ANNUAL REPORT 2009
THE ASSOCIATED GENERAL CONTRACTORS OF CALIFORNIA
MISSION

The mission of the Associated General Contractors of California is to provide education, training, advocacy, and resources to its members and to advance sound public policy for the construction industry.

ABOUT AGC OF CALIFORNIA

Who We Are

The Associated General Contractors of California is the voice of the construction industry and the only statewide construction trade association in California. AGC represents more than 1,200 of the top general contractors, specialty contractors and service and supplier companies supporting the construction industry in California.

Membership in the AGC “gets you into the act.” You become involved with the best men and women in your industry, with whom you join to solve mutual problems that are difficult to solve standing alone. When AGC members join together, the industry benefits and you benefit. Above all, membership in AGC helps you, as an individual, to contribute and share in stability and prosperity. “It’s good business to do business with an AGC member.”

What We Do

AGC provides a full range of services designed to satisfy the needs and requirements of its members and enhance the stature and reputation of the construction industry. Services focus on safety and health, professional development, networking and relationship-building activities, leadership development for young professionals, industry advocacy, legislative representation, legal issues, insurance programs, forms and publications, industrial relations, and building and engineering divisions to handle your every need.

Affiliation with AGC of America

Companies who join and become members of AGC of California automatically become members of AGC of America, enjoying the full benefits, resources, opportunities and services provided at the national level.

Formed in 1920 in California, the AGC of California was formally established in 1969 in order to provide organizational effectiveness and seamless services statewide.
Economic Stimulus

AGC responded to the severe economic downturn suffered by the construction industry. During these troubled times, the California Chapter worked with AGC of America to produce the Blueprint for Economic Growth, a list of specific recommendations that various governmental agencies could adopt to help rebuild our industry. AGC has continued to fight to loosen credit markets, increase publicly funded projects and promote innovative funding models that can move projects forward. AGC made a strong case for investment in America’s infrastructure – including water, transportation, schools and public buildings – to create an immediate economic stimulus, supported fairness in the industry and monitored those issues affecting construction throughout.

Legislative Highlights

In Sacramento, AGC is always present to represent the views of the construction industry and defend its members. Three full-time advocates, housed in the AGC legislative offices just blocks from the state capitol, review and analyze the thousands of bills and amendments considered each year. A 50-member Legislative Committee meets several times during the year to review the bills and amendments in order to establish priorities for the advocates. AGC emphasizes local “grassroots” political activities through its annual “Legislative Day” in June, where members meet with their legislators and administration officials to discuss pending legislative and regulatory matters. In addition, throughout AGC’s 12 geographical districts members are actively involved communicating industry concerns and issues to public officials at the city and county level.

Here are just a few examples of our accomplishments this year:

· AGC successfully led opposition to defeat a legislative proposal that would allow the suspension of any professional license, including a contractor’s license, due to being delinquent on tax payments to the state.
· AGC successfully lobbied during the state’s budget negotiations to avoid the suspension of Proposition 42 funds that go to streets and roads.
· The Governor signed five bills supported by AGC, vetoed seven bills that were opposed by AGC, and did not sign any bills that AGC opposed during the Legislative Session.
Market Development Opportunities

In addition to protecting members from regulatory burdens, AGC of California supports efforts to expand market development opportunities through public sector building. For example, in 2009 the state budget included exemption from the California Environmental Quality Act (CEQA) for eight highway projects totaling $1.4 billion and design-build authority for 10 state transportation projects, including non-state highway projects and non-transportation projects.

Refer to the annual Legislative Report for a complete report of AGC efforts in 2009 on behalf of its members.

Building Industry Influence

AGC of California has an active Political Action Committee (PAC) with a goal to raise $1 million in each two-year election cycle. The goal is to identify and support pro-business and pro-construction candidates.

Regulatory

AGC of California serves as the regulatory watchdog for the construction industry and is constantly advocating for our members and their interests as well as industry interests with a team of professional advocates located in our state and national capitals. Their proximity to where the action happens allows them direct access to the legislative process. AGC has established guidelines and principles intended to balance contractors’ business and economic concerns with environmental concerns, while continuing to promote economic recovery.

