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The U.S. Environmental Protection Agency (EPA) has awarded CalPortland Company the National ENERGY STAR® Award for Sustained Excellence in recognition of its continued leadership in protecting our environment through energy efficiency. CalPortland’s accomplishment over seven consecutive years (2005 - 2011) is a feat that has never been matched by any other U.S. building materials company.
Early in the year I touched on an issue the building trades need to be concerned with: that of workforce development and education. Well it seems the numbers are coming in. Recent statistics in regard to construction workforce show that, on average, 225,000 workers leave the industry each year while only 110,000 new workers enter it. The number of workers who aren’t being replaced is adding up, and by 2018 we’re looking at a workforce deficit of nearly one million workers.

This statistic reveals that the construction industry is not seeing the influx of new and younger workers trained and ready to replace the number of retiring workforce. Add to that the elimination of vocational education and career technical programs in the public school system, which used to serve as a major recruiting mechanism for industry skilled labor. With both of these factors in play, national statistics consistently project that our industry is facing a serious workforce gap between now and 2018. Although we are still recovering from the impact of a slow economy, and many construction companies don’t have an immediate need for new workforce, it is important we plan for the long-term and continue efforts to recruit the next generation of construction workers. Otherwise, the industry could end up in a critical situation where there are more jobs than we have the available workforce to complete.

The AGC of California Construction Education Foundation works to raise awareness about construction as a viable career option and to encourage young people pursuing construction through their construction career awareness, scholarship and AGC Student Chapter support programs. If you have yet to learn about the Foundation’s efforts, I encourage you to get familiar with the important work they do on behalf of AGC members and our industry.

Equally important is our industry’s continued investment in the education and training of existing workforce. From “Qualified SWPPP Practitioner (QSP)” to “Foreman’s Training Boot Camp” to “Managing Construction Operations”, AGC offers a wide range of training and education opportunities. Such training and education increases the quality, safety and efficiency of your work and grooms the future leaders of our industry. To remain competitive, investing in education and training needs to be priority; as an industry and as individual companies, we are only as strong as our workforce and the skills and abilities of the individuals who comprise it.

AGC of California remains committed to the training and education necessary for the current as well as future workforce. Our efforts in these areas will continue to support the growth and strengthen individual AGC member companies as well as the industry as a whole. With that in mind, I invite you to review this edition of California Constructor and our successes in the area of workforce development.

On another note, it is with mixed emotions that I close this column of the California Constructor, which will be my last as President of the association. It has been a wonderful year, and I assure you that AGC of California will be in good hands with the leadership of 2012 President John Nunan and his cadre of officers taking over in January. Thank you for the opportunity to serve you this year, and remember: “It’s Good Business to do Business with an AGC Member.”

Gerry DiIoli
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‘Both Sides Now’ – the Governor’s Theme Song

By Dave Ackerman

“But now old friends are acting strange. They shake their heads and say I’ve changed. Well, something’s lost, but something’s gained, in living every day. I’ve looked at life from both sides now.”

From “Both Sides Now”, recorded by Joni Mitchell in 1967 – five years before Jerry Brown was first elected Governor in 1974.

Maybe these words to an old song describe California’s Governor as he completes the first year of his third term as Governor – separated by 33 years.

Unpredictable. Unscripted. Inconsistent. A little to the right. A lot more to the left.

Many described Governor Jerry Brown using these terms as he plowed through nearly 600 bills sent to him by the Legislature in the closing days of the 2011 legislative session.

When asked if there were any inconsistencies in his veto and signing messages, Brown said there were not. In the Governor’s own words, “I look at each bill, and since the same mind is looking at each bill, there’s at least a modest consistency.”

In the end – he is still Jerry Brown. He is predictably unpredictable.

Both Republican and Democrats praised his actions one minute, then issued damning statements over a signature or veto the next. He received kudos from Republicans when he vetoed legislation that would have let unions organize child-care providers who work out of the home. But then just hours later, the governor delivered big time to his Democratic base by signing a bill to move all ballot measures to November elections (when more Democrats vote) and another bill granting undocumented college students the ability to apply for state grants and financial aid.

He rejected a measure requiring helmets for young skiers and snowboarders, citing concerns about the “continuing and seemingly inexorable transfer of authority from parents to the state.” And then he signed legislation to let children 12 and older seek medical care to prevent sexually transmitted infections without parental consent.

Brown signed many Democratic and labor-backed bills, but not all. He vetoed four of five bills the California Chamber of Commerce considered “job killers.”

Ironically, both the California Chamber of Commerce and California Labor Federation issued statements commending Brown for his legislative actions – of course on different pieces of legislation.

It was much the same for legislation important to AGC.

The Governor signed two of AGC sponsored bills – a limit on “late” payment bond claims and restrictions on counties’ ability to perform work with their own forces rather than putting it out to bid. He also vetoed two major bills on which AGC requested vetoes – restrictions on building “big box” stores like Walmart and a bill that would have killed a landfill project in San Diego County being constructed by an AGC member.

But he signed three measures AGC opposed – two that may result in the expansion of project labor agreements at the local level and one bill that will have the impact of prohibiting the inclusion of current Type 1 indemnity clauses in construction contracts.

Just after they adjourned, the Governor harshly criticized the Legislature for passing so many bills and warned them that they would be “singing the veto blues,” but he wound up vetoing only 97 bills, a 17 percent veto rate for the recently ended summer session. Overall this year, Brown vetoed only 14 percent of 889 bills – though actually lawmakers sent him fewer regular session bills, 870, than to any governor since 1966.


Now, what’s next? Let’s turn to taxes and budgets.

California is teetering on the brink of continued financial collapse. If revenue that was predicted when the last budget was passed doesn’t materialize, potential massive budget cuts will take effect at the first of the year. The Governor could call the Legislature back into special session.

The Governor has also indicated that he wants to move forward with a revenue ballot measure in 2012, but he has yet to announce exactly what he wants to see in the ballot measure in November to address California’s budget woes.

