expenses of doing business, also known as “overhead costs,” including administrative tasks, internet, rent, tools, etc.

This link contains information about calculating your overhead rate:

quickbooks.intuit.com/r/expenses/how-to-calculate-and-track-overhead-costs/



ESTIMATING

Pick your Vendors:

- Landscape materials
- Nurseries
- Cistern suppliers
- Plumbing supply stores
- Hardware stores

Know your vendors:

- Prices
- Reseller policy
- Hours
- Delivery costs/ policies/ minimum order
- Address (or addresses) relative to your job location(s)
- Any offer online orders?

[700milliongallons.org/wp-content/uploads/2022/04/RainWise Plumbing-Supply-Vendors.pdf](https://700milliongallons.org/wp-content/uploads/2022/04/RainWise_Plumbing-Supply-Vendors.pdf)



ESTIMATING: MATERIAL COSTS

Landscaping Yards:

- Investigate local landscaping yards. Each company has standard and slightly different product offerings.
- RainWise projects generally need:
 - Gravel
 - Drain rock
 - Shredded mulch (animal-friendly hog fuel) or other approved mulch (cedar-based products are not acceptable)
 - Bioretention Mix (required by RainWise)
 - You can purchase in bulk from retailers or directly from Pacific Topsoil and Cedar Grove Landscape Yards.
- Know the environmental compliance fee & delivery fees



ESTIMATING: MATERIAL COSTS

Estimating quantities:

- Make sure you feel confident calculating cubic feet or cubic yards before placing your order.
- **1 cubic yard of material = 27 cubic feet**
- Measure Length x Width x Depth in feet then divide by 27 to get cubic yards
- dirtexchange.us/blogs/dirt-exchange/yardage-measurements-and-automobiles

**Pro Tip: One cubic yard of bulk material
can be moved from truck to site by one
regular person in one regular hour**



ESTIMATING: PLANTS

Pick your Vendors for:

- Wholesale vs Retail
- Wholesale allows for discount with a WA State Resellers Permit while retail pricing is the same for all clients
- Specialty Nurseries: Native plants, Edible Nurseries, Rain Garden nurseries
- Not all plant shops have same quality, so get to know the staff at nurseries so they can help you!



ESTIMATING: CISTERNS

Learn about local Cistern Vendors:

- Offer multiple cistern vendors or stick to one vendor.
- Premier Plastics are available through Jim Bristow, Keller Supply and HD Fowler
- NorWesco is shipped to the client's home
- Bushman and Cypress Designs available through Seattle Conservation Corps:
seattle.gov/parks/about-us/do-business-with-us/supplies-for-sale
- Rotoplast no local stocked source, available by special order
- Stay connected with RainWise staff about new cistern vendors

Pro Tip: remember to include sales tax, shipping and delivery of tanks to your work site on your invoice, and how many people you need to move a tank



ESTIMATING: CISTERNS

Other Cistern Considerations:

- Remember to include sales tax, shipping and delivery costs on client invoices
- Keep an eye out for bulk rates or partner with other RainWise contractors for bulk rates on a truckload of cisterns.
- **Seattle Conservation Corps** carries multiple cistern options:
seattle.gov/parks/about-us/do-business-with-us/supplies-for-sale



ESTIMATING: PLUMBING

Pick your Vendors for Plumbing:

- Wholesale vs Retail: Some shops are contractor only (Keller, Fergusson)
- Know stores' inventory. Different stores or store locations may not stock everything you need
- Buy in bulk to save trips
- Create systems for tracking your cost per product
- Streamline your preferred cistern design and stock fittings to match



700milliongallons.org/wp-content/uploads/2022/04/RainWise-Plumbing-Supply-Vendors.pdf



ESTIMATING: BID VS. ESTIMATE

A Bid:

- A commitment to completing a job for a set amount of money
- The invoice cannot deviate from the bid
- Bids need a change order for any adjustments

An Estimate:

- Anticipated cost of time and materials
- Invoices for actual costs can be plus or minus original estimate
- Estimate typically includes a “do not exceed” amount

MORE ABOUT AN ESTIMATES

Further things to think about:

- What is your billable rate? How much do you charge for your staff?
- Do you offer different rates for different tasks (excavation vs site design?)
- Do you give a discount based on income of customer? Based on relationship (friend and family deals)?
- Keep your rates consistent and share your real rates and costs of doing business, but then offer friend/family/client discounts as a percentage off the total, that way customers know how much you really charge and feel good that you are giving them a discount
- Adding Admin time: How do you capture the additional time needed for RainWise inspections, rebate paperwork, etc.?
- Consider a flat rate for RainWise coordination and project management




ADDITIONAL SERVICES

Additional services to consider offering:

- First Round of Maintenance
- Ongoing Maintenance
- Garden Coaching
- Cistern Winterization
- Fall or spring cleanup
- Landscaping in addition to RainWise projects



Invoicing:

- |  | | BILLING
INVOICE | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|---|-------------|---|--------|-------------|--------|--------------|----------|-------------|--------|----------------------------------|-------------|-------|--------|----------|---|--------|--------|--|--|--|------|--|--|--|------|--|--|--|------|--|--|--|------|--|--|--|------|--|--|--|------|--|--|--|------|--|--|--|------|--|--|--|------|--|--|--|------|--|--|--|------|--|--|--|------|--|--|--|------|--|--|--|------|--|--|--|------|--|--|--|------|--|--|--|------|--|--|--|------|--|--|--|------|---|--|-----------------|--|--------|-------------------|--|-------|--------------|--|------------------|
| Company Name
123 Main Street
Hamilton, OH 44416
(321) 456-7890
Email Address | | <table border="1"> <tr> <th>INVOICE NO.</th> <th>DATE</th> </tr> <tr> <td>100001</td> <td>02/15/16</td> </tr> <tr> <th>CUSTOMER ID</th> <th>TERMS</th> </tr> <tr> <td>A246</td> <td>Net 30 Days</td> </tr> </table> | | INVOICE NO. | DATE | 100001 | 02/15/16 | CUSTOMER ID | TERMS | A246 | Net 30 Days | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| INVOICE NO. | DATE | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 100001 | 02/15/16 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| CUSTOMER ID | TERMS | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| A246 | Net 30 Days | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| BILL TO:
ATTN: Name / Dept
Company Name
123 Main Street
Hamilton, OH 44416
(321) 456-7890
Email Address | | SHIP TO:
ATTN: Name / Dept
Company Name
123 Main Street
Hamilton, OH 44416
(321) 456-7890 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| <table border="1"> <thead> <tr> <th>DESCRIPTION</th> <th>QTY</th> <th>UNIT PRICE</th> <th>AMOUNT</th> </tr> </thead> <tbody> <tr> <td>Consultation</td> <td>1</td> <td>150.00</td> <td>150.00</td> </tr> <tr> <td>Design - 7 hours @ \$80 per hour</td> <td>7</td> <td>80.00</td> <td>560.00</td> </tr> <tr> <td>Discount</td> <td>1</td> <td>-30.00</td> <td>-30.00</td> </tr> <tr><td></td><td></td><td></td><td>0.00</td></tr> <tr><td></td><td></td><td></td><td>0.00</td></tr> <tr><td></td><td></td><td></td><td>0.00</td></tr> <tr><td></td><td></td><td></td><td>0.00</td></tr> <tr><td></td><td></td><td></td><td>0.00</td></tr> <tr><td></td><td></td><td></td><td>0.00</td></tr> <tr><td></td><td></td><td></td><td>0.00</td></tr> <tr><td></td><td></td><td></td><td>0.00</td></tr> <tr><td></td><td></td><td></td><td>0.00</td></tr> <tr><td></td><td></td><td></td><td>0.00</td></tr> <tr><td></td><td></td><td></td><td>0.00</td></tr> <tr><td></td><td></td><td></td><td>0.00</td></tr> <tr><td></td><td></td><td></td><td>0.00</td></tr> <tr><td></td><td></td><td></td><td>0.00</td></tr> <tr><td></td><td></td><td></td><td>0.00</td></tr> <tr><td></td><td></td><td></td><td>0.00</td></tr> <tr><td></td><td></td><td></td><td>0.00</td></tr> <tr><td></td><td></td><td></td><td>0.00</td></tr> <tr><td></td><td></td><td></td><td>0.00</td></tr> </tbody> </table> | | DESCRIPTION | QTY | UNIT PRICE | AMOUNT | Consultation | 1 | 150.00 | 150.00 | Design - 7 hours @ \$80 per hour | 7 | 80.00 | 560.00 | Discount | 1 | -30.00 | -30.00 | | | | 0.00 | | | | 0.00 | | | | 0.00 | | | | 0.00 | | | | 0.00 | | | | 0.00 | | | | 0.00 | | | | 0.00 | | | | 0.00 | | | | 0.00 | | | | 0.00 | | | | 0.00 | | | | 0.00 | | | | 0.00 | | | | 0.00 | | | | 0.00 | | | | 0.00 | | | | 0.00 | | | | 0.00 | <table border="1"> <tr> <td colspan="2">SUBTOTAL</td> <td>680.00</td> </tr> <tr> <td colspan="2">TAX (3.8%)</td> <td>25.84</td> </tr> <tr> <td colspan="2">TOTAL</td> <td>\$ 705.84</td> </tr> </table> | | SUBTOTAL | | 680.00 | TAX (3.8%) | | 25.84 | TOTAL | | \$ 705.84 |
| DESCRIPTION | QTY | UNIT PRICE | AMOUNT | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Consultation | 1 | 150.00 | 150.00 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Design - 7 hours @ \$80 per hour | 7 | 80.00 | 560.00 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Discount | 1 | -30.00 | -30.00 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | | 0.00 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | | 0.00 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | | 0.00 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | | 0.00 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | | 0.00 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | | 0.00 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | | 0.00 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | | 0.00 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | | 0.00 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | | 0.00 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | | 0.00 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | | 0.00 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | | 0.00 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | | 0.00 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | | 0.00 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | | 0.00 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | | 0.00 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | | 0.00 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | | 0.00 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| SUBTOTAL | | 680.00 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| TAX (3.8%) | | 25.84 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| TOTAL | | \$ 705.84 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| THANK YOU | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

