Spatially Enabling the Enterprise—
An Invitation to URISA’s 2008 Annual Conference & Exposition in New Orleans

By David Dubauskas, Alberta Regional Capital Alliance, 2008 URISA Annual Conference Chair

Why do I want to attend this conference?
Why should you?

The GIS industry is evolving and we are now starting to see niche markets. We see conferences devoted to a variety of specialties such as health, utilities, property assessment, and emergency management, in addition to the important vendor-specific conferences. Most of these conferences follow a similar format and provide “standard content” – an overall theme, opening/closing sessions, awards & recognition, papers (presentations), vendors, networking, and social events.

When I only have so much money in my budget for a conference (or professional development as my employer likes to refer to it) how do I decide where to allocate those precious resources of time and money? I look to the URISA Annual Conference & Exposition of course! There is something about URISA that sets this conference apart from others, and that is the reason why you will want to spend your professional development dollars here. I’ll tell you why in a minute. But first I’d like to allocate some time to describe some of the “standard content” that you can experience in New Orleans.

This year’s Conference Committee is passionate, diverse and strong. They spent considerable time organizing, debating and identifying great content, that consistently meets our professional standards. While not wishing to settle for the usual “standard content”, the conference program that this committee has put together is of the highest quality.

The theme of course does help set the conference’s focus. This year’s Conference Committee believes that it was important to stress how GIS is integrating with major IT systems, so our theme is Spatially Enabling the Enterprise. We have brought together a wide variety of applications that highlight how GIS supports critical business applications, from almost every conceivable discipline and profession.

After a full day of educational workshops, the Annual Conference & Exposition will begin with an informative Opening Session and Keynote Speaker. We are proud to present David Gisclair of the Louisiana Oil Spill Coordinator’s Office as our Keynote speaker to kick things off. This is followed by two and half days of quality presentations by our industry leaders, presenting what is going on in the GIS world today. The Exposition will allow vendors to show you their latest developments, while providing a venue to meet new people and catch up with old friends and colleagues. This year we have redesigned the Awards and Recognition Ceremony into a format that allows both audience and recipients a more comfortable atmosphere and pace by way of an Awards Breakfast.

The Conference Social Event is a short walk from the Sheraton Hotel at Pat O’s on the River, in the Jax Millhouse, with live entertainment. I encourage you to browse through the online preliminary Conference Program (www.urisa.org) for more details.

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Important URISA Dates to Remember

**August 25-29, 2008**
URISA's 4th Caribbean GIS Conference
Grand Cayman

**September 19, 2008**
Last day to submit an abstract for the 2009 GIS/CAMA Technologies Conference

**October 7-10, 2008**
URISA's 46th Annual Conference
New Orleans

**October 31, 2008**
Last day to submit an abstract for the 2009 URISA GIS in Public Health Conference

**February 8-11, 2009**
13th Annual GIS/CAMA Technologies Conference
Charleston, SC

**March, 2009**
URISA/NENA Addressing Conference
Providence, RI

**June 5-8, 2009**
URISA's GIS in Public Health Conference
Providence, RI

**September 29-October 2, 2009**
URISA's 47th Annual Conference
Anaheim, CA

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**About URISA**

The Urban and Regional Information Systems Association (URISA) is the premier professional association for those involved in improving our urban and regional environments through the effective use of information technology. Professionals in planning, economic development, information systems, emergency services, natural resources, public works, transportation, and other departments within state and local government have depended on URISA for professional development and educational needs since 1963. Through its international, national and local chapter operations, URISA serves nearly 8,000 professionals.

