AGC of California held its first State Board of Directors meeting of the year on January 24, 2014 at the Westin Saint Francis Hotel in San Francisco, CA. Past President Randy Douglas, Tierra Contracting Co., called the meeting to order by welcoming Past Presidents, Directors, and guests, and called for self-introductions.

**Oath of Office:** Past President Douglas then swore in the 2014 Officers as his last duty as 2013 President. President Curt Weltz, Walsh Group, then presided over the meeting.

**Keynote Speaker:** Dennis Turchon, Senior Construction Manager – Transbay Joint Powers Authority, provided a report on the new Transbay Transit Center which will replace the former Transbay Terminal in downtown San Francisco with a modern transit hub. The Transit Center will connect eight Bay Area counties and the State of California through 11 transportation systems: AC Transit, BART, Caltrain, Golden Gate Transit, Greyhound, Muni, SamTrans, WestCAT Lynx, Amtrak, Paratransit and California’s future High Speed Rail from San Francisco to Los Angeles/Anaheim. Mr. Turchon provided a highlight of the design which is set to feature a 5.4-acre City Park, which will include a variety of activities and amenities, including an open air amphitheater, gardens, trails, open grass areas, children’s play space, as well as a restaurant and café. The Transbay Transit Center will feature a ground-level floor with an open air main entrance off Mission Street known as Mission Square, which will include an information center, ticket kiosks, automated ticketing and the main escalators. To allow the facility to achieve LEED gold certification, the center will include many sustainable design features. The architect for the Transit Center, Pelli Clarke Pelli Architects, was selected through a juried competition. The Construction Manager/General Contractor is Webcor Obayashi Joint Ventures. Mr. Turchon walked the board members through a number of PowerPoint slides, which provided a look at the main structure, substructure, milestones and timelines. Mr. Turchon presented the different trade packages which were issued for bid, as well as an update of multiple areas of work currently taking place on the project. Construction is expected to be completed in late 2017.

*A copy of this presentation is provided on the AGC website.*

**President’s Scholarship:** Past President Randy Douglas announced the 2013 President’s Scholarship Award Recipients: Marina Rosso, and Maja Harren. Both Marina and Maja are students at California Polytechnic State University (Cal Poly) in San Luis Obispo, CA. Marina is a sophomore and is in the Construction Management program. She started the 2014 year becoming the AGC student Chapter President at Cal Poly and tries to stay as active as possible in school. She is on the Cal Poly Women’s Lacrosse Team, the ASC Mixed-Use competition
team and the board of Associated Students of Construction Management. Marina has attended many of our AGC event including: Fall Conference, and the Installation dinner in Santa Barbara. Maja is in her third year as a Construction Management major at Cal Poly and is the Secretary of the AGC Cal Poly SLO Student Chapter. She is a member of the Associated Students of Construction Management Club for Cal Poly Construction Management students, and next quarter will be running for a board position. She has attended several AGC events including Fall Conference, and the Tri-Counties installation dinner. She has had the opportunity to introduce herself to many of our member companies and has plans to attend many more of our events in the future. Both students were present at the board meeting to accept their awards.

**President’s Report:** President Weltz requested that the members of the 2014 Executive Committee stand so they might be recognized by the board. He then gave a report on the Executive Committee meeting held the day prior. The Committee received a 2013 Strategic Scorecard accomplishment report by Past President Douglas and each Officer highlighted key goals for the year in their focused area of responsibility. He reported that the Executive Committee reviewed and approved the Budget Committee’s proposed budget for 2014 which was to be brought forward to the State Board of Directors for discussion and vote. The Committee approved the Construction Industry Advancement Group’s (CIAG) 2014 Board of Directors which consists of President Curt Weltz, Sr. Vice President Jon Ball, Vice President John Douglas, Treasurer Jaimie Angus and Past President Randy Douglas. The Executive Committee reviewed the financial and related duties of the “for profit” entity know as the Construction Industry Advisory Group (CIAG) and formally appointed its new board of directors as follows: Curt Weltz, Jon Ball, John Douglas and Jaimie Angus as accomplished through a resolution of the AGC. Further, Tom Holsman serves as President, and Mike Navin serves as Treasurer. During the Executive Committee meeting the Division and Standing State Committee Chairs provided updates on strategic goals and upcoming activities for 2014. An update on the approved 2014 Industry Fund Grant status was also provided. The State Board of Directors approved President Douglas’s report as presented.

