AGC Honors Safety Awards of Excellence Winners

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Review of 2010 and Forecast for 2011
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A Look at 2010 Achievements and the Challenges Still Ahead

As we come to the end of 2010, we can point with pride to our many accomplishments on behalf of you, our members, despite the significant challenges we faced. The challenges included the state’s budget as well as navigating California’s legislative and regulatory processes, which affect every aspect of our businesses.

On that note we can say we finished the year with many successes on the legislative and regulatory fronts. Early this year AGC played a major role in supporting the Gas Tax Swap to protect existing funds for road and highway construction. AGC was also very active during this year’s Legislative Session, having sponsored or co-sponsored nine legislative bills, and we were successful in getting the Governor to sign four of those bills. These legislative successes included securing contractors’ ability to incorporate as Limited Liability Companies (SB 392); providing meal period flexibility for groups who have collective bargaining agreements (AB 569); prohibiting state and local agencies from charging contractor plan rooms for an electronic set of plans (AB 2036); and extending the time limit for the California Uniform Construction Cost Accounting Commission to review a public agency project that is to be performed as well as to review work that has been improperly classified as maintenance (SB 694). Our remaining AGC sponsored bills on issues such as Payment Bond Claims (AB 2216) and the ongoing DVBE Participation Requirements (AB 2627) will continue through the legislative process in 2011. In all we were successful in obtaining a 100% score for bills we asked the Governor to veto, and we were successful in passing and the Governor signing into law 80% of those bills that we sponsored.

AGC met with success on the regulatory front as well. Working with an industry-wide coalition, AGC led efforts in convincing the California Air Resources Board (CARB) to repeal its off-road diesel rule. These efforts took well over two years of compiling compelling research, testimony and meetings on behalf of the construction industry. This was a huge victory for contractors in California; reports through news media outlets have estimated that the savings on retro-fitting equipment could be as high as $250,000 a year. Representing the industry, AGC successfully appealed a Department of Industrial Relations decision that reversed the requirement for employees performing work in a contractor's shop to be covered under the prevailing wage laws of California, another huge cost savings for contractors and taxpayers. Our direct safety services and close working relationship with Cal/OSHA allowed preemptive dialogue on changes to the Heat Illness regulation and provided the industry’s input concerning changes to safety regulations.

During these tough times and with the anticipated change in California and national politics, it has been forecasted that we will see additional government cutbacks and spending, but regulations and bad legislation will still confront our industry. Be assured that AGC will continue to advocate on the industry’s behalf to help your businesses succeed during these challenging times. That is why it’s more important than ever that you have a strong association in AGC representing your interests, to keep you informed, promote new business opportunities and training programs, as well as to advocate for our industry. By now, most of you have received your dues renewal notices, and I urge you to stay connected, get involved and support AGC and the PAC in order for us to play a greater role in ensuring the future health of your businesses.
AGC State Board Holds Final 2010 Business Meeting

AGC of California held its Fall State Board of Directors and Annual Meeting on November 4 in Indian Wells.

Annual Meeting

Members heard from AGC of America’s Vice President Joe Jarboe, Clark Construction Group, who discussed how National AGC and both California Chapters have worked together on the infamous air quality issues and were extremely successful in getting regulators to significantly modify the proposed emissions rule. He also noted that National AGC has been working with the Environmental Protection Agency (EPA) on the stormwater runoff issue and is also working with members of Congress to establish a water trust fund to modernize the nation’s water systems. Jarboe reported that the National AGC has developed a new three-year strategic plan designed to streamline and improve the organizational structure at National and to increase member participation and meet their needs. He noted that AGC of California also signed a pilot program of the Enhanced Partnering Agreement to increase chapter relations and improve products, policies and programs.

AGC of America’s CEO Steve Sandherr reported on political news at the national level. Moving forward, the nation should see government cutbacks as Congress focuses on getting rid of deficits and curtailing spending. However, this will create a challenge for AGC since it promotes infrastructure investment. Sandherr also discussed the Financial Accounting Standards Board’s (FASB) proposed rule that would require contractors who participate in multi-employer pension plans to demonstrate potential withdrawal liability on the balance sheets. He noted that the obvious challenge with the rule is that it would have significant financial obligations to contractors and impact a contractor’s ability to get bonded. AGC of America sent a letter to FASB outlining the huge practical problems with the proposed regulations.

AGC of California CEO Tom Holsman reviewed progress made in key strategic areas including value-added revenue, education and training, public relations, and organizational effectiveness. Over the last several years AGC has expanded partnerships with recognized vendors to offer AGC members discounted products and services including successful partnerships with SeaBright Insurance Company for their workers’ compensation program, Enterprise Fleet Services, and Verizon Wireless. AGC offers various certification programs, such as SWPPP certification, and continues to grow the program with new training opportunities.

In his report President Bob Christenson pointed out that AGC had a very successful legislative year, having sponsored/co-sponsored nine legislative bills. AGC was also victorious in the regulatory arena, and the recent CARB repeal of its off-road diesel rule was a huge victory for contractors in California.

Christenson also reported on the activities and actions of the Executive Committee meeting held the day prior. He noted that at the July Strategic Planning Session the Executive Committee established a Financial Risk Management Taskforce to look at current and future financials and identify strategic changes to ensure that the association functions within budget over the next several years. The Committee received an update on the Legal Advisory Committee (LAC) activities that included a successful legal retreat, status update on the Bigge Crane amicus brief, and recognition of AGC’s white paper on the Fresno local hire ordinance.