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**Member Motivations**

- Welcome New URISA Members
- Member Motivations
- Building a GIS Consulting Business

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So why should you attend this conference?
Here are four solid reasons:

- To quote Hilary Perkins our President-Elect: “It’s the only [venue] that serves your educational needs as a user and manager of spatial data across the board – from detailed, non-vendor specific technical information, to management applications and big-picture GIS issues.” URISA Workshops are a great example of this. They are high-quality tested content.
- We cannot stress enough the networking value of the URISA Annual Conference. It’s designed with many opportunities to meet other professionals. As stated by Kim H. McDonough: “The perfect example of the strength of URISA was at the Conference Social Event. I passed a table where four people were engaged in close conversation. One was from New York City, another from Rutherford County, Tennessee and two from Boise Idaho! What a great experience! That is the foremost reason I attend URISA.”
- The Panels. The Conference integrates Special Panels throughout the conference. These Panels have carefully selected leaders and professionals that share their real-world experience with spatially enabling the enterprise. To hear the industry’s foremost experts discuss and explore a current issue that directly affects you is exciting, surprising, satisfying, and sometimes amusing.
- This last great reason for attending this conference is one that I’m personally signing up for. We’re organizing a post-conference charity event to help in efforts to “Rebuild New Orleans,” cleaning up a neighborhood affected by Hurricane Katrina. What a great way to give something back to New Orleans!

Thank you for your time, and I look forward to meeting you at the conference. Please do not hesitate to introduce yourself! I’ll be the guy at the Welcome & Keynote giving you the “standard” Welcoming Address.

All of the conference details are online at www.urisa.org including specific workshop, presenter and session information. For your convenience, we’ve included a registration form as an insert in this issue of URISA NEWS. You may also register online. See you in New Orleans!

URISA-Ontario GIS Leadership Award
.. as presented by Catherine Baldelli, (Town of Milton) and current President of URISA-Ontario Chapter at the May 6, 2008 annual general meeting, be spatial program and expo event with over 250 attendees representing the municipal, provincial, federal and private geospatial communities.

One of the highlights of the 21st annual meeting of the Urban and Regional Information Systems Association - Ontario (URISA-OC) was the GIS Leadership award.

The purpose of this award is to recognize an individual or organization that has made a significant contribution to GIS (geospatial information systems). Sandra Crutcher, the person behind URISA-OC, was the well deserving recipient of this award. Sandra’s contribution to URISA-OC over the past 20 years made her an obvious choice for this award. URISA-OC is a very important GIS organization in Ontario, as it allows the geospatial community to get together, network and learn about GIS both at a technology and application level. Sandra was instrumental in the creation of the Ontario Chapter of URISA, and is still actively involved in keeping this organization’s heart beating.

URISA-OC was started in 1987 as a group of 50 people, today the numbers have soared to almost 500 members. Sandra has been part of the URISA-OC board since 1989, and has held several Board positions including Treasurer and President. Her leadership to the URISA organization at the international level was recognized in 1995, with the URISA International Leadership award. She chaired an international conference held at the Metro Toronto Convention Centre in 1997 with over 2,000 in attendance. In 1998, she was appointed as URISA-Ontario’s Executive Director (volunteer) and has continued in that role for the last 10 years. As Executive Director, Sandra literally spends hours in the evening and on the weekends keeping this organization ticking, mentoring new board and committee members and providing exceptional client service. Keep in mind, Sandra has a very busy full time management role at the City of Toronto, and the additional work done for URISA-OC is after hours and on weekends. The URISA-OC Board wants to thank Sandra for her dedication to this organization, and the commitment shown to the GIS industry in Ontario.
Extend your GIS Across the Enterprise.

Share the value of your work throughout your organization with Server GIS.

As a geographic information system (GIS) professional, you receive countless requests for maps and spatial information. Answering special requests, while important, takes time and reduces your productivity.

Imagine being able to push your maps, models, and tools out to the rest of the organization via focused, easy-to-use applications. Staff in other departments and out in the field could query accurate, up-to-date data without a lot of training. This increases their productivity as well as yours.

By making your maps, data, and analyses readily available, you can help others reap the benefits of the GIS work that you do. You already know that spatial analysis and visualization are important parts of daily decision making. Use Server GIS from ESRI to help others benefit from your work.

“The server-based options provided by ESRI allow the City of Mesa to deliver more enterprise GIS applications throughout our organization without high installation and training costs.”

Jason Bell
IT Services Leader,
City of Mesa, Arizona

To learn how organizations are using ESRI server GIS to improve productivity, visit www.esri.com/server.