2009 provided AGC with a challenging regulatory year, which covered such topics as water resources, air quality, heat illness, and balancing air quality concerns with operator safety concerns.

Comprehensive Water Package

The legislature enacted a significant package of legislation that seeks to improve water supply reliability throughout California, which will be put to the ballot in November 2010. The package that will be put before voters consists of $11.14 billion in new bonds and creates a new Delta Stewardship Council in charge of executing a Delta Plan designed to restore ecosystems and water delivery reliability. Additionally, the State Water Resources Control Board (SWRCB) is directed to establish in stream flow criteria to protect public trust resources and appoint a Delta Watermaster to enforce its water rights orders.

The bond measure includes $455 million for drought relief, $1.4 billion for regional water supply projects, $2.5 billion for Delta sustainability projects, $3 billion for water storage, $1.785 billion for watershed conservation, $1 billion for ground water cleanup and protection and $1.25 billion for water recycling and water conservation. The bond measure would allow the following new projects to commence: reservoirs and groundwater storage, water conveyance facilities, urban and agricultural water conservation measures, wastewater recycling infrastructure, and ecosystem restoration.
Air Quality

When the California Air Resources Board (CARB) adopted regulations in 2007 to reduce diesel emissions – regulations that would have a severe impact on the construction industry – AGC not only began working to educate its members on compliance requirements but also began a plan of action to lessen the regulatory burden on the construction community. When the regulation was first adopted, CARB determined that companies would be able to pass much of the cost of the regulation on to customers; however, due to economic decline during 2008 and 2009 contractors had to bear a significant portion of the costs involved with the off-road diesel regulation.

Working with the Construction Industry Air Quality Coalition (CIAQC), AGC successfully negotiated several legislative changes to the off-road diesel regulation in July 2009. CARB amended the off-road regulations in July 2009 to reflect the following changes:

- Provided credits for fleets that have experienced drops in vehicle activity and/or reduced their fleet size;
- Delayed some of the 2011 and 2012 requirements until 2013; and
- Added new incentives to spur early retrofits and repowers.

AGC advocated at the state and national levels to bring attention to the unnecessary hardship the regulation placed upon the industry. Michael Steel, legal counsel for AGC of America, and AGC of California’s John Hakel provided comments during CARB’s public hearing in December 2009 and submitted a report and a presentation that contained an AGC replica of the original CARB diesel emissions model. It contained information and estimated the number of pieces of construction equipment, the amount of horsepower, and the amount of emissions produced with updated 2009 values. The report demonstrated that it was unnecessary to scrap the entire rule, but rather reduce the regulations by applying the rules for small fleets to the entire industry.

In response of the jointly filed AGC of California and Operating Engineers Local petition, CARB issued an Interim Retrofit Visibility Policy in October 2009 under which CARB and Cal/OSHA will operate until they are able to quantitatively define the extent to which alterations to a vehicle impair the operator’s view to the rear of the vehicle. The Interim policy exempts off-road diesel equipment from the March 1, 2010 retrofit requirement if the VDEC technology will impair the operator’s vision to the front, sides, or rear of the vehicle.

Market Services

Providing members a competitive advantage has been a driving factor in AGC of California’s success and market leadership over the years. Throughout the year, the Divisions meet to discuss the “hot topics” and latest industry trends as well as hear from various industry keynote speakers.