**CEO’s Report:** CEO Tom Holsman presented a 2014 “To Do” list to the State Board. While many tasks have already been started, the list was presented as not only a reminder but also as an update on what needs to be done to make 2014 a successful year. Mr. Holsman kicked off his presentation by outlining the following tasks to be accomplished: Grow Membership, Get Members Involved, Continue to be a Leader, and Live the Tagline. In order to grow membership, AGC needs to establish a strategy to manage perception through marketing, on-boarding, and mentoring, to promote the unique diversity of AGC membership, and to integrate members in district boards, committees and councils through on-boarding and the integration plan. As AGC works to get more members involved in all levels of the association there needs to be a rotation of leadership at the District, Division and State level, as well as on our Standing State Committee and Councils. By using AGC Connect, the association will work to promote member to member communication and provide an additional platform for event outreach. AGC needs to continue in 2014 to be a leader in providing business opportunities, resources, advocacy and education and training, all while advancing sound public policy for the construction industry. Lastly, Mr. Holsman reminded the board of the importance of living the tagline (it’s good business to do business with an AGC member). With the diversity of members at AGC it is more important
than ever to not only be an association which helps to create new relationships but also new business partnerships between members.

Consent Agenda: Directors approved the October meeting minutes, and written District and Committee/Council reports that were provided in the meeting packets.

New Business

2014 Proposed Budget: Treasurer Jaimie Angus, Griffith Company, wrapped up the budget numbers for 2013. He reported that in 2013 overall dues revenue increased about 3.4% from 2012 levels. Total AGC revenue is projected at 2.3% above 2012 numbers. Dues revenue for 2014 is budgeted at $2.5 million, which is a 4% increase from 2013. In 2013 the State Board of Directors approved a deficit budget of $80k, though current projections for 2013 show an operating result of a net gain of approximately $57k. Mr. Angus was happy to report to the board that the 2014 budget would be the first one since 2010 to be proposed as balanced (net $0). Mr. Angus reported on the projections for the following expenses: Staff, general expenses, occupancy, meeting expenses and other/non Op expenses. Directors approved the budget as submitted.

Membership Report: Vice President John Douglas, Granite Construction Co., reviewed the fourth quarter membership report which showed a gain in membership for the first time since 2008. The year ended with a total of 463 Contractor Members and 482 Associate Members for a combined total of 945 members. This amounted to a net gain of 2 members over 2012 numbers. Ending retention rates in 2013 was 88% for Contractor Members, and 91% for Associate Members for a combined overall retention rate of 90% for the year. Vice President Douglas stressed the importance of increasing membership for the financial strength of AGC. In the first month of 2014, AGC lost a total of 8 members and currently has an overall retention rate of 99%. The membership report was approved by the board as submitted.

Vice President John Douglas went on to present the 2013 Dave McCosker Membership Awards for most new members and highest net gain in each district. The Eureka District received the award for the highest contractor member net gain, and the Los Angeles District was awarded for the most new members.

AGC Education Foundation: Chair Mike Mencarini, Unger Construction Co., provided an overview of the AGC Education Foundation, which included a report on the following: construction career awareness programs, scholarships, and fund raising efforts. Mr. Mencarini updated the board on the Bay Area Construction Career Awareness day, which is to be held on March 27, 2014 in Richmond CA, and is being sponsored by Skanska. 2013 district match scholarships were sponsored by the North Bay District and raised $15,000 which was dispersed to 18 students, some of which the Mike reported had interesting back stories and the foundation was happy to help out. The Education Foundation had requested and got approval from the State Board in October that an additional voluntary “opt in” line item be added to the annual dues invoice for a $100 (or other) tax deductible donation to the Construction Education Foundation. Mike was happy to report that this has currently yielded over $6K in donations. Lastly, Mr.
Mencarini thanked each of the 2013 annual fund sponsors and challenged State Board members to become 2014 Annual Fund sponsors.