In the United States: 1-866-447-3036
Outside the United States: +1-909-793-2853, extension 1-1235
On the Web: www.esri.com/international
Member Motivations—URISA provides the compass.

Winchester Jordan, GIS Coordinator, Lafayette Parish Assessor’s Office, Lafayette, LA

When it comes down to it, being a member of URISA and attending any of the conferences costs money and time away from your GIS project. So why should you join URISA? Why attend a conference? Why spend the money to listen to other people talk? For ideas. Real working ideas. Having the need to find a better way to arrive at a solution.

URISA provides an environment to interact with others in your discipline and to discuss your needs with those who are conceptualizing/testing/implementing a solution for similar predicaments. The ideas that you hear may not be new and groundbreaking unto themselves, but new and groundbreaking to you.

Working on and with GIS, my ideas come from listening to what other people had to say about their solutions, what real world issues they had, what conceptual concerns they addressed, what problems they were able to solve. These circumstances were never in my own field of property assessment, but the elucidations received always changed the direction of my thinking. When you are faced with a conceptual brick wall, a change in direction can reaffirm the path to your goal. URISA provides the compass.

GIS schemas and working plans are rarely born directly from chaos. These concepts are born from a specific need within an industry and based on previous ideas; ideas borrowed from processes that may have nothing to do with the new procedure.

Joining an organization where these ideas are presented, when you can question the presenter about their idea, has guided many GIS professionals to solutions; solutions that saved them time and money by providing a clearer path to their goal. Is that not worth more than the money saved by not attending? From this premise the question that then needs to be asked, ‘Can you afford to not be a member?’
Building a GIS Consulting Business
By James F. Dillon, Sr. Developer & Vice President, Dillon, LLC.

Introduction
The idea to start my own GIS business had been growing in my head for a couple of years. Several friends of mine own their own businesses and I have been envious of the freedom they derive from being their own bosses. What sealed the deal was a resume sent to me by a consulting firm working on one of my projects. The resume was for an employee that the company wanted to add to the project. The resume contained education and experience that was incredibly similar to my own. Consider that I have a Masters degree, will soon be a certified GIS Professional, and will have over 7 years of continuous GIS experience across several domains including environmental engineering, wastewater management and agriculture. I also have several years of experience relating to application development and project management. My eyes opened wide when I got to the end and read that the company wanted to charge $120 per hour for this person’s services. After some quick calculations I realized that this person would bill over $220,000 working full time for one year. Let’s say that I get paid well, but not that well.

The most successful people I know don’t work for anybody, except themselves. The owners of the first company I worked for banded together and bought out the old guard. They reformed the company under their own ideals, eventually turning it into a multi-million-dollar consulting powerhouse. Two friends of mine are brothers who started their own Web design company. One brother has branched off to run his wife’s successful psychologist’s office. The other brother charges over $100/hour for his development skills, and he recently refused an offer to become a partner at a software development company. He explained to me that being his own boss is priceless. Of course, there are the others who have taken this path only to have been met by defeat. A relative of mine started an online retail business last year, which failed for several reasons. I have also been in contact recently with another GIS professional who has had limited success with his own GIS consulting company. Although success is not easy to come by, I truly believe that failure can be avoided with hard work and perseverance.

Getting Started
The first step in building a business is to investigate the various types of business entities available to entrepreneurs. The primary resource for this research was a book published by Nolo titled “Form Your Own Limited Liability Company”, which was written by Attorney Anthony Mancuso. This book is well-organized and provides step-by-step instruction. It is recommended to anyone thinking of pursuing a similar goal.

LLC vs. X, Y, Z
Choosing the type of business entity that best fits your needs does require some research. There are several options available for the would-be small-business owner. Taxes are usually the first concern that comes to mind for most people. While we all want to make a fair contribution to the government, nobody wants to feel that he or she is paying an unnecessary premium. Another important factor is liability. Some of these entities can put your personal assets at risk, so one must be careful when evaluating the options. The well-known saying that an ounce of prevention is worth a pound of cure certainly applies here. Even one who is averse to legal documentation could not deny that filling out some paperwork today is better than losing your home tomorrow. The Limited Liability Company (LLC) is a popular small-business entity because it is relatively easy to form, offers personal liability protection for owners, and allows business profits and losses to be passed through to the owners at their individual taxation rate. To gain a better understanding of the benefits of an LLC let us first walk through the other types of business entities.