The Governor has dropped some hints about what kinds of taxes he would support including changes in corporate taxes and that the state’s highest income earners should be asked to pay more.

Voters are very skeptical about any new taxes and generally unwilling to send more money to Sacramento politicians, who remain unpopular.

 Taxes that poll the best among voters — higher levies on the wealthy and certain corporate taxes — result in strong business opposition. However, the proposals that business interests wouldn’t fight — broad increases in the income tax, sales tax or vehicle license fees — are unpopular with the public.

If the Governor cannot secure the votes in the Legislature to approve a ballot measure, his only option would be to pursue an initiative through the signature gathering process.

Though a vote would be more than a year away, in November 2012, a decision to place an initiative on the ballot by gathering signatures must come soon. Qualifying ballot initiatives takes months, and any proposals would have to be drafted this fall to meet that timetable.

2012 is going to be another roller coaster year.
In October 2011, Airco Mechanical, Inc. committed a $50,000 donation to the AGC of California Construction Education Foundation (CEF) to establish the James C. Jones, Founder of Airco Mechanical, Inc. Scholarship Fund.

In celebration of Mr. Jones’ 90th birthday on October 16, 2011, the Jones family and executive team at Airco wanted to honor his exceptional career in the industry and commitment to local philanthropy. They felt a named scholarship was a great way to create a legacy for his leadership and support of education. The donation will allow CEF to start an endowment account, and the James C. Jones Scholarship will continue to be awarded from the original donation, based on available and accrued interest. For years to come, students from Northern California will receive his scholarship and will recognize James Jones as one of the people who made it possible for them to achieve their construction related education and career goals.

James (Jim) C. Jones, Founder of Airco Mechanical, Inc., is a past Board Member of the AGC Delta Sierra District and has been active in numerous trade associations within the construction industry. He has also been honored by the YMCA for his commitment to the youth in our community. At the age of 90, Jim Jones has said he is honored to be part of this new and exciting AGC Construction Education Foundation Founder Scholarship Program and takes pride in knowing that as a result, young adults will gain the educational tools needed for success.

As a young man growing up during the depression, in a small Texas town, joining the military provided the best opportunity available for Jones. College was not an option. In fact, finishing high school seemed pointless to him. As the country was growing closer and closer to entering World War II, Jim Jones dropped out of high school and joined the Navy. Missing the Pearl Harbor invasion by only days, Jones was involved in numerous Pacific Ocean confrontations aboard the USS Vincennes. After six years in the Navy, he was discharged in San Francisco, CA. He had learned the fundamentals of the sheet metal trade aboard ship. After the war his career began in the Bay Area as a sheet metal worker. He spent the next three decades working his way up in the mechanical contracting industry.

Against all odds, Jim Jones founded Airco Mechanical, Inc. during the recession of 1974. Almost 40 years later, Airco is among the largest and most respected full service mechanical contracting firms in Northern California. Jones attributes his success to hard work and dedication. He has often said, “What I accomplished has rapidly become harder and harder for young adults to achieve without an education.” For this reason, Jones has always been a supporter of education at all levels.

The Jones family is grateful for the opportunity to establish the James C. Jones Founder of Airco Mechanical, Inc. Scholarship as the very first of this important new scholarship program.

For more information on the Founder Scholarship Program or to establish a Founder Scholarship for the great leader responsible for the success of your company, please contact Erin Volk, CEF Director at volke@agc-ca.org or 916-371-2422.
AGC Scholarships Making a Difference
More Than $20,000 in 2011 Scholarships Awarded

By Erin Volk

In September 2011, the AGC of California Construction Education Foundation released $6,000 in direct scholarships to six students from across California. (Each student received $1,000). This year marks the first year that the Foundation has given scholarships directly to students in addition to operating the District Match Scholarship Program. The Foundation was able to give the direct scholarships due to revenue raised at silent auctions and a generous contribution from the estate of the late George Cox, long time member of the AGC of California.

After reviewing the 26 competitive applications received, the Foundation Board of Directors selected the following students to receive a direct scholarship: Andrew Kitchen a junior at Cal Poly San Luis Obispo majoring in Civil Engineering; Bolaji Ojuri, a freshman at UC Berkeley majoring in Civil Engineering; and Danielle Van Lente, Kevin Dwyer, Meghan Bowman, and Robert Goddard, who are all seniors at CSU Chico majoring in Construction Management. Five of the six students listed received the George Cox Memorial Scholarship.

Additionally, thus far in 2011 Foundation has released $14,000 in District Match Scholarships. Through the District Match program, the Foundation matches individual AGC district scholarship contributions up to $5,000 per year per district. Participating districts select their scholarship recipients based on the district application process and criteria, which vary by district, and the Foundation will provide the match funds per the district recommendation. In the Tri-Counties district, $8,000 in scholarship funds have been released to a total of 10 students; $4,000 in scholarships went out to two students in the Monterey District; and a $1,000 scholarship was awarded to one student in the San Joaquin district.

The remaining AGC Districts have until December 1, 2011 to request CEF match funds to assist with funding scholarships in their areas. Please contact your AGC District Manager directly for more information on District Match scholarship opportunities and/or recipients.

Where Are They Now?

Carisa Nakano

Ever wondered what happens to AGC Scholarship recipients after they accept the scholarship and complete their schooling? In an ongoing effort to show the value of Foundation programs and services, efforts have been undertaken to track previous scholarship recipients. Recently, the Foundation caught up with one previous Tri-Counties District Match Scholarship recipient, Carisa Nakano.

Carisa Nakano received a Tri-Counties District Match Scholarship in 2005 while completing Cal Poly San Luis Obispo’s five-year architecture program. Throughout school, she engaged in multiple internships across the state of California and gained valuable experience in the architecture and construction industries. During her fourth year of college, she studied abroad for a quarter in Japan and also earned a LEED Accreditation. Nakano graduated with honors from Cal Poly in 2010 and was hired at Classic Design Group, San Luis Obispo, as a project manager and designer. She worked there for a year until she was recently hired at a design-build firm, Gordon Prill, Inc. She is enjoying her new position while actively pursuing her architect’s license in the state of California and maintaining her LEED credential.

