Adventures in McCloudland

By Marilyn J. Ogden

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"Your builder will need to be bonded," the caller advised me. "It's a common practice for a project this large, and SBA requires it," he continued.

I had no idea of the enormity of this demand from Truckee River Bank for several days. It almost killed the project and truly tested our mettle and commitment to Ray Pelletier. But at the time, I thought it was just one more hoop to jump through and responded, "Okay. We'll take care of it."

Lee sounded concerned, however, when I called and told him about this latest demand. He called Ray who suggested we contact his insurance agent who could give us a quote. Not a big deal. The next day we drove to Mt. Shasta and met with his agent. We told him the scope of the project was now at about $1 million and that we needed a quote to have Ray bonded. "Sure. I'll get back to you tomorrow"

But he didn't call us back. We finally called him several days later. "I'm sorry I didn't get back to you, but this is a big job …. I've never written one this big and it's ….ah ….going ….to run about 10% of the project, or over $100,000 for the bond." He wasn't finished with the bad news yet, and continued, "And that's if we can find someone to bond him. Companies don't like to write projects of this size for a small firm."

It was out of the question. How could we possibly spend that kind of money?

The next day I called Truckee. "Isn't there some alternative to this bond?" I asked, "We've just been advised it's going to cost about $100,000."

The answer was short and to the point. "No." He said it was an SBA requirement.

I contacted our insurance agent in the bay area and got the same response. "It'll cost 10% and I'm not even sure I can place it," he said.

If it wasn't the bank's decision, we'd try to convince SBA directly to change their mind. . We had total confidence in Ray and we were willing to fight for him. Besides, $100,000 was a monstrous amount of money just because they lacked confidence. Getting answers from a large government agency is never easy, but we'd just take one step at a time. It turned into a long distance walk with lots of twists and turns. The SBA officer in San Francisco told us it was Sacramento SBA's jurisdiction. A Sacramento officer gave us back to San Francisco, or,"Perhaps," he said, "you should try the national office."

A week later, we received an official SBA response. "We do not require that your contractor be bonded."

To my next question he replied, "Sure. I'll send you a letter to that effect."

We celebrated our perseverance and then called Truckee River to share the good news.

Not so fast. Truckee admitted that even if SBA didn't require the bond ….the bank would. It had never been required by SBA and the bank knew it ….and now we knew it. He continued on about something to do with his "confidence level." All I heard was the door slamming shut again.

It was becoming clear to us that Truckee wanted out of the project. At this point I wanted to yell at them to forget the whole damn thing. I wanted to tell them they had no vision and had negotiated in bad faith then slam down the phone. But they were the only game in town … I had to continue to listen and respond.

He said if we had a larger contracting firm which had previously been bonded for this size project, that they may waive the need for a bond. "You should find a bigger firm perhaps out of Redding to do this job."

"But if we get a different contractor we'll need a new bid. And it will probably be a lot more money if he is not local." As I was saying it, I knew my voice was getting higher ….my stomach was tightening. As I spoke I was reviewing the bid process and what that would entail. It would add months to the project. It would also add big bucks, probably even 10% or $100,000; the price tag for the bond, or more. This was a no win situation. We were going to be stuck either way. And that would be only if we could find someone to bond Ray.

Unless we could convince them that Ray could do the job. It was our best and only hope. There wasn't any room in our loan to cover $100,000. We'd have to change their mind about the bond.

Lee and Ray made plans to meet with the bank in Truckee the following Monday at 10:a.m. and plead their case. Lee drove up Friday evening arriving at midnight and tried to get some sleep. Lee and Ray talked several times during the weekend and planned their strategy. Sunday night the temperature dropped to 10 degrees. There was snow on the ground and the roads turned to ice. Ray and his wife, Liz, arrived in his truck before 6 a.m. and they headed out in his truck with Lee in our van as he'd need to leave Truckee and head back to work in San Francisco immediately following the meeting. The morning was bitter cold. I worried about them heading out 89 through the passes that were usually icy.

Mostly I was terrified that Truckee wouldn't change their mind and we'd be dead yet again.

It was a long, worrisome day. I huddled up in my space and ate and waited.

Lee called and sounded tired. I wanted every detail. "What'd they say, or ask?" "Tell me everything."

"We won't know for a while. They listened to us and took lots of notes. But said they'd get back in touch with me."

I tried to find comfort in the fact that they didn't say no ….And were, at least, thinking about it. I was hopeful. I shouldn't have been.

We called them on the following Wednesday when we couldn't stand the suspense any longer, and the answer was a flat, "No. You either get him bonded or find a new contractor."

Disappointment led way to serious discussions about our general contractor. Starting over and getting new bids and interviewing contractors felt like a big step backwards with no guarantee that we could find someone as conscientious and as easy to trust as Ray. No telling, either, about the final bid. It could very well be over our current bid by more than the $100,000 estimate for the bond. It would give Truckee River the perfect reason to pull out entirely.

Ray had stuck with us. We decided to stick with Ray. He, Ron and Lee worked well together. We had confidence in the team as it was. We'd simply have to foot the bill for a bond.

I called Ray's agent in Mt. Shasta and told him to go ahead with the bond. It was going to be a very expensive show of support for Ray, but the decision had been made and we were going to move forward. We'd have to reduce the project by $100,000 somehow.

Days went by without a word about the bond. I called the next week and was told that he could not find a carrier. He said he'd even called Lloyd's of London. "They'll usually insure anything," he said, "but not this time." "You'll need to find something from someone else."

I tried not to panic, then called our agent in the bay area. I told him what we needed and he said he'd get back to us. He did, but said he couldn't place the policy either. Because Ray had never been bonded for a project of this size, no one was willing to write it.

I was beginning to show the stress. I wondered if this one issue after so many others was going to be our undoing. We couldn't get Ray bonded, we knew that a new contractor and bid process would kill the project, and the bank would not reconsider.

During it all, folks would come by and wish us well. They were so glad we were actually doing this building. "It's been so ugly for so long," they'd often say. "We thought it was never going to happen." Well, I was beginning to think it was never going to happen as well. But I'd smile and try to appear positive about the progress. Weeks were drifting by again and we seemed totally stuck.

Lee called one afternoon from work and said he'd had a conversation with another construction manager in the city regarding our ongoing project. He asked the manager if he had ever worked with any contractor who had trouble getting bonded. The manager said, "Sure, the SBA has a program for difficult to bond contractors. It is usually thought of as bonding for minority or women owned firms, but they could be a big help for you."

SBA. The very organization with whom we had all those conversations about bonding had their own bonding program. I couldn't believe the irony of it. We called the number given to us by the manager Lee had talked with. Yes they would send an application.

We filled out a myriad of papers …. again …. and submitted the package.

After a week of worry and concern we received a phone call that the bond had been approved. We let out a collective sigh of relief. Never mind that we would have to spend in excess of $100,000. It's very strange how the dollar amount had ceased to be the issue. We were just so damned glad to have it happen.

But, the true victory dance was about to take place. Lee was in the room when I called Truckee River Bank and told them we had a bonded contractor and were ready to proceed.

"Oh," he said, "Did you find a new contractor in Redding?"

"No," I said slowly trying to relish every second of our victory. "We are still working with Ray Pelletier."

“And you found a bonding agency?” he asked. “Who are they?”

I tried real hard not to let the smirk tell in my voice as I responded, “Oh, SBA has a bonding program. They’ll issue the policy. That will be all right won’t it?”