Keynote Speaker Senator Bob Dutton

Senate Republican Leader Bob Dutton provided a recap of the November election results and the Governor’s race. As legislative leader he stressed that the coming year should be focused on job retention and job creation in the private sector. He also said that government spending needs to be reined in and that the tax and regulate mentality needs to stop. He stated that now is the time to get serious reforms done in order to get Californians back to work. Dutton vowed to continue to focus on creating jobs and finding the best way to stimulate investment.

Leadership Forum

Sr. Vice President Gerry Diioli, Herzog Contracting Corp., reviewed key strategic and operating business plan goals for 2011. Major goals for membership included member retention and growth and holding events that promote members’ business opportunities. He reported that AGC
formed a marketing taskforce to create a plan to enhance the role of AGC as the industry leader. DiIoli noted that in the area of organizational effectiveness AGC has established a new taskforce to evaluate reformatting conferences and meetings in order to increase member participation and improve profitability. He also reported that AGC will be focused on developing quality education programs to target member needs throughout the state, as well as increasing affinity partner program participation at regional and grassroots events.

**AGC Education Foundation**

The State Board of Directors approved Mike Mencarini of Unger Construction Company as a new Director on the Education Foundation Board. Chair Michelle Loveall, First Citizens Bank, recapped the Construction Careers Awareness Days held in Fresno and Vallejo. Loveall also reported on the scholarship fund that will be presented in January and encouraged everyone to sign up for the silent auction that was being held during the Conference, as proceeds go directly to help raise scholarship funds. Erin Volk, Director of the Education Foundation, discussed the strategic direction for the Foundation.

**Legislative Program Review**

Incoming Chair Wayne Lindholm, Hensel Phelps Construction Co., provided a summary of the 2010 Legislative Program that included many AGC victories which were not all dependent on the Governor’s final actions. He noted that AGC lobbyists successfully amended or defeated numerous bills during the 2010 legislative year. Lindholm went on to review the 2011 Legislative Program and made note of the remaining AGC sponsored bills that will carry forward into 2011: Payment Bond Claims (AB 2216), DVBE Participation Requirements (AB 2627), Public Works Claims, Plan & Specifications (AB 815), and County Engineer, Force Account (AB 1409).

**Election of 2011 Officers**

The State Board of Directors approved the Nominating Committee’s slate of 2011 officer nominations as follows: Treasurer – Curt Weltz, Flatiron West, Inc.; Vice President – Randy Douglas, Tierra Contracting, Inc.; Sr. Vice President – John Nunan, Unger Construction Company; and President – Gerry DiIoli, Herzog Contracting Corp.
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California Turned Left When The Rest Of The Country Went Right...... But We Haven’t Gone To Pot!

By Jamie Khan

On Election Day, the Republican wave that swept the rest of the nation lost some of its steam as it came west but totally reversed course when it reached California. Shortly after the polls closed, the networks were already calling the Governor’s race for Democrat Jerry Brown over his Republican opponent Meg Whitman and U.S. Senator Barbara Boxer over her Republican challenger, Carly Fiorina.

Without exception, all constitutional offices will be headed by Democrats. One of the closest races and among the last to be called was that of Attorney General, with Kamala Harris finally declared the winner over Steve Cooley. As late as November 15, thousands of absentee ballots were still being counted and less than a percentage point separated the two.

Gavin Newsom was wise to abandon his earlier decision to run for Governor and instead went after the Lieutenant Governor post. Governor Schwarzenegger appointed Republican Abel Maldonado, who served for less than six months in that position before being ousted by Newsom on a 50.2% to 39.4% vote.

In most races, Republican registration numbers reflected support of their candidates, with independents shifting left and voting for the democrats. This may be one of the most telling reasons as to why there was such a difference between the outcome in California and the rest of the nation.

As political analysts examine the numbers, the Republican registrations clearly trail with 31% to the Democrats’ 44%; the independent/decline to state voters total around 25% of the voter population. Independents really make the difference in who wins or loses an election. In other states, the independent voters were very dissatisfied with the current direction of the Obama administration; however, in California the independents sided with democrats and the status quo.

Before the votes were even tallied in California, Republicans had won 239 seats in Congress to the Democrats 190 by defeating 60 incumbent Democrats - the Republicans only needed to win 39 seats in order to regain control. Also, 12 Democrat Governors were replaced and 18 state legislatures changed from Democrat to Republican control.

In the state Legislature, not much has changed from last year in terms of numbers. The only truly contested State Senate race was Senate District 12, vacated by Jeff Denham, who was termed out and is now going to Congress. The Democrats were hoping to pick up this seat, but the Republicans had an attractive candidate who fit the district. Anthony Canella, the Republican Mayor of Ceres, beat Assemblymember Anna Caballero by 53% to 47%. However, one race to note is Senate District 28 in Long Beach, where the Democrat candidate incumbent Jenny Oropeza, who died shortly before the election, won by 58% to 35%. A special election will be called to fill this seat.

In the state Assembly, the Democrats picked up one seat in the Sacramento area: Democrat Richard Pan, a pediatrician, defeated Andy Pugno by 49% to 46% in Assembly District 5. This win gets the Democrats a little closer to a two-thirds majority.

This Republican Assembly seat loss to the democrats also led to the replacement of Assembly Minority Leader Martin Garrick. The new unanimously-elected leader is Assemblymember Connie Conway from Tulare. She is the first woman to serve in this capacity in over three decades and is very capable and well respected by both parties.