Nakano says she is very appreciative for the financial support the AGC Tri-Counties District and Construction Education Foundation provided her and thinks it’s critically important that scholarship opportunities like the one she received remain available to students pursing construction related careers.
Q&A With John Dunn, California Department of Education
Educational Consultant with CDE Sees Career Technical Education as Critical Link to Construction Industry’s Future

By Carol Eaton

John Dunn, the Educational Programs Consultant for the Career Workforce Innovations Unit at the California Department of Education (CDE), joined AGC of California’s Construction Education Foundation in 2010. He brings with him a strong background and hands-on knowledge of the educational system in California, and career technical education in particular, having spent a decade working as a high school teacher prior to joining the CDE in 2007.

Dunn’s current role with the Department includes serving as apprenticeship programs coordinator, where he is responsible for distributing some $15 million in training funds to adult apprenticeship training programs statewide in cooperation with 56 school districts and county offices of education. He also serves as lead consultant for the Engineering Sector as well as the Building Trades industry sector, providing technical support to teachers and schools that offer engineering and building trades programs throughout California. He is responsible for creating a statewide industry advisory team to give direction to the CDE and other stakeholders with regard to engineering courses and curriculum. In addition, he is the Career Technical Education District Learning pilot program monitor with CDE, providing support and direction to eight participating districts that are creating and distributing CTE courses over the internet to rural California communities.

The AGC California Constructor recently talked with Dunn about his background and current position at the CDE, his perspective on career technical education in California, and the role he sees for industry and associations such as AGC in helping sustain and grow career technical education in order to ensure a sufficient workforce for the future.

**California Constructor:** Tell us about the career path you have followed. What initially led you to a career in teaching and then onto your position with the Department of Education?

**John Dunn:** My dad actually was a wood shop teacher and a social studies teacher at the middle school and high school levels. Also one of my grandfathers was a machinist and the other was a welder, so I grew up with wood, building things, helping my dad in the shop and hanging out there. I enjoy helping those teachers, and I generally can speak their language.

Like my dad, I started out as a high school social studies teacher, working at Galt High School and then Elk Grove High School (in Sacramento). After a few years I kind of migrated into the business and technology courses, on the career technical education side. Then a few years ago, I had the opportunity to join the CDE. As much as I liked teaching, I was 10 years into that and wanted to try something new. It kind of fit my philosophy to focus on career technical education.

**California Constructor:** So what do you see as current state of career technical education programs in California schools today, and how have things changed over the last decade or two?

**John Dunn:** Well, over the last 20 years the number of students and teachers in the CTE courses has declined dramatically, because of the increased focus on college prep courses. Part of that (decline) is due to the retirement of teachers like my dad. It’s hard to find CTE teachers, especially in the building trades. I have seen some regions of the state where school districts or counties have recognized the value of career technical education, because their students in those classes actually stayed in school. But the focus on testing and college prep has pushed CTE off to the side. Even so, there are plenty of studies that show that for students who need remediation in reading or math, if they do that in the context of a CTE program they actually do better on those standardized tests than those who stay in the traditional courses.

**California Constructor:** How does the level of funding for CTE compare to years past, and how is that funding now prioritized and administered?

**John Dunn:** About two and a half years ago the state of California “flexed” that regional occupational program (ROP) money. In the past it could only be used for CTE courses, but now it may be redirected to another funding stream. So if a school district needs money to staff a kindergarten classroom, for example, the ROP money can be used for that. The result has been a lot of schools have cut their CTE spending and moved those funds to other academic areas to cover their diminishing budgets. In addition, the level of funding was cut 22% and frozen at the funding level (minus 22%) that was set in 2007. This spending level freeze was recently extended for up to three more years. That’s the state side of things. On the federal side, the CTE funding is called Perkins funding, and that has been significantly reduced by the last budget passed by Congress a few months ago.

**California Constructor:** Despite the widespread cuts, can you point to any major success stories in terms of CTE programs in place throughout the state?
John Dunn: There absolutely are success stories, even in this budgetary environment. Lincoln High School in Stockton, for one, created a very successful engineering and architecture academy. (See the California Constructor’s October 2010 issue for more on that: http://www.agc-ca.org/uploadedFiles/Publications-Products/Constructor-Mag-PDFs/October2010.pdf.) In addition, the Regional Occupational Centers and Programs (ROCP) in Los Angeles has a pretty good program in place. In San Jose, Metro Ed has a central county occupational center (CCOC) for students who are home schooled for half the day but then come to the school for the other half the day for technical training. Also, there are Juan High School Building Trades Programs, Butte County ROP, Petaluma High School’s Machinist program, and many more throughout the state. Essentially there are too many good programs to list them all in this article.

California Constructor: Does the California Department of Education have any new CTE related programs or initiatives that you are planning to roll out in the near term that you can tell us about?

John Dunn: Absolutely. One new program that we are excited about and getting ready to roll out with Fresno County will utilize both (federal) Perkins and state money in a contract to provide professional development opportunities for building trades teachers in the five “industrial technology” sectors. What we’re trying to do is use the NCCER certification process. Teachers will have the opportunity to request a scholarship or some sort of assistance to enable them to do professional development in a particular craft area to help them become certified craft instructors. The NCCER training is important in that it provides the students with a nationally and internationally recognized certification in different construction trades. Student will be able to walk out of high school with seven or more certifications that are recognized throughout the industry to take to a job or list on college application. We think this will provide a lot of value at the high school level for a student to be able to take standard certifications with them to an apprenticeship program, trade school or college.

California Constructor: What was the impetus behind this new pilot program that you are rolling out in Fresno County, and how does it differ from what was already in place?

John Dunn: Often the Perkins money has been used for teachers to develop their curriculum. But now that they’ve developed their curriculum, we felt we should focus on professional development instead. This program will use some of that Perkins money to set up internships for our CTE teachers in industry centers or apprenticeship training centers to give them the opportunity to kind of refresh their skill sets and upgrade their skill levels and learn more about what is happening out in the real world. We’re just trying to take the money we have and put it in the most efficient ways into the hands of the teachers, getting as close to the classroom as possible.