Joint Engineering Division

During the budget negotiation economic turmoil early in the year, AGC advocated extensively on behalf of our members to Caltrans that the state continue infrastructure projects and progress payments for projects already underway. Through AGC’s close working relationship with Caltrans, we were able to avert an industry shutdown and ensure that contractors continued to receive progress payments as well as ensure that money was set aside for future projects.
Through the Caltrans Disadvantaged Business Enterprise/Disabled Veterans Business Enterprise (DBE/DVBE) Taskforce, lead by AGC-CA President Tom Foss, AGC and Caltrans worked diligently together to ensure a successful outcome for both parties on making good faith efforts to meet DBE/DVBE goals. Prime contractors will be paid incentives of $250 per report on the utilization of DBEs and Small Businesses. Caltrans also consented to increase the incentive payment up to $250,000 for DVBE utilization on state-funded contracts. Similarly, the AGC/Caltrans Insurance Requirement Committee was able to achieve mutual success by having contracts bid after mid October 2009 with primary limits of $2 million for each occurrence, $2 million aggregate for products/completed operations, and $4 million (reduced from $5 million) general aggregate to be required on contracts greater than $10 million.

In line with the combined AGC/Caltrans DBE/DVBE effort, was the launch of the AGC/Caltrans Mentor-Protégé Program that paired small construction companies with AGC mentors in order to increase the participation of small businesses, especially businesses owned by minorities, women and disabled veterans, in Caltrans contracting. The pilot program was initiated in the San Francisco Bay Area with expectations of a future statewide rollout. Fifteen protégé companies were paired with AGC mentors, who included C.C. Myers, Flatiron Construction, Granite Construction, Kiewit Pacific, MCM, R&L Brosamer, and Yerba Buena Engineering & Construction, in order to assess the protégé’s capabilities and develop a business plan and growth model. Additionally, AGC received the AGC of America Chapter Diversity Award for its extensive participation and support for the AGC/Caltrans Mentor-Protégé program.
Building Division

The Building Division had a very productive year with Chair Sam Brusco, Clark Construction Group, at the helm. The Division extensively covered the following topics: Building Information Modeling (BIM), Cal/OSHA Enforcement, Co-Opetition, LEAN, LEED, OSHPD, and future business opportunities. Of great discussion and action throughout the year was the Center for Integrated Project Delivery (IPD). The center will be a collaborative effort between AGC and the American Institute of Architects spearheading the initiative. The purpose of the center is to:

· Form a collaborative between individuals and organizations that will collectively become the “go-to” organization for IPD;
· Maintain status on the forefront of IPD techniques and strategies;
· Create and maintain a repository for conferences, academic programs, publications and current and future projects; and
· Provide networking opportunities to industry professionals.

Industry Liaison – Liaison, cooperation and leadership with regional, local and state industry groups along with ongoing relationships with public contracting agencies and private user groups have helped AGC develop a positive relationship with various building construction user groups. Throughout the year, building contractors partnered with groups to address concerns such as payment issues, closeouts, bonding, retention and contract language, to name just a few. AGC worked closely with OSHPD, UCC, the Design Build Institute of America and more.

Labor Relations

AGC Industrial Relations (IR) has a long history and tradition of providing excellent labor relations to members of the largest multi-employer bargaining unit in the United States. The IR Department covers negotiations, grievance advocacy, labor publications, labor standards advocacy, and myriad other services.

2009 was an exemplary year for negotiations. The IR staff in concert with the craft committees and craft negotiation committees successfully negotiated four stand alone Master Labor Agreements: Northern California with the Cement Masons and in Southern California with the Cement Masons, Laborers, and Teamsters. Each labor agreement was negotiated in line with our goals, keeping them below the national average of 3.1 percent increase.
Grievance administration, management, and advocacy declined for the fourth straight year. Many of the grievances were able to be settled prior to the second step; however, Craft jurisdiction dominated the filings. AGC advocated on behalf of members to insure that the intent and the integrity of the agreements were upheld for the benefit of the entire membership. In addition, the staff has published more than 35 informative bulletins to assist contractors and prevent grievances.

The IR team was busy at work monitoring California Department of Industrial Relations (DIR) rulings over the past year. AGC submitted comments to the DIR on any “coverage determinations” that they issued. Of particular importance has been the on-haul/off-haul trucking prevailing wage determinations. AGC will continue to work with the DIR on their coverage determinations and voice the concerns of the industry.

