



**Monthly News Letter – June 2011
Contracts – Hourly Rates (#4 of a four-part series)**

This contract is very simple and straight forward for small projects with limited scope, repairs, or even large projects. It allows for the work to proceed as soon as it can be scheduled. However, this agreement does give the contractor a lot of latitude and the owner must trust the contractor and have a lot of knowledge or confidence in his ability. Hopefully the owner could routinely check the job progress.

Typically, the contractor would charge an hourly rate per employee related to his title, position, or skill, such as a laborer, carpenter, carpenter's helper, lead carpenter, etc. These rates include the employee's wages, benefits, insurances, all overhead and profit. The rates could range from \$25.00 to \$75.00 per hour per man. Usually, there would not be any additional fees unless it was for travel or mileage to cover fuel. Depending on the travel distance, the contractor may charge the job and pay the employees for travel time one or both ways. All other cost would be charged at the contractor's cost.

These rates may seem high but they cover all the contractors expenses plus the profit he would make under another type of contract. Montana has prevailing wages for some construction projects and these rates seem high, which could average around \$35.00/ hour for a carpenter.

This arrangement works well with a lot of projects and is the method a lot of small companies operate.

If you have a construction related question, send me an email david@davidsimpsonconstruction.com and I will do my best to answer it.

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