**Legislative Report:** Legislative Chair John Nunan, Unger Construction Co., reported on the Legislative Committee’s activities planned for the 2014 year. Directors were reminded of the 2014 Legislative Program which was adopted last October by the State Board. The Legislative Committee is scheduled to meet in March to prioritize legislation and hope to condense and prioritize down to about 390 bills. Mr. Nunan noted that the Legislative program had been fully funded for 2014. John noted that after spending more and more time as chair of the Legislative Committee he is acutely aware of how much time and energy really goes into making it a successful program. He praised the Legal Advisory Committee for their help, noting that without their assistance the legislative committee would not be as successful.

**Division Reports:** Detailed highlights from the Division meetings are attached.

**Awards Program:** Past President Randy Douglas stood in for Chair Don Bradley, and provided an update on the Constructor Awards entries. The deadline for nomination forms are Friday, February 14, 2014. Winners will be announced at the Constructor Awards Banquet on June 7, 2014 at the Disney’s Grand Californian in Anaheim, CA.

**Dispute Review Board Regional Conference:** Carl Bauer announced that the Dispute Review Board Foundation will hold a Regional Conference at the AGC of California Office, (3095 Beacon Blvd., West Sacramento, Ca. 95691) on March 26, 2014 beginning at 8:00 am.

**Announcements & Future Meetings:** President Weltz thanked all those in attendance and announced future meetings for 2014 including the National Convention, which will be in Las Vegas, NV from March 3-6, 2014. The next State Board of Directors meeting is May 2, 2014 at the Monterey Plaza Hotel and Spa in Monterey, CA.
The Building Division meeting was held on January 24, 2014 in San Francisco, CA. Chair Skip Mancini, B.T. Mancini Co., called the meeting to order at 2:00 p.m. and asked for self introductions.

Approval of Building Division Highlights
Vice Chair John Stump, Flint Builders, Inc. asked for approval of the Building Division Highlights from October 31, 2013. The Division m/s/c this request

Presentations

LEAN Construction Solutions: The Contractors “MUST” Tool – Fernando Espana, President, CornerCube, Inc., Andrea Shoppa, Zurich Services Corp., Curtis Johnson, Swinerton Builders presented a well crafted presentation that explored “LEAN” and its current applications to the Construction Industry.

Areas of discussion were: How to manage, develop and deliver a capital project based on LEAN principles, improving the construction workflow process throughout the project life cycle, how to build “integrated” teams: owner, architect, contractor, subcontractor, insurance, personal to provide a dynamic project delivery systems, risk assessments, decision making process, lessons learned – quality control processes, more private owners/public agencies are writing “LEAN” qualifications into their contract language. A vigorous question and answer followed this presentation.

Don’t Sign That! Critical Distinctions between AGC of California and AIA Contract Documents – Art Woodward, Downey Brand, gave a very informative comparison between AIA’s A101-2007 (stipulated sum), A201–2007 (General Conditions) v. Associated General Contractors of California’s AGCC-01 (Fixed Price).

Some of the items discussed:

- Review contract documents and field conditions
- Changes, change orders, changes to work provide by owners
- Claims, written notice, “reasonable time”
- Delays and damages
- Indemnity and no indemnity provisions
- Insurance and liability issues
- Shop drawings
- Dispute resolutions

Numerous questions from members of the Building Division were posed.
Prequalification: Update 2014 – Attorney Eileen Diepenbrock, Diepenbrock Elkin, spoke on the numerous issues regarding prequalification

Prequalification: Introduction
- Prequalification on public projects is not uniform
  - DIR model forms
  - Owner-specific forms
  - Applicable prime contractors
- Prime contractors also prequalify subcontractors
- Eff. Jan 1, 2014, public school districts must prequalify primes and MEP subs on certain projects

Prequalification: Historical Legal Framework
- Common requirements
  - Optional
  - Applicable to prime contractors, not subs
  - Owner must use a standardized questionnaire and uniform, objective rating system
  - Potential bidders also submit financial statements
- Local agencies and school districts
  - Prequalification can be project-specific or quarterly, with prequalification rating applicable for 1 year
  - Opportunity to appeal prior to bid time
  - Additional timelines for school districts
  - Must be prequalified for at least 1 day prior to bid

Prequalification: DIR Model Forms
- Eff. Jan 1, 2014, school districts must prequalify contractors on projects that receive state bond money and involve expenditure of $1M or more
- Prequalification is of prime contractors and mechanical, electrical and plumbing subcontractors
- Questionnaire and rating system must “at a minimum” cover the issues covered by the DIR model forms

