

## CONSTRUCTING A WAY FOR A BETTER FUTURE"

## ECA NEWSLETTER

## **JOHNS SOAPBOX**



Remember-this is an op-ed piece and I do not speak for the ECA or any of its members in this "Soapbox". These are just my ramblings that hopefully you find thought provoking.

## "Amazing Resiliency"

The North Bay Business Journal (see #1 in the "News You Can Use" section for the link to the article) recently did a "rating the market" survey of 11 North Bay leaders in commercial contracting (see their July 22, 2024 edition). The survey was well done and we can gain some insight into what is coming our way for construction activity by listening to the leaders in our contracting area.

I was asked by one of our ECA suppliers what I thought about the "foreseeable future" and my answer would be different for various segments of our ECA membership. Trying to "marry" the NorthBay Business Journal survey, and what I see short term, is what I am going to try and do in this Soapbox.

## For Public Works Contractors in the ECA:

Cautiously Rosy outlook. Of course there are a myriad of challenges and obstacles to overcome, but I still see cities and counties pushing out enough work to keep contractors busy for the next several quarters and I see improvement in opportunities in late 2025. If you are a contractor firm that performs most of the work on your projects rather than "subbing" the work out and managing the subs, you will see all of the following points amplified. Obviously, you should be charging more for taking on the risk of self performing the project, but whether you will keep your margins as high as the risk dictates is always a tough question. It is my opinion that all contractors should automatically add 10% to every bid and use 5% for training, retaining, and developing your workforce, and use the other 5% to cover the inexperienced workforce of the owners you will be performing work for.

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Factors that will challenge our contractors:

- Balancing opportunities with available workforce (Duh),
- difficulty in getting a project going due to excessively complicated submittal demands that put complications on managing key staff and crews,
- relatively poor design that does not accurately coordinate with existing utilities, grades, and conditions,
- relatively tight market with thin margins that challenge a firm's entire team and their subs and suppliers to formulate a workable approach to getting the project done efficiently,
- inexperienced managers that review submittals, ask for more information that "crosses the line" as to our means and methods, and unnecessary and lengthy quality control on mundane tasks like spec and plan compliance, quantities installed for pay estimates, change order determinations, and general collaborative efforts to assist contractors in keeping the project moving forward with few interruptions.
- getting paid for the work that is in place in a timely manner. Retentions should be lowered, progress payments should be durations of weeks, not months, and filing notice of completion should be a top priority from DAY 1! Many contractors are looking closely at municipalities that "grade" low on the items listed above that they have influence or direct control over, and several large cities will see a noticeable decline in bidding participation from some experienced local contractors.

#### For Private Contractors in the ECA:

Many of the private commercial contractors are surprisingly optimistic about the near-term future outlook. I would have thought that there was an interest rate driven constriction taking place, but from the North Bay Business Journal survey, most contractors are wrestling with labor shortages, delays in permitting and not so much in project opportunities. Smaller contractors may be feeling the pinch a bit more because their typical project owners might be more inclined to be borrowing money to move a project forward and they might not have the deeper pockets that some of the larger developers have which could delay smaller projects or even "derail them" after a lot of work has gone into getting the "lead" position as a contractor.

#### For Suppliers in the ECA:

After record breaking revenues the last few years, I see material demands leveling off or declining for the next several quarters. PG & E and FEMA dollars are all but done. Infrastructure dollars will sneak in here and there but we do not have the high traffic and highly populated areas that most of those dollars are earmarked for. This area passes self-tax measures and a big one is on the ballot that could help fund lots of housing very quickly (Sonoma County supervisors place Bay Area affordable housing plan on the November ballot - The North Bay Business Journal). The other "mega projects" that could alleviate the "interest rate slowdown" would be Highway 37 Phase 1 (funded mostly by RM3 bridge toll dollars), some SMART train construction that has been funded, and the Go Sonoma Act which will kick in some \$30million/year starting in 2025. Other than that, we have no "mega projects" that will feed demand for material suppliers in 2025.