Sole Proprietorship
The sole proprietorship is the simplest business entity for a single owner. Being a sole proprietor is the same as being the owner of a one-person business. This type of entity is limited to a single person, so the business would have to become a different type of entity if it happens to grow beyond a single owner.

The sole proprietor is personally liable for all business debts. This can therefore be dangerous if your business may incur large debts or exposure to lawsuits. If the business fails to repay a loan, or ends up in court, the owner’s personal assets will be placed in jeopardy.

A sole proprietor uses the IRS Schedule C, Profit and Loss from Business (Sole Proprietorship), part of the Form 1040 individual federal tax return form, to report business profits or losses. This is similar to a Limited Liability Company in that the business profits are “passed-through” to the owner, and are taxed at the owner’s individual tax rate. The difference is that an LLC is treated as a partnership and must prepare an informational tax return, leading to a slightly increased amount of paperwork at tax time.

General Partnership
The general partnership is the simplest business entity for two or more owners. Two people who have agreed to share profits from a business with nothing more formal than a handshake have
entered into a general partnership. For obvious reasons, it would be advisable to create a written partnership agreement so that all parties are clear about the details, instead of relying on a handshake. You must file specific documents in order to elevate the general partnership to another business form such as a corporation or LLC.

Each owner of the general partnership is personally liable for any debts or claims against the business. A creditor could potentially target any one member of the partnership for repayment of a debt, regardless of that member’s relative ownership in the business. Furthermore, each owner is considered an agent of the business. This means that any one partner can enter the company into legally binding agreements, such as debts or contracts. In my opinion, this is the most dangerous form of business entity imaginable.

The tax situation for a general partnership is very similar to an LLC. The profits and losses of the business pass through to the members, who are taxed individually. The business entity itself is not taxed but must prepare an informational tax return and must also prepare an IRS Schedule K-1 (1065), Partner’s Share of Income, Credits, Deductions, for each member.

Limited Partnership
The limited partnership is similar to the general partnership, except that members are defined as either limited partners or general partners. Limited partners do not participate in the business’ daily operations and are therefore shielded from any personal liability. Limited partners typically contribute capital to the business and receive a return based on their investments. General partners are those members who are agents of the business and run the daily operations. These general partners are personally liable for debts and claims against the business. For tax purposes, a limited partnership is treated in the same manner as a general partnership.

C Corporation
The C corporation is the primary type of corporation. It has the C prefix to distinguish it apart from the S corporation, which is regulated under subchapter S of the Internal Revenue Code. Formal articles of organization must be filed with a state agency in order to create a C corporation, along with filing fees and taxes.

The organization and maintenance of a C corporation is more complex than other business entities. This type of entity brings shareholders into the picture. Corporations are owned by shareholders and managed by a board of directors. The number of directors may be dictated by state law, usually in relation to the number of shareholders. Shareholders are shielded from liability. Generally, the corporate officers elected to manage the daily tasks of the corporation, acting within an official capacity, are shielded from personal liability. There are some important exceptions to this rule of thumb, particularly in cases of patent and copyright infringement.

The complexities of corporations result in extra effort to maintain good standing. There are legal formalities that must be attended to, and the taxation process is more intensive. Minutes must be kept of meetings and important decisions to ensure that the organization is operating according to the agreements it has filed with the state, and owners must be meticulous about the documentation of all financial happenings. This extra paperwork does have some tax benefits. For example, owner-employees can deduct the fringe benefits paid to them. While shareholders must pay taxes on any dividends received, on top of the taxes the corporate entity pays itself, this loophole can be used to offset the double taxation scheme for corporate owner-employees.