Prequalification: Next Steps
- AGC-CA supports prequalification
  - Better competition
  - Eliminate the “bottom feeders”
  - Beneficial to prequalify subcontractors
- Development of new model form
  - Opportunity to provide input to owners
- Development of AGC standard form for prequalifying subcontractors

2014 Building Division Legislative Update – Dave Ackerman, AGC Advocate
AGC’s advocate, Dave Ackerman, spoke on the following topics: Design-build, SB 785, changes from existing law, lease - lease back, school construction, type 1 indemnity “cleanup”, retention issues, change orders and undisputed work, willfully inflated stop notices, and potential “labor sponsored” legislation
New Business

AGC Connect Conference Call, 1st Quarter: John Hakel, Vice President, Government Relations, spoke about holding a division conference call, using AGC Connect to facilitate this meeting, sometime during the 1st quarter.

Next Meeting: Chair Steve Poindexter announced the next meeting will be held at the AGC of California Spring Conference May 1, 2014 at the Monterey Plaza Hotel & Spa.

Adjournment
Chairman Skip Mancini asked for adjournment at 4:35 p.m. Division approved the request.
The Joint Engineering Division Board of Directors meeting was held on January 23, 2014. Stephan Poindexter, Chairman of the Joint Engineering Division Board of Directors called the meeting to order.

**AGC Standard Prequalification Form:** Eileen Diepenbrock with Elkin Diepenbrock, LLC reviewed the proposed AGC Standard Prequalification Form noting that as of January 1, 2014 all prime, electrical, plumbing & mechanical contractors are required to submit a prequalification form for certain public school district projects with expenditures over $1 million using state bond money. The questions and rating system must at a minimum cover the issues covered by the Department of Industrial Relations model form. Eileen notes that the participation of AGC of California in the development of standardized forms is good for the industry as it will provide better contractor input, better standardized process & develop AGC of California’s own form to prequalify subcontractors.

**Legislative Update:** Dave Ackerman, principal partner with “The Apex Group,” asked the Joint Engineering Division their thoughts on the work zone safety legislation & the gross receipt tax on heavy equipment rentals. Some of the barriers to better worksite safety include: roadway projects insufficiently assess project risk and fail to develop and incorporate risk and hazard management strategies prior to releasing project to bid, current practice does not require bidding contractors to provide adequate protections for construction work zones as part of the bidding process, contractors are required to make independent decisions in order to provide safety measures and absorb those costs to protect their workers, & hazards which may be reasonably known or anticipated are not required inclusions in the bidding process. Some of the objectives of the safety requirements would be to require Caltrans to establish a common and an objective single template for statewide utilization for the positive protection planning in the design phase of roadway projects, reasonable known or anticipated hazards are identified and measures for the elimination or control of those hazards are developed in advance of preparing a bid, standardize the bidding process and simplify procurement and project execution, decrease occupational exposures for highway workers and improve the safety of the travelling public & finally create common bidding guidelines for Caltrans. Utilizing a “positive Protection Planning” process in advance of preparing a bid, Caltrans would be required to review safety measures that should be employed on construction projects and reflect those measures as bid items when putting a project out to bid.

The division discussed the “Gross Receipts Tax on Heavy Equipment Rental as proposed by the American Rental Association and United Rentals. The legislation would require the tax to be administered by the State Board of Equalization, all revenues derived from the tax to be deposited in the Heavy Equipment Revenue Fund in the State Treasury & all revenues to be used to reimburse local entities for their loss of property tax revenues.

Dave discussed legislative proposals from “others”, including: subcontractor right to stop work, type I indemnity “clean-up,” substantially complex retention & 5% limit on private work
retention, mismarked utilities, change orders with undisputed work, county work under force account, substantial compliance, residential construction defect, “willfully inflated” stop notices & unknown number of labor sponsored legislation.