This project is funded at about $350,000 per year. We also used it to bring in industry advisory committees. So like in building trades and construction, we’re bringing in experts from the industry together with a few teachers, and they will meet once or twice a year to look at what’s going on in the classroom, what is going on in the industry, and make sure that professional development that they are providing matches what’s happening and the standard practices in the “real world”.

California Constructor: In that vein, what do you see as the role of private industry and organizations like AGC in terms of partnering with these programs and the state to help make these CTE programs successful?

John Dunn: The biggest help is to provide their expertise and their knowledge to teachers and administrators. The other part is being an advocate for CTE programs in their own particular industry and affiliated industries – just to be an advocate for career technical education, and to be a leading voice. Because industry comes from a different perspective, and they can help us with the Legislature to help make sure the CTE funding doesn’t get cut any more than it already has. Political advocacy is definitely key.

California Constructor: What are the main challenges that you face in getting things accomplished in your job?

John Dunn: Right now it’s the budget. A lot of travel has been cut off due to that, and it’s difficult, because a face-to-face meeting especially with industry people helps them to get to know you and trust you and develop a relationship. So when do come back and ask for their help, they know you’re not going to waste their time. You can’t do that on phone conversation. So at all levels, our biggest challenge is funding.

California Constructor: What is your future vision for Career Technical Education in the state of California, and how would you like to see things change?

John Dunn: I’d like to see more acceptance that a career technical education course or program for students does mean that they can either go to college OR go get a job. When you’re doing hands-on relevant work – whether it’s math or geometry or a construction-related class – when you apply what you’ve learned it makes more sense and helps you become successful in college and in your career. So I’d just like to see greater acceptance that these are rigorous and legitimate courses. They might be fun, but you’re still going to learn a lot.
Record Breaking Attendance at AGC Sponsored CCAD Event

By Erin Volk

On October 13-14, 2011, over 8,000 students participated in CareerGPS sponsored by the AGC of California Construction Education Foundation and held at CalExpo in Sacramento. Earlier this year the Foundation decided to merge their annual Sacramento Construction Career Awareness Day (CCAD) event with a much larger career exploration event, CareerGPS, a program of LEED - Linking Education and Economic Development, an employer-education partnership serving the greater Sacramento region. The goal was to maximize available resources and reach a wider audience of Sacramento area students.

The amazing student turnout at CareerGPS set a new record for the CEF for the highest number of students ever reached at a single construction career awareness event in California.

Students began their experience in a general session emceed by Mark S. Allen, local television host (host of “Good Day Sacramento”) and radio personality. During this session students were given information about the event and the importance of considering and fully exploring different career options, including careers in construction. Students were then sent off to explore the 155 total exhibits in four large exhibit halls representing eight different industry sectors, with construction, engineering and architecture located in one hall extending out to a connecting parking lot.

The busy indoor and outdoor construction exhibit areas were packed with 55 exhibitors offering career information from all areas of the industry, including building, heavy civil, residential and the trades. Many exhibitors grabbed the student’s attention with hands-on activities and equipment demonstrations. Construction Education Foundation Board member Cathy Skeen spent time at the Foundation exhibit booth and said she was impressed by the number of students who came prepared with good questions for exhibitors and who engaged in thoughtful conversation with her about construction careers.

Students also had the option of attending one of eight workshops on construction careers presented by Joe Bean from Teichert Construction and Erin Volk from the Foundation. The event program featured an article on a construction professional, Gning Saelee, project engineer for Unger Construction, highlighting what she appreciates most about her job in the industry.

As the presenting sponsor of CareerGPS, the AGC of California Construction Education Foundation and construction career paths received a great deal of visibility at the event, represented side-by-side with other industries such as medical and business/banking. The Foundation also had the opportunity to address local educators and administrators at a special evening reception after the event where it gave a plug for construction as a viable career option for their students.

The Foundation will wrap up the 2011 CCAD event schedule with the 2011 Bay Area CCAD on November 8, 2011 at the Alameda County Fairgrounds. The event is being presented in partnership with AGC Construction Education Foundation, AGC Bay Area Districts and the Alameda County Office of Education. With a $15,000 contribution, Skanska Civil West is the host sponsor for the event. Some 2,000 Bay Area students are expected to attend, which will put the grand total of students attending 2011 CCAD events at just over 12,000, which is triple the annual attendance average. For more information on participating in the Bay Area CCAD, contact Erin Volk at volke@agc-ca.org, or call (916) 371-2422.
In September 2011, the AGC of California was awarded a $10,000 grant from American River College (ARC) Project STRIPE. The funding will assist the Foundation to expand its Construction Career Awareness Program to include new construction career marketing materials targeted at students, parents and educators. The materials will highlight the many construction career paths, education/training programs to get there and benefits of having a construction career. This project has already begun and should be completed by the end of 2011.

Like AGC CEF, Project STRIPE is focused on refilling the construction workforce pipeline with the next generation of skilled workforce to replace the aging and retiring workforce. This common goal makes the two organizations a natural fit for collaboration on projects such as this one – a project that will support the recruitment of construction workforce.

Project STRIPE is a state funded program offered by American River College, and STRIPE is an acronym that stands for Sacramento Transportation Regional Infrastructure Partners in Education. As part of Project STRIPE, American River College (ARC) offers an eight week pre-apprenticeship course that prepares students for working in the trades. Students learn safety, power tools, applied math, and gain in-depth experience with approximately 13 apprenticeship trades, including: bricklayers, carpenters, cement masons, drywall/lathers, electricians, iron workers, laborers, operating engineers, pile drivers, plumbers, sheet metal, surveyors, and teamsters. Students get hands-on building experience, learn from guest speakers from the trades and go on site visits to learn more. One course is dedicated to exploring green technology in the trades. This includes energy conservation in all phases of building, encompassing how to create, conserve, transport, and use energy in efficient and effective ways.
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Build the Best. Be the Best.
AGC to Launch Distance Learning in 2012

By Ryan Famularo

You asked for it, and it's here. The AGC Education Department will be launching live web based training using one of the best e-learning software on the market, Adobe Connect. This new delivery method is being launched to alleviate issues AGC members are facing due to higher gas prices and fewer employees.