Outcome of Propositions

This was a totally mixed bag. Californians handily rejected Proposition 19, the legalization of marijuana, by 54% to 46%. They also rejected Proposition 23 calling for our greenhouse gas initiative to be suspended until unemployment reached a certain level.

Voters said they were good with a majority vote on the budget instead of two-thirds by passing Proposition 25. But if the Legislature is thinking about raising taxes through fees, forget it; voters approved Proposition 26 to prevent skirting the two-thirds vote provision on any fee increase. They also said they don’t want raids on local government funding by approving Proposition 22 and no vehicle license fee increases to support parks with the rejection of Proposition 21.

The electorate also strongly supported the Redistricting Commission (which is still being formed) by rejecting Proposition 27 and also directed the Commission to draw Congressional district lines by passing Proposition 20.

What does this year’s election mean for next year’s politics? Clearly, with the election of Jerry Brown and the rejection of Proposition 23, California wants to remain on an environmentally oriented path. Also, Brown has indicated that he is not going to raise taxes without a vote of the people.

The electorate decided that they wanted a person with government experience at the helm. The deficit is still looming and it will be interesting to see how Brown plans to finesse his way through this challenge.
California Construction in 2011: Still Not in a Golden State

By Ken Simonson
Chief Economist, AGC of America

There is (comparatively) good news and (still) bad news about the state of construction in California heading into 2011. The good: construction employment in the state is still shrinking at double-digit rates. The bad: the 9% rate of decline from September 2009 to September 2010 was more than double the drop-off nationally, and California’s cumulative loss of 44% of its construction jobs since 2006 is the fourth-worst of any state.

Construction, the first industry to go into recession, has still shown little sign of pulling out of it. Industry employment bottomed out nationwide in February 2010 at 5.6 million, down 28% from the high point of 7.7 million in August 2006. But by October, the industry had added a net of only 40,000 jobs, an average of 5,000 per month, and months with job losses were still as common as months with gains. Similarly, construction spending was still close to the low point reached last summer.

There will be a turnaround in 2011, but it will be slow, gradual and uneven, both nationally and in California. In fact, some construction segments that held up relatively well in 2010 may be declining by the end of 2011.

Spending on public construction, for instance, held roughly level through the first nine months of 2010 compared with the same period in 2009. The comparatively strong showing was thanks to federal spending on stimulus, base realignment and New Orleans hurricane reconstruction and prevention projects, which offset shrinking state and local budgets. But by late 2011, all of those federal programs will be winding down. Meanwhile, state and local budgets may be under even greater strain, as they will no longer be cushioned by one-shot federal stimulus transfers.

California may benefit a little longer than most states from stimulus-funded construction spending. As of late October, the state had paid out just over one-third of its highway funds, compared with 56% nationally, meaning contractors in California will receive proportionately more payments in 2011. In addition, California is the largest recipient of “high-speed” rail funds, almost none of which have been spent to date. The state also has some of the largest water-supply projects in the nation. However, the state has some of the most severe budget shortfalls anywhere, which will force both state and local agencies to keep a tight lid on construction spending.

The prospects for private nonresidential spending are similarly mixed. One of the bright spots should be hospital construction. Kaiser, the military and the U.S. Department of Veterans Affairs have, or will shortly have, broken ground on major new facilities in the state. Throughout the country, large medical centers are dusting off plans shelved two years ago or starting new fundraising campaigns.

Power construction should fare better in California than it has nationally in recent months. However, the market remains as fickle as the winds that propelled much recent investment. The state’s renewable-power mandate and “smart grid” investments are sustaining some contractors, but uncertainty about federal tax and regulatory policy will keep other projects on hold.

Developer-financed projects—office, retail, warehouse and hotel—have been nearly non-existent in the past two years. In 2011, there will be spotty improvement in these categories. Warehouse construction should come back first, as rising imports, exports and domestic sales add to demand for storage space. However, the huge inventory of vacant distribution space in the Inland Empire makes it likely that California will lag other areas in building new warehouses. Hotel room and occupancy rates have been rising at a pace that suggests there will be a spurt in renovation work, followed later in 2011 by modest growth in new construction; California should get a proportionate share. Retail and private office construction, however, are likely to be limited mainly to tenant improvements, renovations and energy conservation retrofits. Lingering high vacancy rates and tight credit conditions will prevent most greenfield construction.

Residential construction should finally turn positive in 2011, after tumbling for four years. The largest percentage gains will be in multifamily rental housing. As more young people find jobs, they will be able to rent their own places instead of living with parents or doubling up with unwanted roommates. Markets around bases that receive an influx of new military and civilian residents as the realignment process wraps up will need new housing, both multi- and single-family, especially for bases outside of already-developed areas. New single-family construction will pick up in some central cities and close-in suburbs. But interior regions of California are unlikely to experience much residential construction for years to come.

Thus, there will be more opportunities for work than in the past two years. But they will be in limited market segments and geographic areas. Unfortunately, even contractors that win work may have a tough time making money. Competition remains fierce, although more firms are likely to exit the industry after struggling to hang on in 2010. And materials costs are likely to rise more rapidly than in 2010 as the U.S. and foreign economies gain steam and begin to use up more existing production capacity. In short, 2011 may not be heaven but it will be better than the hell of 2010.
CIRB Forecasts Uptick Mainly in Private Building Construction Market in 2011

By Ben Bartolotto

California construction volume, private and public combined, totals an estimated $41.53 billion in 2010, up 6.2% from 2009’s $39.10 billion but down 53.9% from 2006’s $90.04 billion. In 2011, the total volume of construction is forecast to increase by 16.1% to $48.22 billion. The forecast increase is mainly in private building construction with little overall change in the public-works sector.