S Corporation
As mentioned previously, the S corporation is a specialized form of the corporation type of entity. The S corporation is similar to a C corporation in organization but it has some of the benefits associated with an LLC. In order to achieve these benefits the S corporation must adhere to several requirements:

- No more than 100 shareholders
- Individual shareholders must be US citizens or US residents
- Shareholders must be individuals (certain types of trusts or estates also qualify)
- The corporation may only have one class of stock
- If S corporation status is lost, the organization must wait 5 years to reapply
- Profits and losses must be allocated to shareholders in proportion to the percentage of shares owned
- Shareholders cannot assume entity-level debt as a tax write-off (LLC owners can)

It takes time and careful documentation to apply for, and maintain, S corporation status. Regular meetings of directors and shareholders must be recorded.

Why on earth would someone go to all the trouble to form an S corporation? The answer is: taxes. Not only does the S corporation offer the same liability protection as an LLC, but it also allows profits and losses to pass through to the owners at a shareholder tax rate. Other pass-through entities are taxed at the self-employment rate, which is about twice as much as an incorporated business or corporate employee would personally pay. Furthermore, as a pass-through entity the S corporation is not required to pay taxes, only to file an informational tax return statement.

It is relatively easy for an LLC to graduate to S corporation status. However, because it is much easier to form and maintain an LLC relative to an S corporation, many new small business owners choose to use the LLC as a stepping stone.

The LLC
The previous entities we have discussed typically fall into two categories: simple to create and maintain with no liability protection, or complicated to create and maintain with liability protection. The Limited Liability Company combines the best features continued on page 9
This conference would not be possible without the dedication and support of the URISA members who volunteered their time, enthusiasm and expertise on the 2008 URISA Annual Conference & Exposition Committee:

**Conference Chair** - David Dubauskas, Alberta Capital Regional Alliance, Sherwood Park, Alberta Canada

**Program Chair** - Mike Lovett, GISP, Camp Dresser & McKee Inc., Maitland, Florida

**Associate Program Chair** - Danielle Ayan, GISP, Georgia Institute of Technology, Atlanta, Georgia

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- Clare Brown, GISP, Montgomery Watson Harza, New Orleans, Louisiana
- Kathrine Cargo, GISP, Orleans Parish Communications District, New Orleans, Louisiana
- Tom Conry, Fairfax County, Fairfax, Virginia
- Randy Fusaro, US Census Bureau, Washington, DC
- Winchester Jordan, Lafayette Parish Assessor’s Office, Lafayette, Louisiana
- Alex Hepp, Pictometry International, Rochester, New York
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- Al Little, City of Hamilton, Ontario, Canada
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- Twyla McDermott, City of Charlotte, Charlotte, North Carolina
- Kim McDonough, GISP, Tennessee Department of Transportation, Nashville, Tennessee
- Hilary Perkins, GISP AICP, Webster Groves, Missouri
- Milo Robinson, Federal Geographic Data Committee, Reston, Virginia
- Mark Sievers, Sievers & Associates, Altamonte Springs, Florida
- Ken Sipos, City of Philadelphia, Pennsylvania
- Cy Smith, GISP, State of Oregon DAS/Geospatial Enterprise Office, Salem, Oregon
- Karen Stewart, GISP, ESRI Canada, Ltd., Vancouver, British Columbia Canada
- Mohammed Tariq, GISP, Peak Technology Solutions Inc., Washington, DC
- Michael Waltuch, ESRI, New York, New York
- Tobias Wolf, GISP, HDR Inc, San Diego, California

**Thank You!**
Building a GIS

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do not address the risk of high tax rates on profits. Again, though these two categories in that it is simple to create and maintain, and it offers personal liability protection to owners. There are no federal statutes governing LLC-type businesses. In fact, the Internal Revenue Service will treat an LLC either as a general partnership or a corporation depending on which entity is elected by the owner(s). There have been efforts to adopt a national LLC model, such as the Prototype Limited Liability Company Act and the Uniform Limited Liability Company Act. Currently, LLC-type entities are governed by the laws of the state in which the company is formed. Most states have a very similar framework, with differences usually pertaining to requirements for the articles of organization. Colorado LLCs are taxed according to IRS classifications, are required to hold annual meetings of members, and are bound to certain default rules that can be overridden by an official operating agreement.