Currently, AGC is in the beta phase with these programs, testing on such programs as Managing Construction Operations and the Project Manager’s Survival Guide in December 2011. (Please visit agc-ca.org for more information on these classes). Pending a successful trial period, members can expect to see a 26-session Project Management Course and an eight-session Project Engineering course roll out in February 2012.

With this new learning delivery system, participants and employers will no longer have the large expenses of travel while missing full-days off the jobsite. Geographic restrictions will no longer hinder members in remote areas of California to attend a seminar they otherwise wouldn’t be able to. AGC member and web based technology advocate Mike Viola from Viola Contractors, Inc. puts it best: “What good is education if it isn’t used? We aren’t using our education if we can’t deliver this seminar to more members for less effort at less cost.”

AGC member Paul Stout of Power Summit says, “Series based learning will be the biggest advantage here. The ability to retain all that information in a one-day workshop is very difficult. Learning over a series will allow for review and comprehension to sink in more effectively.”

Adobe Connect is the software of choice by the AGC IT team and Education Department. Some of the features include live high quality video conferencing, breakout rooms, group polls and questions, shared screens, downloadable assignments and exercises, and recorded learning sessions for students review. It is used today by millions of satisfied customers, including major universities such as Clemson, Purdue, John Hopkins and the California State University System. Today more than 5.6 million students are taking courses online and receiving online degrees.

AGC is excited about the ability to bring members this new education delivery method. For more information about the programs please contact Ryan Famularo, Manager, Programs and Marketing, AGC of California, at (925) 827-2422 or famularor@agc-ca.org.
Student Chapters Provide Clear Path to Develop the Next Generation of AGC Members

From an upcoming effort to help rebuild the city of Joplin, MO, following the devastating tornado this year, to regularly participating in Habitat for Humanity and other service projects, AGC of California’s 11 student chapters strive to make a difference in their communities while also providing students with important industry links to their future career paths.

AGC Student Chapters exist to provide students pursuing degrees in construction management, engineering and other industry related programs practical experiences in order to balance the academic experience they are getting in the classroom. Membership in an AGC’s student chapter provides emerging construction professionals with the opportunity to learn, observe and develop their skills before stepping foot into the “real world” of construction. AGC’s student chapters enjoy a range of AGC member benefits, from networking opportunities with AGC members to financial/grant support for their activities from AGC Districts and the AGC Construction Education Foundation.

In 2011 the AGC Construction Education Foundation awarded over $20,000 to the AGC Student Chapters spread across California. Based on the individual student chapter applications, the funds will be used to support activities that include preparing/training for the Associated Schools of Construction (ASC) Annual Competition in Reno, NV; to travel to and conduct job-walks at AGC member project sites; to attend AGC trainings/conferences; and to cover the cost of industry speakers at chapter meetings/trainings. The CSU Sacramento Student Chapter will use their funding to pilot a new soil lab experiment specific to construction management as well as a construction surveying course in which all their student chapter members will participate.

Student Chapters are also very active in community service projects that they take on each year. A great example of such service comes from the CSU Chico Student Chapter. This Chapter has sent teams to tackle restoration and construction projects in the aftermath of Hurricane Katrina in New Orleans, constructed shelters for fire-ravaged inhabitants of homes and properties here in Northern California, and, in the last two efforts, built four complete homes for families who are victims of domestic violence.

For Winter Break 2012, the CSU Chico Chapter plans to travel 100 students to the city of Joplin, Missouri to help rebuilding efforts post-tornado. They are currently outreaching to other AGC of California Student Chapters to invite their participation on this community service project. Their goal is to build 10 houses in 10 days in partnership with local non-profit ReliefSpark. The chapter will also generate a “how to” manual for other Student Chapters planning community service projects of this magnitude; this guide will be disseminated by the AGC Construction Education Foundation. If you are interested in sponsoring the Joplin efforts and/or participating on-site at the actual build, please contact Meghan Bowman, Student Chapter AGC Liaison, at mbowman1@csuchico.edu or Erin Volk, AGC CEF Director at volke@agc-ca.org.

AGC Foundation and Unger Construction Pilot Summer Intern Program

This summer, the AGC of California Construction Education Foundation (CEF) launched a pilot program offering an internship to an AGC Student Chapter Leader. The program is designed to bring student chapter leadership and expertise to the Foundation to evolve student chapter programs and services, as well as to provide student chapter members an additional professional opportunity to work in the industry and with AGC members.

For 2011, AGC member firm Unger Construction Company, Sacramento, provided the second part of the internship. In June 2011, CEF and Unger Construction Company welcomed Meghan Bowman, senior in the Construction Management program at CSU Chico and Immediate Past President of the CSC Chico AGC Student Chapter. Bowman has the perfect skill set and energy to pilot this program and had a great familiarity with AGC having attended AGC member functions and training events.

In her time at Unger Construction, Bowman worked to update the company’s website, visited job sites and has had an incredible learning experience working with Unger staff.

With AGC, Bowman took on the role of Student Chapter Coordinator-Intern and worked to update student chapter faculty/student leadership contact information. She also developed new student chapter grant request and reporting forms, drafted a new student chapter leadership operations/best practice manual, and made recommendations for revisions to the student chapter section of the CEF website.
Construction Leadership Council Stays Active Cultivating Next Generation Leaders

AGC of California’s Construction Leadership Council (CLC) was established to help cultivate the next generation of leaders in the construction industry as well as within the association both at the local and national levels. The CLC’s purpose is to act as a conduit for participants to network, exchange ideas about work and the industry, and gain continuing education including both professional development and leadership skills.

During 2011, the CLC has been in full swing to fulfill its mission with a variety of events held throughout the year.