Residential building, including new buildings and alterations and additions, totals an estimated $13.18 billion in 2010, up 8.0% from 2009 but down 67.8% from 2006. Residential building is forecast to increase 42.5% in 2011 to $18.78 billion.

New housing units total an estimated 41,600 in 2010, up 14.3% from 2009’s 36,400 but down 74.7% from 2006’s 164,300 units. New housing units are forecast to total 67,500 in 2011, up 62.3% from 2010. The new-housing-unit totals for years 2008 through forecast 2011 are lower than in any prior year on record. (Comparable records start in 1954.)

Private nonresidential building, including new buildings and alterations and additions, totals an estimated $11.07 billion in 2010, up 0.9% from 2009’s $10.97 billion but down 41.4% from 2006’s $23.73 billion (adjusted for inflation). Private nonresidential building is forecast at $12.11 billion in 2011, up 9.4% from 2010. The 2009 through forecast 2011 totals are all lower than the previous low of $13.09 billion posted in 1993. (Comparable records start in 1967.)

The public-buildings sector (government-owned buildings) totals an estimated $7.28 billion in 2010, up 11.3% from 2009 but down 41.4% from 2006’s $12.43 billion (adjusted for inflation). Schools and community colleges, the largest public-buildings category, totals an estimated $2.95 billion in 2010, up 6.1% from 2009. The balance of public building construction totals $4.34 billion in 2010, up 15.1% from 2009. Among the largest categories in the balance of public buildings is state-college- and-university construction. That category totals an estimated $860 million in 2010, up 153.7% from 2009’s $339 million but down 37.2% from 2008’s $1.370 billion.

Public-buildings construction as a whole is forecast to decline 0.1% in 2011 to $7.28 billion. The 2011 forecast includes a 4.7% decline in the school-building category but a 3.0% increase in the balance of public buildings.

The year-2010 heavy (nonbuilding) construction total is estimated at $9.99 billion, up 6.5% from 2009 but down 25.3% from 2006’s $13.37 billion. The largest component of the heavy construction sector is roads and bridges, which totals an estimated $3.70 billion in 2010, down 5.4% from 2009 and the lowest total since 2005’s $3.32 billion, adjusted for inflation.

Contracts and starts for the balance of heavy construction (includes utilities, rail, sewage treatment, water systems, dams, river and harbor, power plants, airports, parks, sitework) total an estimated $6.29 billion in 2010, up 15.0% from 2009. The largest category in the balance of heavy construction is water-and sewer-works construction, which totals an estimated $2.90 billion in 2010, up 29.5% from 2009’s $2.24 billion but down 4.9% from 2008’s $3.05 billion adjusted for inflation.

Heavy construction is forecast to total $10.05 billion in 2011, up a slight 0.6% from 2010. The forecast includes a 5.4% decline in roads and bridges but a 4.1% increase in the balance of heavy construction.

California construction employment averaged an estimated 546,300 in 2010, down 73,800 (11.9%) from 2009 and the lowest level since 1996’s 517,200. The decline in 2010 follows a 167,600- decline (21.3%) in 2009 from 2008. Construction employment is forecast to increase to 562,000 in 2011, up 2.9% from 2010.

Ben Bartolotto is Research Director with the Construction Industry Research Board (CIRB). CIRB is supported in part by grants from the California Construction Advancement Program, Construction Employers’ Association Construction Industry Advancement Fund of Southern California, and Fund for Construction Industry Advancement.
AGC of California Presents 2010 Safety Awards of Excellence

The AGC of California honored approximately 26 companies and individuals for their commitment to safety, handing out a variety of awards during the 23rd Annual Safety Awards of Excellence luncheon in Indian Wells on November 4, 2010. More than 100 safety professionals and AGC members gathered for the prestigious Safety Awards luncheon and presentations.

The program recognizes contractors and their commitment to safe work practices through management commitment and employee involvement.

The awards were given in various occupational categories, including Building, Heavy/Civil/Highway and Specialty, and were organized by the number of work hours. AGC also named several special category awards, including naming Jerry Shupe, Hensel Phelps Construction Co., as the Harry Eckstein Safety Professional of the Year Award winner.

Keynote speakers for the AGC Safety Awards of Excellence luncheon were Chris Lee, Deputy Chief at Cal/OSHA, and Dr. Marc Miller, Chief Medical Officer and Senior Vice President of SeaBright Insurance Company. Additional speakers and awards presenters included AGC of California President Bob Christenson, Panattoni Construction, Inc.; Doug Hirsch, SeaBright Insurance Company; and 2010 Chair of the Safety & Health Council Cory Bykoski, who also served as Master of Ceremonies.

In his remarks, Lee noted “this is a critical time for Cal/OSHA” given the down economy and the state budget crisis. “Just like every other public agency in California, the Division is currently facing some very challenging times,” he said. “We’ve had furloughs, hiring freezes, across-the board cuts in operating expenses and equipment, and reductions in our personnel ceiling.” He added, “I remain an eternal optimist, and so I believe we will thrive, not just survive – we just have to stay critically focused on our mission and continue to work collaboratively with our myriad stakeholders.”