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In conclusion-John's forecast is good news for contractors and some service providers, and hopeful but very cautious outlooks for material suppliers in the foreseeable future. With all that being said, I would like to borrow a phrase from Mike Ghilotti who was responding to a question as to what is the biggest impacts to your "work pipeline" in the last year, and Mike responded:

"It is truly amazing how hard we work, how many obstacles we encounter and how little margin we make after its all said and done. Amazing resiliency!"

I could not have said it better myself. Raise your prices everyone!!

That's All Folks
John

## **COMMITTEE NEWS**

- Government Affairs Committee- Chair Art Deicke and the Government Affairs Committee met last Monday night with Healdsburg Mayor David Haegle and Healdsburg Councilperson Ariel Kelley to discuss the proposed Measure O for modifying their Growth Management Ordinance. The GAC vetted Measure O in detail and recommended to the Board of Directors that we endorse the Measure and contribute \$500 from our PAC to assist Healdsburg efforts to build more market rate housing. The ECA Board agreed with the GAC, and we will endorse and contribute to support of Measure O for Healdsburg.
  - Art also led the GAC in a spirited discussion with City of Santa Rosa Government Affairs Director Scott Alonso, Alan Alton from the City of Santa Rosa Finance Department, Santa Rosa Mayor Natalie Rogers, Santa Rosa City Manager Maraskeeshia Smith, and City of Santa Rosa Councilman Mark Stapp, regarding the proposed tax measures and the city budget crisis. A full report of this discussion was provided to the ECA Board on Tuesday. The city was asking for feedback and boy did they get some.
- 2. **Community Relations Committee**-Lacey continues to track the Children's Museum permit application process.
- 3. Father's Day Show and Shine Car Show Committee-no report
- 4. **Days of Wine and Dozers Auction Committee**-September 28, 2024, is the date, and Graton Event Center is the Place! This is our biggest fundraiser-WE NEED YOU!! I am offering a multi night stay to get away from the Sonoma County rain in the winter months. I am sure there are many of you that could put a mini stay together for a 2<sup>nd</sup> home you have ownership in. Please do! We need auction items from you all please!
- 5. **ECA Specifications Committee**-chaired by Dale Smith and Casey Wood are following up on new water runoff rules. We have made contact with, and have set up a meeting with, the North Coast Regional Water Board for August. This is a FIRST! Thanks Dale and Casey!
- 6. **ECA Golf Tournament is ready to schedule for 2025!** Any thoughts please call me ASAP. I personally like Friday, July 11 at Windsor again. How about you??

# ECA 32nd Annual Wine & Dozers Auction & Dinner



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Email <u>mary@nceca.org</u> to set up a class today If you don't see a class you need listed please contact me.

CPR / First Aid: 3 hrs - \$95 per person Confined Space: 3 hrs - \$150 per person

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## Fire Debris Cleanup Management Services

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## From the Desk of Jim Persons

## **Chocking and Blocking**

Chocking and blocking prevents accidental or unintended movement of mobile equipment and cargo while workers are loading, unloading, hitching, unhitching, or performing service or maintenance.

To read more click **HERE!** 



## **Workplace Violence Program**

Implementation "Target Date" - July 1, 2024

Senate Bill 553 requires employers to create, implement and maintain a Workplace Violence Program by July 1, 2024. Employers must also train their entire workforce.

The Workplace Violence Program must include a reporting mechanism (how is the employee going to report incidents), detailing who will be responsible for receiving complaints, and who will be responsible for identifying and mitigating workplace hazards.

Jim Persons has developed a Workplace Violence Program and Active Shooter Guidelines that meet the requirements of this new regulation. He can also provide training resources for your employees.

Contact Jim if you are interested in getting his help on a Workplace Violence Program, COVID-19 related issues or other health and safety programs.

email: jimpersons@safetypride.com or phone: 707-889-0881 or sign up for an upcoming class!



## **CALIFORNIA'S NEW WORKPLACE VIOLENCE PREVENTION REQUIREMENTS**

No later than July 1, 2024, covered California employers must implement extensive workplace violence prevention plans (WVPP) and deliver specified training to employees under new legislation signed by Governor Gavin Newsom on September 30, 2023. In order to comply on time – including preparing plans that are "specific to the hazards and corrective measures <u>for each work area</u>" as required – employers will need to prepare early.