**Caltrans Bids:** Earl Seaberg, Jr., Chief of Contract Awards & Services for Caltrans discussed the status of ebid, two part bid submittals & the Disadvantage Business Enterprise, (DBE). Ebid has been in phase 1 and the first production of ebid projects open in January 2014. Development and full implementation of ebid is expected to be within the next one to two years. Currently Ebids are open on Wednesdays but ultimately Tuesdays & Thursdays will be added along with the elimination of the North-South split with any project in any location being open on any day. As of January 6th 25 ebid projects have been advertised with the first opened on January 15th. Training in 2012 & 2013 had more than 225 attendees, representing more than 50 companies. Earl noted that because of subcontractor listing issues, protest and an increased number of “Self-Relief of Bid” occurrences a 2-part bid submission is being worked on. The 2-part submission has been requested by the construction industry and will be used only with electronically bid projects. The 2-part bid will be submitted with Part A including current bid book information & Part B including some or all responsive post bid submittals. Part A is due first and Part B is due shortly after Part A (1-2 hours). Bids will be opened after both parts are submitted & closed. Part A will include the following: bidder instructions & bid signature, bid item list & bidder entered unit or lump sum prices, bidders bond and related items, bidder preferences, certifications and questionnaire, initial listing of subcontractors (name location and portion of work). No changes allowed to Part A once it is closed. The second bid submittals (Part B) will include the final listing of subcontractors (bid item Number and %), certified SBE list or non-SB preference (state contracts) (includes attachments), DBE commitment (federal contracts) (includes attachments), DVBE commitment (state contracts) (includes attachments), or bid withdrawal. There will be no changes to part A or Part B once closed. Note: The DBE, GFE documentation is not submitted as a matter of responsiveness. Bid opening only occurs after Part B closes. Part B will be opened first and must be submitted in full or bid is not read, if bid withdrawal is submitted then the bid is not read. Part B is subject to further evaluation for completeness after bid opening. Part A is then opened and bid amounts are read.

Bid Evaluation: Ebid eliminates math errors (bidder only inputs unit or lump sum price, not totals; ebid warns bidder of errors, however, still accepts faulty bid; part A & B is subject to administrative review. Subcontractor listing: Subcontractors listed in Part A, cannot change with Part B. Part B will provide bid item numbers & percentage of work with the sub-list evaluated as one submittal. Missing information are grounds for bid rejection, overlapping work may be grounds for self-performance and unrelated information will be handled during construction & no technical evaluation of sub-list. Other Part B submittals will be evaluated as they are today. The only post bid submittal remaining is the GFE Documentation due 4 business days after bid the opening.

DBE Participation: Earl noted that Caltrans has an aspirational goal of 12.5% (formerly 13.5%), a race neutral of 3.0%, a race conscious of 9.5% (contract goal), formerly evenly split at 6.75% RN or RC. If Caltrans can demonstrate that they can consistently meet the annual aspirational goal, then they can apply to the FHWA to eliminate the individual contract goals.
Twin Tunnels: Gordon Enas, Principal Engineer for the Delta Habitat Conservation and Conveyance Program for the California Department of Water Resources. Gordon reviewed the Governors proposed “Bay Delta Conservation Plan or the Twin Tunnel Project noting that two of the largest water conveyance systems on the planet (the Central Valley Project and the State Water Project) are supplied by water flowing through the Delta. Water will be conveyed through tunnels from the intermediate forebay to the Byron Tract forebay without the use of pumps. The tunnels will be sized large enough to allow water to flow by the use of gravity only. The Department of Water Resources is reviewing possible contract delivery methods that may be used to achieve early contractor involvement in the project. Possible methods include: Design-Bid-Build, Design-Build, CM/GC & others.

Infrastructure Funding Update: James Earp, Executive Director of the California Alliance for Jobs. James noted that gas tax revenues are declining, and with the looming sunset of the proposition 1B Bond Program, money for transportation in California will diminish rapidly. The annual outlook for State work has dropped more than 60 percent from 2010 to 2013. James noted the California Alliance for Jobs and the Transportation California have been working together developing strategies & polling data to increase funding and shared those with the Joint Engineering Committee. One of our industry’s biggest challenges is to educate the industry and the public. Studies show that voters fundamentally understand the importance of maintaining improvements in transportation but aren’t motivated to pay more. The economy is weighting heavy on their minds and pocketbooks. Another challenge is to rebuild a transportation caucus in the state legislature. Currently the legislature is devoid of leaders who will push transportation funding. James presented a call-to-action video to the committee that is currently running and noted there will be an additional video out soon.

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