Lee commended AGC member companies for their strong safety and health efforts, noting that many of those present at the awards luncheon were current participants in Cal/OSHA’s VPP, SHARP and Golden Gate programs – voluntary programs that he said he has been a strong proponent of throughout his many years formerly at Fed OSHA and since 2008 with Cal/OSHA. While noting that the role of Cal/OSHA is to enforce safety and health regulations in the state, Lee added, “I also believe very strongly that voluntary compliance, recognition programs, training, consultation, education and outreach also have equally important roles. I would much prefer to work collaboratively with employers, with the AGC contractors of the world, on those types of issues.”

2010 AGC Safety Award Winners

During the AGC of California Safety Awards luncheon, several individuals and companies received special Safety Awards of Excellence for 2010, including the following:

- Harry Eckstein Safety Professional of the Year Award – Jerry Shupe, Hensel Phelps Construction Co.
- Safety on a High Hazard project – Syblon Reid for the Flume 51 Replacement.
- Individual Safety Effort of a Superintendent – Larry Johnson, superintendent with Clark Construction Group
more information on AGC of California’s annual safety awards program or other AGC safety services, contact Kate Smiley, Director of Safety, Health & Regulatory Services, at (916) 371-2422.
Shupe has actively participated on the AGC Safety and Health Council, including serving as chair of the Council in 2009 and Vice Chair in 2008. His efforts included attending Cal/OSHA meetings, writing safety bulletins and safety snaps, speaking to the Cal/OSHA Standards Board about CARB’s off-road diesel emission standard, and participating in special task force meetings. He has also spoken to a variety of groups regarding safety, and regularly speaks at colloquia about construction safety.

Under his leadership Hensel Phelps saw a decrease in recordable incidents and incident rate in both Northern and Southern California Districts. He developed many sections of the company’s Safety and Health Manual and updated the entire manual a few years ago when it went online. He also developed and implemented a number of new programs, including Helicopter Lift Procedure, Heat Stress Prevention Plan, Fall Rescue System and Plan for all northern California Projects, and an indoctrination program for all subcontractor foremen, among other programs.

Jerry Shupe, Safety Director for Hensel Phelps Construction Co., was named the AGC/Harry Eckstein Safety Professional of the Year.

The award was presented by AGC of California as part of its annual Safety Awards competition during the Safety Awards luncheon November 4 in Indian Wells. Named in honor of Guy F. Atkinson Company’s former safety director, Harry Eckstein, the award reflects the safety knowledge and experience, the quality and effectiveness of the award winner’s company safety program, as well as the leadership quality and performance displayed by the individual.

Shupe started his career in safety after graduating from Montana Tech with a Bachelor of Science degree in Occupational Safety and Health. After his graduation, Shupe joined Hensel Phelps and completed its safety intern program, working diligently on a number of projects in both Northern and Southern California. He was promoted to Safety Manager after five years of service and then to Director of Safety for Northern California.

Shupe has obtained both his Construction Health and Safety Technician (CHST) and Certified Safety Professional (CSP) designations. In addition he has obtained over 15 competent person certifications and attended numerous safety courses. He is able to teach a variety of safety courses, and was selected to Hensel Phelps Corporate Training Program Steering Committee in the past year.

Jerry Shupe Named AGC Safety Professional of the Year
Syblon Reid Overcomes Huge Challenges on Successful Flume 51 Project

Project Wins AGC High Hazard Award for Team’s Success Mitigating Host of Hazards on Unique, Complex Job

AGC Contractor Syblon Reid completed one of its most challenging and hazardous projects to date, the Flume 51 project, with zero OSHA recordable or lost-time injuries. The project’s exemplary safety record in the face of massive challenges earned it the High Hazard award from AGC of California this year.

Located at 3,800 ft. elevation near Pollock Pines, CA, Flume 51 is part of the El Dorado Canal, a 22-mile water conveyance system operated by the El Dorado Irrigation District (EID). Portions of the system date back to the Gold Rush Era. To ensure the safe and reliable operation of the canal, EID embarked on a long-term program to upgrade their systems – an undertaking that required performing work during shut-down periods of the canal between October and December, when the potential for inclement weather is a constant threat and work must be done on an accelerated schedule.

The Flume 51 project consisted of two phases at different locations. Phase one comprised pre-casting 60 flume sections, each 8 feet long and 16 feet wide in a remote location with limited access. When ready for installation, these pre-cast sections had to be safely transported to the flume site seven miles away. Phase two at the flume replacement location required Syblon Reid to work 24/7 during the canal shut-down period and demolish and remove existing flume sections and clear and stabilize the slope above the flume area. The slope contained dense forestation, large trees and loose rock. The length of the slope was more than 650 feet and extended up the hill an average of 200 feet, while the grade started at 40 degrees and became vertical as it approached the flume below. Over 200 trees up to 60 inches in diameter, many with roots embedded in fractured slope rock, had to be safely removed with equipment as well as by hand. Once cleared, the slope was stabilized with rock anchors, wire mesh, erosion control fabric and over 600 yards of shotcrete.

At the same time the slope was being cleared, graded and stabilized, work was being done below with existing wooden flume sections being removed. Flume beds were also being re-graded and prepared by a night-shift operation; the flume foundation was being prepared and poured; and a 25-ft. high by 500-ft. long retaining wall was constructed. Clearing and grading of the slope and demolition and construction in the flume area had to be completed during the October 1-December 11 canal shutdown period. Failure to meet this schedule would result in liquidated damages of up to $22,000 per day.