Safety & Health

The AGC of California has a very active and dynamic Safety & Health Council, which meets monthly with over 100 members from some of the most respected contractors in California. The Council is dedicated to the health and safety of all construction workers in California. AGC Safety & Health Director, Bo Bradley, testified multiple times before the Occupational Safety and Health (Cal/OSHA) Standards Board this past year as they discussed proposed amendments to the current heat illness prevention standard (§3395 of Title 8 of the California Code of Regulations). Furthermore, AGC released a myriad of Alerts to keep members informed of the CARB and Cal/OSHA Interim Retrofit Visibility Policy.

Building a strong safety culture across the state is important during a down economy. AGC offers such services as a free video lending library for its members, timely bulletins on topics relative to safety, safety products and materials, as well as training on Cal/OSHA 10 hour and 30 hour construction safety courses, heat illness prevention and more.

Education

AGC, via the non-profit AGC Education Foundation (Foundation), is dedicated to developing and promoting educational opportunities for individuals, member firms and the construction industry. The Education Foundation focuses on training, workforce development, and scholarships in partnership with K-12 and colleges/universities.
Training
The AGC Education Foundation is the industry leader in providing construction training for professionals already working in the industry. The Foundation continued to offer its full array of services and activities to help prepare our members for the future. Training courses were offered from Field Personnel to Executive Management in a peer to peer format designed to provide contractors and their employees with state-of-the-art workshops and seminars on leading edge technology, industry best practices, and government rules and regulations.

The Foundation features courses that cover all aspects of the construction industry, including:

- Supervisor Training Program (STP);
- Building Information Modeling (BIM);
- Safety;
- Green Building/Environmental;
- Industry-Related Training; and
- Executive Leadership.

Additionally, new training opportunities were rolled out throughout the year. For example, 2009 saw the introduction of BIM at AGC’s Fall Conference. In the Bay Area, training opportunities were expanded to include CPR, Mechanic’s Lien Law, and Solar PV Design and Installation. Members saw the addition of a Design-Build Workshop and the LEED 2009 V3 Professional Accreditation Study Group Forum courses included in the expansive courses offered. Plans for 2010 include the launch of the Contractor Quality Control as well as the EM385 1-1 Military Safety Requirements and Training.
Each of these opportunities help our members develop their current workforce and gain a competitive advantage. To view a course catalog and available dates, visit www.agc-ca.org.

**Workforce Development**

2009 brought the debut of the Los Angeles Construction Career Awareness Day (CCAD). The event, held on May 7 at Turner Construction Co.’s Los Angeles Unified School District High School Construction Site #16, drew more than 1,000 student and adult participants with 26 exhibitors. The event highlighted 12 outdoor workshops with focuses on construction careers in transportation, infrastructure, sports & entertainment facilities, health care facilities and instructional buildings.

The success of the L.A. CCAD was echoed at the CCAD’s held in Sacramento, Fresno, and Vallejo. Combined, the three CCAD’s had record attendance of more than 3,000 student participants. Students learned about construction education and career pathways, available scholarships, construction technology and various types of construction projects. Additionally, students participated in driving simulators, rock climbing, and apprenticeship activities.

CCAD’s were established to inform high school students about construction career paths available to them; however, only the engineering or construction management and skilled labor paths were covered. The Education Foundation realized that they were overlooking a large sector of non-traditional construction careers as well as students that might not consider the various alternative construction careers. In response, the Education Foundation is refocusing its efforts to encompass more students and careers, as well as quantifying the impact of the career days. In order to track and quantify the impact of the CCADs, the Foundation is looking forward to partnering with local community colleges in order to improve outreach efforts and tracking of quantifiable student data.

**Scholarships**

The AGC Education Foundation provided over $30,000 in scholarships and grants to various students, community colleges, and universities throughout the state.

The Foundation also supports Apprentice Training programs such as the Cypress Mandela Training Center in Oakland and the ACE Mentoring Program in Los Angeles.

**Communications & Technology**

2009 brought to fruition the Communications Task Force’s initiatives and goals of a redesigned website and smarter, more personalized email communications system.