INVOICING: WAYS TO INCREASE PROFITABILITY

Invoicing:

- Multiple Project Efficiencies: Try and get more than one project going along one block or neighborhood
- Vendor Payment Option (VPO)
- It may be more efficient to do the VPO than waiting for the customer to receive the RW rebate and then pay your invoice
- Ask for a % down payment when you start working
- Opportunity Cost (time **is** money)



RAINWISE FINANCIAL TOOLS

Vendor Payment Option (VPO)

Some homeowners cannot pay the upfront costs of installation, even if they will be reimbursed.

Solution: The Vendor Payment Option (VPO) shifts the payment and rebate to the contractor.

Small Business Loans

Contractors who take on VPOs do not have the funds to start new projects until the rebate is issued

Solution: Small Business Loans through your bank, or with Craft3, provides loans for contractors for a small fee. Contact Craft3 directly: craft3.org

Check out the financial resources available:

700milliongallons.org/rainwise/contractor-resources

INVOICING: MARKUP

Invoicing:

- Markup is added to materials and subcontracted labor, a way to cover the costs of doing business (overhead) for managing the project, and your business' profitability
- How do you charge markup?
- It is common in the industry to charge a 10-50% markup for subcontractors and materials.
- You can automate your bookkeeping software or invoice spreadsheets to apply a markup percentage to materials and subcontracted labor



INVOICING: GETTING PAID

Things to think about to make sure you get paid:

- How and when do you collect your money?
- What do you accept: credit card, money order, Venmo, cash, or checks?
- **Make sure payments are made to your business and not you personally**
- What are the terms for receiving payment (Due on receipt? 30 days? 45 days?)
- Do you invoice in stages?
- Make sure your contract specifies these details
- If your client doesn't pay, will you use a collection agency?

Pro Tip: Don't purchase materials or start work until you have a signed agreement



HOMework & RESOURCES

To access your homework and resources, go to:

700milliongallons.org/rainwise/contractor-resources/contractor-skill-building

- This is the RainWise Skill-Building landing page, which is a subpage on the RainWise **Contractor Resources** webpage.
- Homework includes reviewing the RainWise invoice process for purchasing cisterns through the Seattle Conservation Corps, learning how to calculate your overhead costs. Resources including invoice templates, plumbing vendors in Seattle, and where to find small business loans.
- Additional questions? Email rainwise@seattle.gov and put “New Contractor Question” in the subject line.



ESTIMATING AND INVOICING

Contractor Skill-Building Series – Launch Your RainWise Business

rainwise@seattle.gov

Questions?