Other major challenges included access to work areas via steep, one-lane roads and having to perform work with multiple crews and subcontractors in a small area. At any one time, there were as many as 50 Syblon Reid and subcontractor employees performing work on the site. At 3,800 ft. elevation, temperature and weather conditions ranged from high heat to freezing temperatures.

Despite the many significant and varied challenges, Syblon Reid successfully managed an extremely dangerous environment and successfully completed this project both safely and ahead of schedule. 🏗️
Builders Hear From Expert Panel on Latest Trends in BIM

Chair Jon Ball, Hensel Phelps Construction Co., led the Building Division Board of Directors meeting on November 3rd in Indian Wells.

Nominations of Officers
Steve Blois conducted nominations for the Building Division leadership for 2011. Dave Higgins, Jr. of Harbison-Mahony-Higgins Builders, Inc. will serve as Chair, and Mike Mencarini of Unger Construction Company will serve as Vice Chair of the Building Division.

Specialty nominations: Jim Hawk of Rosendin Electric, Inc. will serve as State Director, and Darrin McElroy of Environmental Construction Group, Inc. will serve as Division Director.

Associate nominations: Bob Mahan of Gold Dolphin Insurance Services, Inc. and Tim Truax of Law Offices of Timothy M. Truax will serve as State Directors, and Dave Garese of Excel Bonds & Insurance Services, Inc. and Teri Jackson of Wells Fargo Insurance Services will serve as Division Directors.

BIM Panel
Attendees heard a presentation on the latest trends and the state of integration of Building Information Modeling. The BIM presentation was led by a panel of industry experts including Victor Sanvido, Southland Industries (mechanical specialty contractor); Liz Chodosh, Cannon Design (BIM specialist); Greg Luth, Gregory P. Luth and Associates (structural engineer); and Greg Gidez, Hensel Phelps Construction Co. (moderator).

This informative presentation included discussion of such topics as: process and coordination, collaboration, accuracy fabrication and value proposition. Also discussed were conceptual studies and design process; custom software for layout, modules and connecting pieces; 3D, 4D, 5D, 6D and how they will be integrated; site utilities and infrastructure; collision and clash detection; and construction sequence modeling.

Legislative Update
Paul Gladfelty, DGA Associates, discussed how the most recent election results for both federal and state will affect the construction industry. He also discussed the new legislative corrections to the Mechanics Lien Law and how they will affect the construction community.

Legal Update
Bill Hurley, Miller, Morton, Caillat & Nevis, LLP updated the Building Division on how the AGC of California reviewed several amicus briefs and gave direction back to the Executive Committee for further action. Hurley discussed ways in which the LAC offers services back to the association, provides legal assistance and produces numerous legal briefs that are on AGC of California's website.

BIM Panel

Prepared by Building Division Director John Hakel.
Recent Increase in Bid Protests Examined by Engineering Contractors

Chair John Douglas, Granite Construction Company, led the Jt. Engineering Division meeting on November 3rd.

Caltrans Update – Bid Protests
The Division heard a Caltrans update focusing on the increasing prevalence of bid protests. John McMillan, Caltrans Deputy Division Chief of Office Engineer, indicated that the increase in bid protests have delayed the contract award process up to 60 days.

Olivia Fonseca, Caltrans Deputy Director of the Office of Business & Economic Opportunity, discussed educating the industry on minimizing the bid protests. Fonseca also presented the draft ‘Caltrans Business Plan for DBE Outreach on Federally-Funded Projects’ and the draft ‘Guide to Counting Disadvantaged Business Enterprise (DBE) Participation - DBE, DBE Trucker, Broker, Manufacturer, Supplier, and DBE Professional Services.’ Her goal is to help contractors locate small and minority businesses that fit the criteria.

Leonard Ortiz, President of LENNOVA and member of the Latin Business Association, talked about small businesses, their role in the industry and the difficulties they face in getting bonded.

Funding Outlook
Mark Watts, Transportation California, gave a presentation on the funding outlook for transportation and infrastructure. He discussed developing a transportation funding policy and building an industry consensus to implement a statewide grass-roots education campaign on local, state and federal transportation plans.

GoED Services and Programs
Joel Ayala, director of the Governor’s Office of Economic Development (GoED), discussed the program that was created to promote, support and help businesses.

2011 Nominations
Steve Blois conducted nominations for the Jt. Engineering Division leadership for 2011. Jim Troup of Monterey Mechanical Co. will serve as Chair and Clint Larison of Reyes Construction, Inc. will serve as Vice Chair of the Joint Engineering Division.

Associate nominations include: Mike McGowan of M.B. McGowan & Associates Insurance Agency, Inc. and Cathy Skeen of Excel Bonds and Insurance Services, Inc. will serve as Division Directors, and Andre Sims of Lehigh Hanson West and Ken Williams of Flash Safety Company, Inc., will serve as State Directors.

Specialty nominations include: John Kliese of Marina Landscape, Inc. and Peter Mendoza of MBE Electric, Inc. will serve as Division Directors. Gary Castro of KRC Safety Co., Inc. and Dennis Sterndahl of Sterndahl Enterprises, Inc. will serve as State Directors.