AGC’s new website, [www.agc-ca.org](http://www.agc-ca.org), was launched in 2008. The development of the new website plays a key role in supporting the mission to make AGC an information hub for construction industry, while at the same time enhancing communication, service and program delivery to the membership. It boasts easier navigation and a host of new information which allows members to gather information on virtually any topic, including exclusive AGC resources, meeting information and more. Early in 2010 AGC members will be able to view tailored content based on their profile selections whenever they visit [www.agc-ca.org](http://www.agc-ca.org).
In 2009, AGC overhauled how we communicate with our members. An email communications system was integrated with AGC’s website and database to provide for smarter and more effective targeted e-communications. The system piggy-backs on the integrated customizable member profile e-communications selections to allow for personalized e-bulletins and e-newsletters. Now we can offer customized communication methods to stay in touch with all of our members and their businesses. The system allows AGC to target specific content within a publication to different subject/interest groups and analyzes content “click” rates in order to assist AGC in creating more useful content.

**The Association’s Communications**

**California Constructor**
The Association’s award winning monthly magazine is an important tool for keeping both the construction industry and the large public audience informed about issues facing the construction industry.

**What’s News**
A bi-weekly newsletter distributed via email, it is the best way to keep up to date with timely member and industry news as well as upcoming AGC activities

**Membership Directory & Buyers Guide**
Printed annual, the roster provides members with contact information for member first, your first stop – “it’s good business to do business with an AGC member”.

**Website (www.agc-ca.org)**
The AGC of California website is a one-stop source of Association information and resources, such as news, events, new wage rates, current education courses and the California Constructor magazine online edition.

**AGC in the News**
As the voice of the construction industry, AGC of California appeared in various media outlets throughout the state and nation such as Associated Press, Bloomberg, Sacramento Bee, Wall Street Journal, various Business Journals, Swiss TV Station, Fox 5 News, NBC News, KABC News 10, KPFA Radio and NPR Radio, and San Diego Tribune, to name just a few.
Recognizing AGC Members
AGC acknowledges members’ significant accomplishments in building California through its awards programs such as Constructor Awards and Safety Awards as well as during local and regional awards programs.

Constructor & Safety Awards
AGC members’ projects have long been recognized as the best of the best in the construction industry. Our members have played a major role in building the state of California since 1920. AGC annually recognizes those outstanding achievements through its Constructor awards program as well as through its annual Safety Awards program.

AGC of California State Office Gets a Renovation
AGC of California’s state headquarters building in West Sacramento began its capital improvement program this past year. The state office’s remodel is intended to bring the building current with various code regulations and obtain green building certification. When completed the executive conference room and expanded training facilities will feature state-of-the-art audio visual systems that will improve and enhance the quality of instruction for courses and training offered.
Discount Partners

AGC offers our members exclusive discounts to help protect their bottom line and offer them a competitive advantage. AGC has compiled an extensive discount partner portfolio to offer our members professional expertise at discounted rates. More information can be found on each of our discount partners on our website at www.agc-ca.org.

◆ AGC Employers Health Trust
The AGC Employers Health Trust is a tax exempt employee benefit plan that offers flexibility in a company’s employee benefit plan. The plans can be customized by choosing the combination of offerings that is best suited to meet an individual company’s needs and budget. All medical plans provide comprehensive coverage. Plans offered are:

- **Health Net** – Value 40 (HMO)/Value 40 (PPO)/HSA 30 (PPO)
- **Western Health Advantage** – Premier 15 (HMO)/or Advantage 70 (HMO)/2800 HSA Plan (HMO)
- **Kaiser Permanente** – Pick from $15 co-pay/$20 co-pay/$30 co-pay/$50 co-pay/$30/$1,000 Deductible HMO/$0/$1,500 Deductible HSA
- **Delta Dental** – Choose between Delta’s Preferred Option Program A (DPO) or DeltaCare Plan 765 (DMO)

◆ BP Gas Card Program
Through the BP Gas Card program, AGC members receive a 1.5¢ rebate on gasoline and diesel purchases at other brand stations. The program offers flexible card management that allows you to set specific usage criteria for each individual card. The BP Gas Card Program gives our members unrestricted oversight and complete remote control over their gas program.