Most recently, the CLC held a “Legends in Leadership forum” on October 13th in Fullerton, CA, that brought together nearly 50 attendees from Southern California firms to hear from three of the best minds in the construction industry today. With a combined 90 years of experience among them, the speakers included: Jim Waltz, Chairman of the Board of The Griffith Company and Past President of AGC of America; Steven S. Rados, co-President of the Rados Companies and Steve P. Rados, Inc., District Director of AGC’s Orange County District and a national director for AGC of America; and Wayne Lindholm, Executive Vice President of Hensel Phelps Construction Co. and Past President of AGC of California.

The panelists addressed a variety of questions regarding leadership during the unique event, offering insight into the decision making process they follow for selecting and promoting leaders, top achievements as well as challenges they have faced in their careers, and their top three recommendations for achieving success in the industry, among other things.

Also in Southern California this year, the CLC held a bowling membership social June 23rd in Orange as well as an education seminar on February 23rd entitled “Improve your cash flow on delay and disruption claims with difficult owners.” Many more events are planned in the year ahead.

For more information on the CLC, contact Tony Morelli at (805) 388-7330, email morellit@agc-ca.org, or visit AGC online at www.agc-ca.org. 🌐
Union job stewards can be a real asset to the signatory contractor. If a steward does his or her job well, he/she can fend off jobsite tensions before they develop into more serious issues. They can be the voice that tells a disgruntled employee they don’t have a case or help the contractor see if there is some merit before battle lines get drawn.

However, sometimes theory and reality don’t converge. Sometimes, the job steward is perceived as the cause of the problem. This perception may be erroneous because the steward is actually doing their job by bringing up legitimate conflicts with the Collective Bargaining Agreement but the contractor doesn’t want to hear it. Other times, the steward is indeed the problem. They view their position as a means to gain higher office or simply a means to obtain personal job security regardless of their jobsite performance.

Whether the conflict on a jobsite is the fault of the steward or not, the Collective Bargaining Agreements all have specific provisions to make sure the steward is protected from doing what is inherently a difficult responsibility. Beyond the Collective Bargaining Agreement provisions, when an employment action is taken against a steward, precedential decisions and arbitrators want to make sure that every detail of the Agreement has been carefully followed. Additionally, the burden of proof is going to lay squarely with the contractor. The assumption is that the nature of the responsibility carries with it the likelihood of conflict that might result in reprisal by the contractor.

Frustrated contractors often complain that it is impossible to “get rid of that cancer”. It may appear that way but if the steward is truly a cancer on the site, he/she needs to be removed. It must be done by correctly following the Collective Bargaining Agreement provisions and with careful documentation. The astute contractor would do well to carefully review the steward provisions in their Agreement and contact their local AGC Industrial Relations Department well before taking any action against a job steward.

For assistance with this or any other issues, members can reach AGC’s IR Department South at (626) 608-5800 or IR North at (925) 827-2422.
In “The Wizard of Oz,” Dorothy was taken from a familiar world to one where everything operated by different rules, and hidden threats lurked in seemingly normal surroundings. The same thing can happen to contractors who work on federal projects.

Although most California contractors have a good general understanding of the rules governing payments by prime contractors to subcontractors on state and local agency projects in California, the rules applicable to federal projects are less well understood. They also differ in many ways from the rules which apply to state and local agency projects, and the risks of non-compliance are substantial. While an exhaustive discussion of payment issues on federal contracts is beyond the scope of this article, we would like to highlight several payment issues that are “traps for the unwary.”

For purposes of this article, “federal projects” are projects where the owner entering into the prime contract is the United States government. The payment rules applicable to federal projects are found in a combination of federal statutes and the Federal Acquisition Regulation (“FAR”) and its supplements. Typically, the relevant FAR clauses are incorporated by reference into the contract documents. The contract clauses referred to in this article are all located within FAR section 52.232.

Rules Regarding Retention on Federal Projects

The contracting officer for each project determines whether retention will be withheld from the contractor. Notwithstanding the preceding rule, a contractor on a feder-
al project may include a standard retention clause in its subcontracts.

This does not mean, however, that the contractor is permitted to bill the government for amounts which will be withheld from a subcontractor pursuant to a standard retention clause. For example, if Subcontractor A has performed $100,000 worth of work in a given month, the subcontract has a standard 10% retention clause, and the contractor intends to withhold retention from the subcontractor in connection with the payment, then the contractor may bill the government for only $90,000 in connection with Subcontractor A’s work.

Progress Payments to Subcontractors on Federal Projects

On federal projects, the contractor must pay its subcontractors “not later than seven days from receipt of payment out of such amounts as are paid to the contractor …” If payment is not made within seven days, the contractor will be liable to the subcontractor for an interest penalty.

As noted above, the contractor is not permitted to bill the government for any amount that it intends to withhold from a subcontractor. This applies not only to amounts retained under a standard subcontract retention clause, but also to amounts withheld due to back charges or alleged deficiencies in the subcontractor’s performance. Reinforcing this rule, the FAR contract payment provisions state that the contractor must include with each payment request a certification that the request for progress payment does not include any amounts which the contractor intends to retain or withhold from a subcontractor or supplier. Obviously, an improper certification could make the contractor liable to the government under the federal False Claims Act.

The Contractor’s Obligation to Notify Subcontractor of Withholding

If a contractor on a federal project decides to withhold all or part of a subcontractor’s payment request, the contractor must provide written notice to the subcontractor of the withholding. This written notice must be sent prior to the due date for the subcontractor payment. The written notice must specify: (1) the amount to be withheld, (2) the specific causes for the withholding under the terms of the subcontract, and (3) the remedial action to be taken by the subcontractor in order to receive payment of the amount withheld. A copy of this notice must be sent to the contracting officer. If the contractor fails to provide written notice of the withholding, the contractor will be liable for late payment penalties.

Similarly, if a contractor on a federal project discovers a cause for withholding from a subcontractor after the contractor has submitted its pay request to the government but before payment has been made to the subcontractor, the contractor must provide written notice to the subcontractor of the withholding. This written notice must be sent prior to the due date for the subcontractor payment, with a copy to the contracting officer, and must specify the three items described above. Again, if the contractor fails to provide written notice of the withholding, it will be liable for late payment penalties.