Prepared by Jt. Engineering Division Director Sam Hassoun.
2010 Fall Conference & Meeting Highlights

Bob Roginson, left, received a plaque honoring his many years of service to the Riverside/San Bernardino District from District Manager Bill Hamilton and Tom Brickley during an Open Shop/Specialty Contractors meeting November 3rd.

2010 Presidents Club members are pictured during a reception in Indian Wells.

Vice President John Nunan presented President Club packets to two individuals who had been inducted into the President’s Club earlier this year: Tony Campbell of Dynalectric (left) and Kevin Malloy of Trench Shoring Company (right).

Panelists for an educational forum on public-private partnerships on November 4 included, l-r, Rod Williams, Liberty Mutual Surety, Adrian Moore, Reason Foundation, and Fred Kessler, Nossaman, LLP, Law Firm.

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2010 Was ‘Interesting’ Year for Labor Relations

By Bob Norling and Trude Ellingson, AGC IR Department, Southern California

2010 proved to be an interesting year for Labor Relations statewide. Here are a few highlights.

Contract Negotiations
Across the state, contract negotiations with the Iron Workers, Operating Engineers, Laborers (Parking & Highway Improvement) and Teamsters focused on keeping Pension and Health & Welfare trust funds healthy. Not a single craft put money towards wages and the majority of increases, if indeed there were any, went to the trust funds.

We also anticipate that a majority of the negotiated increases in future years will be allocated solely toward either the Pension or Health & Welfare funds.

Meal Periods
We are pleased to announce the signing of a bill that was sponsored by the AGC Legislative Committee. AB 569 creates an exemption for the construction industry from the meal period provisions of Wage Order 16. This exemption is exclusively for contractors with valid collective bargaining agreements that contain meal period provisions. It is our opinion that all the basic crafts that AGC negotiates with have language that would meet this provision.

This new legislation will help the signatory contractor by:
1. Significantly reducing exposure to class action lawsuits
2. Limits the exposure for back wages to the Master Labor Agreement (current law can be up to four years)
3. Easier to compromise the claim at a JAB than in court
4. Significantly lowers the expense of defending a claim

The Financial Accounting Standards Board

Another major milestone this year has been the recent postponement of the Financial Accounting Standards Board (FASB) proposed disclosure rules for employers participating in multiemployer plans. These rules would have required disclosure of an employer’s pension and postretirement health and welfare plan liabilities on the employer’s financial statements. If passed, these requirements would have added significant preparation expenses to the annual financial process while reporting information that would have been significantly dated and arguably not very meaningful. The AGC will continue to work with the FASB next year as they reevaluate how their proposed disclosure rules might be modified to meet the needs of end users without excessive and burdensome requirements.

Looking Forward

2011 will be a somewhat quieter on the negotiations front, as only the Cement Masons agreement in Southern California is expiring, while statewide the Iron Workers one year freeze expires. We are also in the planning stage for the annual Southern California Prevailing Wage Seminar, so look for information in your email inbox sometime this month!

As always, the Industrial Relations Department relies on our members to keep in touch and let us know when they need our help or have issues that need to be addressed. We can be reached in Southern California at (626) 608-5800 and in Northern California at (925) 827-2422.

Top 10 Projects Awards
Following are the top 10 public project awards California last month, compliments of McGraw-Hill Construction.

<table>
<thead>
<tr>
<th>Project Title</th>
<th>Project City</th>
<th>Reported Low Bid Amount</th>
<th>Company</th>
</tr>
</thead>
<tbody>
<tr>
<td>Condemned Inmate Complex Const Pkg 1 - San Quentin Prison C035016</td>
<td>San Quentin</td>
<td>$126,295,000</td>
<td>McCarthy Building Co. Inc</td>
</tr>
<tr>
<td>CA/DOT Widen 4 Lanes To 6 Lanes 06324504</td>
<td>Kingsburg</td>
<td>$67,312,824</td>
<td>Diablo Contractors Inc.</td>
</tr>
<tr>
<td>Foresthill Road Bridge Seismic Retrofit Improvements 1074</td>
<td>Auburn</td>
<td>$58,374,849</td>
<td>Golden State Bridge, Inc.</td>
</tr>
<tr>
<td>San Joaquin Pipeline System - Western Segment HH835B Stanislaus</td>
<td>San Joaquin/</td>
<td>$48,444,444</td>
<td>Mountain Cascade, Inc</td>
</tr>
<tr>
<td>CA/DOT Widen Existing Road To 4 Lanes (06-Ker-46-6.8/19.8) 06442524</td>
<td>Lost Hills</td>
<td>$43,198,410</td>
<td>Security Paving</td>
</tr>
<tr>
<td>Blue Line Crossovers and Signaling CIP12100201</td>
<td>San Diego</td>
<td>$37,374,192</td>
<td>West Coast General/HMS JV.</td>
</tr>
<tr>
<td>Veterinary Medicine 3B Research Lab 9541400</td>
<td>Yolo</td>
<td>$36,950,000</td>
<td>Sundt Construction Co.</td>
</tr>
<tr>
<td>CA/DOT Replace Concrete Panel - Reconstruct Lane &amp; Shoulder 06098904</td>
<td>Bakersfield</td>
<td>$33,129,559</td>
<td>Griffith Company</td>
</tr>
<tr>
<td>CA/DOT Bridge To Be Replaced 08378704</td>
<td>San Bernardino</td>
<td>$29,555,093</td>
<td>MCM Construction</td>
</tr>
<tr>
<td>CA/DOT Replace Pcc Slabs - Cold Plane Ac Pymnt &amp; Replace 07251504</td>
<td>Thousand Oaks</td>
<td>$28,410,947</td>
<td>All American Asphalt</td>
</tr>
<tr>
<td>North Milliken Avenue Grade Separation C11004</td>
<td>Ontario</td>
<td>$27,160,047</td>
<td>C C Myers Inc.</td>
</tr>
</tbody>
</table>