Profits and losses from the business are passed through to the owners of the LLC; the business itself is not taxed. Any profits are taxed at the individual’s self-employment tax rate and any losses may be deducted. The federal self-employment tax rate is 15.3%. Any profits are taxed at the individual’s self-employment tax rate, and any losses may be deducted. The federal self-employment tax rate and any losses may be deducted. The federal self-employment tax rate is 15.3%.1) Losses may be deducted. The federal self-employment tax rate and any losses may be deducted. The federal self-employment tax rate is 15.3%.1) Losses may be deducted. The federal self-employment tax rate and any losses may be deducted. The federal self-employment tax rate is 15.3%.1) Losses may be deducted. The federal self-employment tax rate and any losses may be deducted. The federal self-employment tax rate is 15.3%.1) Losses may be deducted. The federal self-employment tax rate and any losses may be deducted. 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There are also several websites that monitor Requests for Proposals published by government agencies, and it is highly recommended to register with a few of these in order to get the latest updates on government work. Those involved in starting a new business should ask themselves if it is worth the risk to quit their day jobs, or if any conflicts of interest exist. For example, I have a very comfortable position as a GIS Administrator at a not-for-profit agency that cannot engage in consulting. As a result, I have not signed a non-competition agreement as a condition of my employment. I will simply become another one of several employees who perform consulting activities outside of work. While this does not completely eliminate all potential conflicts of interest, it does provide a good amount of freedom. I consider myself to be an ethical professional and I value the stability of my employment situation. If one decides that quitting the day job is not worth the risk, then care must be taken to avoid any ethical pitfalls that could compromise one’s reputation or result in termination.

Business Plan v1.0

Many people will tell you that failing to plan is planning to fail. In the business world, failure to construct a business plan is widely considered to be one of the worst mistakes a business owner could make. There are many templates available online, and an MBA is not required in order to fill one out. The exercise may take a while but it will be well worth the effort. In the meantime, a general plan to react quickly and efficiently to business opportunities is an excellent way for a small consulting business to proceed. Agile management techniques are most often attributed to software development and project management. However, there is no reason not to adopt this approach for a burgeoning small business. There are many possible paths that a business may take, and we must be able to adapt to wherever the journey takes us. Change happens and new opportunities arise everyday. Agile management is about planning to react effectively to the opportunities presented by change.

Applying an ‘Agile’ Approach to Business Planning

The first potential profit model in the agile plan is the hourly services model. The most important decision for this model is what to charge clients for services. This decision rests on the nature of the services that will be provided. A flat hourly rate may seem to be an optimal method. This method would be easy to implement but may be difficult to justify. A rate of $100 per hour may cover a wide range of services, from map-making to project management. This rate might also discourage potential clients who feel that the rate is too high for simple, GIS-technician-level duties. On the other hand, a potential client who requires a project management professional for a GIS implementation project may see the rate as particularly intriguing. A sliding-scale approach to an hourly rate may therefore be preferable for those who are able to offer a wide range of services. Rates can be negotiable depending on the nature and time demands of the project. Although this is not recommended if ‘word-of-mouth’ is to be a primary method of growth, as the owners may end up constantly negotiating away from the ‘special rate’ that they offered one client. However a business owner decides to calculate them, the rates will be used in the formulation of proposals to determine a project value based on the assumed level of effort. The overhead for this type of operation is relatively negligible compared to large consulting operations, which makes it difficult to calculate a specific overhead rate. One may choose to calculate an overhead rate based on costs such as internet connection, hardware and software maintenance, and a cellular phone account. At the close of any project, any indirect costs will be subtracted from the gross profit to determine net profit. At that point a decision will be made by the owners to determine what, if any, further investment should be placed in the company before the employees’ wages are determined.