Within seven days after the subcontractor remedies any cause for withholding, the contractor must make payment to the subcontractor. If the contractor fails to make payment within this time period, it will be liable for late payment penalties. When payment of the withheld amount is made to the subcontractor, the contractor must notify the contracting officer. The notice must state the amount withheld and the dates the withholding began and ended.

The Contractor’s Obligation to Pay Interest to Government on Unearned Amounts

If the contractor receives funds from the government and then decides to withholding payment from a subcontractor, the contractor must pay interest to the government on the withheld payment amount. In the alternative, the contractor may elect to return the withheld amount to the government.

The rules discussed above apply to material supply contracts as well as subcontracts.

Required Subcontract and Material Supply Contract Clauses on Federal Projects

On federal government projects, the contractor must include the following clauses in each of its subcontracts and material supply contracts: (1) a clause that obligates the contractor to make payment within seven days after the contractor receives payment from the government, (2) a clause that obligates the contractor to pay an interest penalty on late payments, and (3) a flow-down clause that obligates the subcontractor or material supplier to include the same clauses in its lower-tier subcontracts and material supply contracts.

Conclusion

Since private construction projects have all but disappeared, and most state and local public entities are suffering budget restrictions that limit their construction projects, federal contracts remain a good source of available construction work. Navigating the maze of federal contracting rules is never easy, but understanding the hidden pitfalls concerning payments to subcontractors on federal construction contracts can get you halfway home.
AGC Initiates Dynamic New Live Presentation Format for Safety Awards Judging

By Carol Eaton

A dynamic new live judging process brought the leaders and safety representatives from more than 20 of California’s top construction companies to Sacramento on October 6, where they showcased their companies’ unique safety programs to a team of 14 leading industry judges responsible for ranking the winners in AGC of California’s 24th annual Safety Awards of Excellence competition.

The new live judging format created a buzz of excitement throughout the day at the Embassy Suite Riverfront Promenade in downtown Sacramento. Each company was given 15 minutes to present the key elements of their safety program, followed by five minutes of an often pointed question and answer session with the judges who were then responsible for ranking the finalists. All winners will be announced and honored during the AGC of California’s Safety Awards of Excellence luncheon on October 28th in Indian Wells.

The new live judging format put in place this year received rave reviews from judges and applicants alike. For judge Joel Cohen of the Cohen Group, San Mateo, CA, the format offered the chance to distinguish the truly exceptional companies who go beyond just the paper statistics of a great safety program.

“Everyone who enters this competition is concerned about safety. What I was looking for is what makes this one contractor stand out,” Cohen said.

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In Memoriam:
John Kliese - 1941 to 2011

AGC and the state’s construction industry lost a tireless supporter with the recent passing of John Kliese of Marina Landscape. Kliese was a longtime member of AGC who served on the association’s State Board of Directors.

A resident of Tustin, CA, Kliese died on September 30th at the age of 69.

Kliese graduated from Cal State Fullerton in 1969. He founded and owned Edgewater Pools for over 15 years before working for Marina Landscape, Anaheim for 13 years, retiring in 2010. An active participant in AGC California, John was particularly proud of the projects he worked on with Marina and AGC, including the Eli Home in Santa Ana, a community service project completed by AGC of California’s Orange County District in 2009. Eli Home provides housing for abused women and their children.

Born on November 2, 1941 in Madison, WI, Kliese is survived by his daughter, Kristin, and sister Kathleen.

A memorial service was held October 6 in Santa Ana. In lieu of flowers, the family instead requested donations to St Joseph Hospital, Orange, for the Oncology unit.
Call for Entries to 2012 AGC of California Awards Program

Each year, the AGC of California and the AGC Construction Education Foundation honor excellence in the construction industry through the AGC Awards Program. Through four distinct award programs, AGC recognizes both the outstanding construction projects that are being built in California as well as the outstanding individuals contributing to the overall success of the industry.

AGC of California’s Constructor Awards Program, also known as the “Oscars” of the construction industry, recognizes AGC members for outstanding projects, skill, and the ability to address the most difficult challenges contractors encounter. There are seven Constructor Award categories open for entries for 2012:

- Contribution to the Community
- Excellence in Project Management – Projects $10 million or below
- Excellence in Project Management – Projects over $50 Million
- Innovation in Construction Techniques or Materials
- Meeting the Challenge of the Difficult Job – Builder Classification
- Meeting the Challenge of the Difficult Job – Heavy Engineering Classification
- Meeting the Challenge of the Difficult Job – Specialty Contractor Classification

AGC of California’s Achievement Awards Program honors individuals for their outstanding contributions to the construction industry. There are four Achievement categories open for nominations: Contractor, Specialty Contractor, Associate and S.I.R.

AGC of California Construction Excellence in Partnering Awards celebrates projects that demonstrate success in partnering, honoring of stakeholders and the potential for duplication. There are two categories open for entry: Project Under $50 Million and Projects Over $50 Million.

Finally, AGC of California’s Construction Education Foundation Friend Award recognizes individuals who made outstanding contributions to construction education efforts and the development of future construction workforce.

Complete details on the entry and nomination process as well as details on eligibility for all of the categories above may be found on AGC’s website, at www.agc-ca.org or by calling (916) 371-2422. The deadline for entries and nominations to all of the awards this year is January 17, 2012.

AGC of California’s 2012 Award night will be held on April 14, 2012 at The Palace Hotel in San Francisco. For more information on the brochures or Awards Banquet Sponsorship opportunities, please contact Nicole LaMont at lamontn@agc-ca.org.

Safety Awards Judging

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special, or a cut above,” Cohen comments. “You’ve got to inspire me with something unique, something different that sets you apart from everyone else. Having good numbers is certainly important, an everyone wants a [low] incidence rate; but I want to hear how they got here, and what changes did they put in place to get there.”