Senate Bill 533 adds section 6401.9 to the California Labor Code. The legislation is intended to help employers prevent and respond effectively to workplace violence.

Covered employers must deliver the training to all employees no later than July 1, 2024, and annually thereafter.

Click HERE to read more.



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## **NEWS YOU CAN USE**

- NorthBay Business Journal talks to 11 Leaders As To What Is Ahead-Sonoma, Marin, Napa commercial construction experts reveal industry trends - The North Bay Business Journal
- 2. Big Money on the Ballot for Affordable Housing Efforts-Sonoma County supervisors place Bay Area affordable housing plan on the November ballot The North Bay Business Journal
- 3. August 6 is the scheduled date for the City of Santa Rosa to decide whether to go to ballot with a revenue generating plan to raise TOT taxes (mostly hotel room fees) and business license tax fees (this could impact a small amount of the 1300 plus businesses in Santa Rosa.
- 4. The proposed Casino Hotel Event Center in Windsor for the Koi Nation, is heating up-<u>New federal</u> study of Koi Nation casino near Windsor triggers another round of public comment The North Bay Business Journal
- 5. For those that are excited about Kamala Harris running for President, and not to get too political, but can I remind you that Kamala backed George Gascon for District Attorney? Lol Just vote who you want to vote for, but be educated and not believing all the crap that is in the news!!

## Providing creative solutions for complex environmental issues.



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## **WORKER'S COMPENSATION**

Worker's Compensation Endorsement By ECA-

HELLO!!! HAVE YOU ASKED YOUR HUMAN RESOURCES PERSON TO CHECK OUT THE WORKERS COMP PROGRAM ECA HAS ENDORSED? Everybody likes to save money,



don't they? Doesn't cost you a thing to consider this as an option! Jeff Okrepkie at 707-360-4338. Flyer

## **FIRE CLEAN UP LIST:**

The Sonoma County Environmental Health Department, Transportation and Public Works, and James Gore's office are utilizing the ECA as a resource for debris testing, and debris cleanup for fire victims from the Kincade Fire. Please review the list that has been provided to the fire victims and the County, of ECA Firms that are interested and listed in various categories as being helpful in the fire aftermath. This is another benefit for ECA members and if you want to be included on the list, and are not, please contact <a href="mary@nceda.org">mary@nceda.org</a>. There is no charge for this. You can access the list by clicking <a href="marker:HERE">HERE</a>.

## **EMERGENCY RESPONSE MANUAL**

The updated 2023-2024 Emergency Response Manual is now available online!

In the event of an emergency, we have put together this manual to help our community receive quick service from our members.

Thank you to our sponsors for helping to get this manual completed. It is sent to city and county agencies in case of an emergency so they will know who to call for services, equipment and materials.

Click HERE for the manual.

**Get Prepared Now! Here are some very useful tips from CalFire** to get your own house/property "in shape" for fire season. link

Pocket Guide for CALOSHA For Contractors: Click <a href="here">here</a> for the pocket guide you all need!

Roadwork in Sonoma County - Check out the County website for road info here

## **Labor Law Posters 2024**

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We want to highlight a member each week in our MEMBER SPOTLIGHT. What we need from you is a short paragraph on what is happening at your company. New employees, new logo, a new move, exciting new equipment! What ever you want to share about your company with our members.

Email mary@nceca.org with your spotlight information and send in photos if you have them!

## Northern California Engineering Contractors Association

The ECA, and its Board of Directors, has been the voice of the engineering construction industry for over 40 years.

The foundation of the ECA has been to address local needs and issues.

The purpose and goal of ECA and its staff are to provide services to the members that help them run their businesses safely, efficiently, and in compliance with the many rules and regulations and mandates of government.

The working committees are the heart and soul of the ECA. The committees are comprised of ECA members.

The committees promote events that enable the ECA to fund community projects that include: Fathers Day "Show & Shine" Car Show, Public Officials Night, the Golf Tournament, and, the "Days of Wine & Dozers" Auction Dinner.

If you would like to join a committee, please email mary@nceca.org ~ We would love to have you!