Calendar of Events

December 10
Los Angeles District Board of Directors Holiday Luncheon
Monterey District Annual Holiday Lunch and Toy Drive at Seaside Golf Club

December 11
Confined Space Entry Training at Trench Shoring office

December 13
OSHA 10-Hour Construction Safety Course

December 15-17
SWPPP - Qualified SWPPP Practitioner (QSP) in San Jose

December 20
Confined Space Entry Training in Santa Ana

December 27
OSHA 10-Hour Construction Safety Course in Santa Ana

January 28
2011 AGC of California Installation of Officers Banquet at Disney’s Grand Californian Hotel & Spa in Anaheim
California Formally Proposes Sweeping Amendments To Controversial Rule on Off-Road Diesel Emissions

By Michael E. Kennedy, AGC of America

Consistent with its prior agreement with AGC, the California Air Resources Board (“CARB” or “Board”) has formally proposed a series of sweeping amendments to its controversial rule on off-road diesel emissions. The amendments will push the original deadlines for construction contractors and other fleet owners to meet the rule’s emission standards and/or turnover requirements back a total of four years. They will also cut the percentage of the total horsepower that the rule requires construction contractors and other fleet owners to turn over (i.e. retire, repower, rebuild, retrofit or declared to be “low use”) in any one year, and they will expand an existing exemption for low-use vehicles.

The amendments will be out for public comment for a period of 45 days. At the close of that period – or on either the first or the second day of the two-day meeting that the Board has scheduled for mid-December – the amendments will go back to the Board for its final approval.

When it proposed the rule, CARB estimated that the total cost of compliance would be somewhere between $3 and $3.4 billion. CARB now estimates that the cost would only be $2.15 billion. Nevertheless, it also estimates that the amendments to the original rule will still save the regulated fleets $1.5 billion. The construction industry’s original estimate of the total cost of compliance was close to $13 billion, and if that number was anywhere close to accurate, then the amendments to the rule will actually save far more.

And that is just in California. AGC believes that approximately 30 other states may well have interest in adopting the California rule. If they succeeded in doing so – in accordance with the federal Clean Air Act – then the total savings to the construction industry would be even greater.

These amendments are the direct result of AGC’s success in challenging the “emissions inventory” that formed the foundation for the original rule. In 2010, after several years of frequently intense debate, the Board came to agree that its original estimates of the emissions from the regulated fleets were far too high, and changes were in order. To its credit, however, the Board has now acknowledged its mistake and begun the process of amending the rule.

Major Amendments

As noted, the amendments are sweeping. They will change the rule in fundamental ways, redirecting its various incentives and requirements. In sum, the amendments will reduce the incentives and limit the requirements for reducing PM emissions, but maintain, and in later years, increase, the incentives and requirements for reducing NOx emissions.

Among the very basic changes that are now on the table is a change in the “accounting year” for the rule’s various incentives and requirements to run from January 1 of each year to the end of the following December, bringing the “accounting year” for the rule into line with the calendar year. The amendments will also change the annual reporting deadline for all fleets to March 1.

Following is a brief summary of some of the other major changes to the rule.

• Deadlines for Meeting Emission Targets – The amendments will push the deadlines for large (over 5,000 hp), medium (between 2,500 and 5,000 hp) and small (under 2,500 hp) fleets to meet the rule’s emission standards and/or turnover requirements back a total of four years.

• Number and Level of Emission Stan-
dards – The amendments will delete the PM emission standards included in the original rule and leave it to the remaining standards to drive future reductions of both PM and NOx emissions.

• Turnover Requirements – Like the original rule, the amended rule will require fleets to turn over (i.e. retire, repower, rebuild, retrofit or declared to be “low use”) a certain percentage of their total horsepower in any year in which they fail to meet their emission standards. The amendments will, however, make dramatic cuts in the percentage of the horsepower that fleets may have to turn over in any one year.

• Early Action Credits – The amendments will make several changes to the early action credits that construction contractors and other fleet owners will retain and may accumulate in the future.

• Reduced Activity Credits – While the amended rule will retain and even extend the early action credits included in the original rule, the amended rule will omit the reduced activity credits similarly included in the rule.

• Exemption from 2014 Requirements – To reward the large fleets that made a serious effort to meet the turnover and retrofit requirements included in the original rule, the amendments will exempt large fleets from the 2014 emission standards and turnover requirements if a number of actions, taken together, equaled or exceeded 8% of such fleets’ total horsepower as of March 1 of 2009.

Conclusion

There are a variety of other amendments to the rule. The Board will conduct a public hearing on the amendments in Sacramento on December 16 or 17, and at the close of that hearing, AGC expects the Board to vote on the amendments, including any and further changes that the Board staff may recommend on the day of the hearing. AGC also urges all of the California contractors interested in ensuring that the Board approves the amendments to attend that hearing and to express their support for the amendments. CARB will be posting the exact date of the hearing (whether December 16 or 17) and other details on its web site no later than December 6.

(For additional details on this topic, visit AGC’s website at www.agc-ca.org or AGC National at www.agc-org.)
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