Judge Steve Bowers of Global Management Systems, San Ramon, CA also found the new format highly beneficial. “Reading an [award entry] binder, you only get so much. It’s great to be able to go in and ask questions. I really like it when the CEO stands up and he knows the lingo and knows the nuts and bolts of his company’s safety program. It allows you to see what they are most proud of.”

For entrants Jennifer Garcia and Lynn Padderatz of Reyes Construction, Inc., Pomona, who flew up from Southern California to participate in the competition, winning an AGC of California safety award would represent a prestigious honor both from a corporate level as well as to their field personnel. “Our field people are actually participating in the enjoyment and understanding of how safety and production work side by side,” Padderatz says. “We’ve got our lowest man on the job giving safety advice and suggestions on a daily basis. They are part of the process, and they truly take ownership in safety here.”

Garcia points out that the live judging format provides a strong preparation for those companies that go on to compete in the highly prestigious National AGC Safety competition. She adds, “For me, an award will elevate our company at the corporate level – but personally I’m most excited for our people in the field. It would be nice to be able to give that to them as a boost and recognition for the hard work they are doing every day to keep our jobsites safe.”

Kate Smiley, AGC of California’s Manager, Safety & Regulatory Services, pointed out that the new live presentations process accomplishes several objectives at once.

“The intent is to provide our members a venue to highlight their tremendous performance and ongoing commitment to safety excellence and compete with comparably sized companies on results,” Smiley says. “By creating panels of expert judges to share their subject matter expertise, whether law, regulatory, or insurance, and have them objectively weigh our competitors’ programs against state and national companies and the best management practices results, this really elevates the California awards program to its highest form.

“The live judging process allows companies a platform to share their safety successes and innovations with these esteemed judges; at no other time would they have the opportunity to present directly to that caliber of highly placed and influential industry safety leaders,” Smiley adds. “In turn, it allows the cadre of judges to be educated on Best Management practices and encourages knowledge transfer. And beside that – it was FUN.”
Why XMOD Numbers Have Climbed, and What’s Ahead for Contractors

By Mike Mahan, Mahan Insurance Brokers, LLC

Why is my XMOD/EMR so high?

This is a question we frequently hear from our contractor insureds. So, if you have wondered the same thing, you are not alone. XMOD’s (also called EMR’s) have been increasing almost across the board for contractors over the past 2 years. Why is this happening? The reasons are simple enough on paper, but can be difficult to explain. The short answer is that the WCIRB (California Workers Compensation Insurance Rating Bureau), the central authority for WC data gathering and experience modifications in California, changed their XMOD calculation formula in 2010, which has continued into 2011 and soon 2012. An important document to review is your experience rating worksheet, titled “Experience Rating Form” from the WCIRB. If you have a copy available, you may wish to look at it when reading this article.

The WCIRB has removed the “B” value (weighting factor) for most contractors that generate any significant premium. Many small contractors had a B value of 10,000 before, but now most have 0. This means that if your XMOD is over 100%, which is easy to get to with even one mid-sized claim, your XMOD will be higher than it would have been before.

Also, the so-called “small” losses category has been expanded from 2,000 to 7,000. This may not sound like a bad thing at first, but ‘small’ losses have 100% of their value used against you, regardless of your size (as long as you are XMOD eligible). So, a $6,500 loss which would have been charged for $4,333 in the past is now charged for the full $6,500. If you have many WC claims in the $2,000 to $24,500 size range, the new XMOD formula is probably making a big (negative) difference. However, on the flip side, if you have few larger claims, such as one $100k + claim, then the new $7,000 cap in “primary” losses is actually helping, so the news isn’t all bad.

There are also two numbers on the Experience Rating Form worksheet that won’t appear on any WC policy, but are critically important when comparing you against your peers. These are the Expected Loss Rates and D ratios. Without going into technical details, which would take many pages, the lower these numbers are, the higher your XMOD’s will be. The average expected loss rates have decreased 10% in 2010 and another 9% in 2011. The average D ratios have also decreased, by 7% and 1% for 2010 & 2011. The combined result of these reductions alone can easily be a several point increase in your XMOD/EMR.

For the latest news from the WCIRB, please refer to the following site. https://wcirbonline.org/wcirb/wcirb_wire/wcirb_wire.aspx

The WCIRB has recently proposed new, 1/1/2012, pure premium rates to the CA Insurance Commissioner and testified at a Department of Insurance hearing on September 27. However, as before, the real issue is that the Expected Loss Rates have not significantly increased in the Bureau’s proposed filing. So, unfortunately, it appears that, in general, relief from elevated XMOD/EMR’s won’t be available for 2012.

Mike Mahan is Managing Member of Mahan Insurance Brokers, LLC, based in Tustin, CA. Mike has personally overseen the management of construction insurance policies for 15+ years and is a certified Construction Risk and Insurance Specialist (CRIS).
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LOOKING FOR YOUR NEXT PROJECT

THE LABORERS CAN HELP

The construction industry is extremely challenging and finding a competitive advantage, let alone your next project, isn’t easy. At the Laborers-Employers Cooperation and Education Trust (LECET) Southwest, we know that the Laborers’ success goes hand-in-hand with yours. We are here to help you succeed.

Through our Project Lead Service, LECET Southwest can automatically alert contractors to project opportunities the instant they are released. Give us a few minutes of your time, and we’ll notify you of millions of dollars worth of bid opportunities, tailored to your company’s interests and capabilities. The moment we know about the next project, you will too. Even more important, you will be able to act on it, and you will be one step ahead of the competition.

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Laborers can’t work if their employers aren’t winning projects. That is why LECET Southwest is committed to helping signatory contractors find and win projects, explore new markets, and develop new business opportunities.

The Laborers-Employers Cooperation and Education Trust Southwest is a business development partnership between affiliates of the Laborers International Union of North America (LIUNA) and their signatory contractors throughout the states of California, Arizona, and New Mexico. LECET Southwest’s primary mission is to create and implement strategies which build market share for LIUNA signatory contractors and create job opportunities for the laborers they employ.