◆ Online Safety Training - ClickSafety
AGC and ClickSafety joined forces to provide a comprehensive on-line training, designed to help you meet your training needs. Each course is designed to meet the specific requirements of our members and any applicable regulations. The online format allows management to control and track all training taken by employees.

◆ Drug Testing - Emerald Bay Consulting
Emerald Bay Consulting offers a comprehensive selection of drug and alcohol testing products, supervisor seminars, drug program consultative services, training and certification. Emerald Bay offers the Oratect III and OratectPlus, which is the only union approved oral fluid drug test.
◆ Enterprise Fleet Management
Enterprise Fleet Management (EFM), a division within Enterprise RentACar, offers discounted purchase prices for vehicles, flexible vehicle funding programs, certified technicians, universal fuel card, highest resale value for used cars and trucks, insurance programs, online/offline reports, and personalization of any aftermarket equipment.

◆ Theft Prevention Systems - Heistproof
Heistproof, is a “pro-active” anti-theft device for any vehicle, construction equipment or other powered equipment that allows only authorized workers to operate your vehicles and equipment in your fleet. Additionally, Heistproof’s Knowledge Is Money (KIM) program provides a stand-alone GPS system with real time tracking that can monitor maintenance and scheduling, purchase order creation, reports, speed/geofence alert mapping, and fuel.

◆ Human Resources - Holman HR
Holman HR offers full service human resources support to members with a variety of packages for members to choose from. Each package offers personalized human resources expertise at affordable prices.

◆ McGraw-Hill Construction Network
The McGraw-Hill Construction Network helps members find work, increase productivity, build relationships and manage the business development process from one centralized source. Members receive special pricing on a range of Network products, including, but not limited to Dodge data for specific geographic regions in California, Project Document Manager, online service for projects and plans timely access to project, project intelligence management, and much more.

◆ Workers’ Compensation Insurance - SeaBright Insurance Company
SeaBright Insurance Company has been endorsed by AGC as the workers’ compensation insurer for its California members. SeaBright is a leading insurer of workers’ compensation for construction contractors in California and offers Collectively-Bargained Workers’ Compensation for union contractors, Owner-Controlled and Contractor-Controlled insurance programs.

◆ Verizon Wireless
Eligible contractor members of the AGC of California receive full exclusive savings and benefits through a new partnership between AGC, National Purchasing Partners (NPP) and Verizon Wireless. This partnership provides creative solutions that save contractors time and money!
Signature Events

AGC offers signature events throughout the year such as the Spring Conference and the Fall Conference as well as meetings and forums in various locations. These events offer learning and networking opportunities for members. The conferences mix education, networking and fun in a format that enables participate to obtain the greatest benefits. Meetings held in each district, regionally and statewide provide up-to-the-minute information on issues affecting members and their employees. AGC’s forums give members an opportunity to learn about the latest trends, best practices and upcoming construction projects in California.

AGC Past Presidents during their annual gathering in San Francisco.

Political analyst and editor Tony Quinn.

Jay Ross, Esq. of Hopkins & Carley addressed attendees during the combined Specialty Contractors / Open Shop Councils meeting in Monterey.

Motivational guest speaker Karl Mecklenburg, a former NFL player, spoke during a special presentation during the Spring Conference.
AGC of California Premier Partners

The AGC of California would like to thank the following members for their significant contributions to the Association:

$25,000 Platinum Partner

UnionBank

$15,000 Gold Partner

McGraw Hill Construction
Sea Bright

$5,000 Copper Partner

Former NFL running back Eric Dickerson was the featured keynote luncheon speaker during the Fall Conference.
### Revenues, Assets & Expenses

#### CONSOLIDATED FINANCIAL SUMMARY

**Assets**

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**Liabilities**

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2009 Total Revenues: $6,539,500  
2009 Total Expenses: $(6,727,444)

**2009 Net Decrease in Fund Balance**  
$(187,944)

*Unaudited Financial Statement  
12/31/09*