Another potential profit model, besides hourly services, could be the ‘freemium’ model. The idea is to provide a free product or service to your customers while simultaneously offering an improved version at a premium price. This model has gained much traction with internet companies over the last decade, especially since the internet is such an inexpensive distribution tool. A GIS consulting company could perhaps use this model to offer GIS-related web services or applications. In fact, this could be a much better means to achieving wealth than working by the hour. If it were possible to own the rights behind a popular GIS-implementation package, then one could charge clients a fee based on that ownership. Similarly, if one could own the method of distribution then one could charge on a per-use basis. Of course, much effort would be needed to achieve either of these goals. It would take many hours to create a package that would be able to integrate custom geographic data into any web site. The package would have to be available to several different client platforms, and would need to offer consistent functionality across those platforms. The ability to host custom GIS web services would require a significant investment in hardware and software, and would still present a large risk. The ‘Web 2.0’ world is constantly offering free services to consumers, as evidenced by Google Maps and Virtual Earth. To charge the fee necessary to recoup hardware and software losses in such a competitive environment would require serious ingenuity, especially considering that some geoprocessing services are currently offered at nearly a penny-per-click. Nonetheless, it is important to be constantly thinking about the best methods for promoting your products and services.

Going for it: Creating the LLC.

The business entity is chosen and the basic strategy is in place, now it is time to form the company. If you know someone who owns a couple small businesses then definitely pe-
tition them for some support and advice. However, there is nothing to worry about if you do not know such a person. There are many resources available to walk you through the necessary steps.

The process is very simple in Colorado, and starts at the website for the Colorado Secretary of State - http://www.sos.state.co.us. The first step is to search the business database for the availability of a desired business name. When an appropriate name is found, a new LLC can be created and registered with the state. Be very careful of imitating the names of well-known corporations, and even those of the businesses already in the database. Many businesses can be relentless in protecting their name. The fee is $50 for creating the business online at the Colorado Secretary of State’s website. This fee is cheaper and faster than filing by paper. Two documents are returned when the business is registered. These documents are the Articles of Organization for the entity, and a Certificate of Good Standing. These are the only documents required by the State of Colorado, and the business is now official.

It is recommended to request an Employer Identification Number (EIN) from the Internal Revenue Service (IRS). Without an EIN you must use your own social security number(s) to file taxes. Although an LLC is supposed to provide liability protection for owners, remember that there are no federal statutes governing LLC entities. Under the current IRS regulations as explained in IRS publication 15-A, disregarded entities such as LLCs may pay employment taxes using either 11):
- The owner’s name and Social Security number, whereby the owner is considered the employer; or
- The entity’s name and EIN, whereby the entity is considered to be the employer.

Therefore, you may lessen your liability protection by not creating an EIN12). Using an EIN is considered due diligence in establishing the company as a separate entity. Also consider that without an EIN you would have to distribute your social security number to the companies with which you do business, so that they can pay you. Using an EIN is also the only way to build credit for your business. Unless the company has a substantial amount of initial capital, the first few loans taken out by the business will have to be backed by personal collateral. By using an EIN the entity itself will accrue credit as those loans are paid off. Otherwise any credit accrued will be that of the owner(s) whose Social Security Number(s) are registered with the IRS.

Another important extra step is to create an Operating Agreement for the company. An operating agreement is an in-depth legal document that covers the following important points:
- Identification of members
- Capital contributions of members
- Percent ownership of members
- Meeting and voting procedures
- Identification of Tax Matters partner
- Specification of the LLC as member-managed or owner-managed
- Explanation of the capital structure of the company
- Explanation of the allocation and distribution of profits and losses
- Procedures in the case of the withdrawal of a member (withdrawal, death or removal)

Without a specific operating agreement an LLC is required to comply with the default operating agreement established by the state in which the LLC was created. It may be a very arduous task to wade through your state’s default operating agreement, looking for specific details that you would like to change. It may also be very expensive to hire a business or tax lawyer who could draw up a custom operating agreement for your company. An excellent alternative to either of these two methods is to use a web site to generate an operating agreement automatically. The web site www.mediawplus.com will do this for a $14 registration fee and 15 minutes of question answering. This is also an excellent way of learning about what an operating agreement entails.

The final step is to go to the bank with the documentation and open up an account for the company. The Certificate of Good Standing and EIN are required by the bank to open an account for the business. The business account manager at the bank will review the capital structure of the company, explained in the operating agreement, to gain an understanding of how to establish and manage the account.

Congratulations and good luck!

References
Your business card advertisement can be seen here for $50 per issue.

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