

## **DECEMBER 2021**

December 6, 2021

December 13, 2021

December 20, 2021

December 27, 2021



### Here we go Again

By Dustin Steiner, Vice President Government Relations & Industry Relations

MICHELLE GUERRERO U-T

# The Midway Pacific-Highway Community The region encompasses 1.324 acres north of downtown, with around half of the land owned by government entities. San Diego River Country of San Diego Country of San Diego Country of San Diego U.S. government San Diego NAVWAR Marine Corps Recruit Depot LEERTY STATION San Diego International Airport

In 1972, San Diego voters limited building heights to 30 feet in the city's "Coastal Zone" defined as the "City's land and water area from the northern City limits, south to the border of Mexico, extending seaward to the outer limit of the City's jurisdiction and inland to Interstate 5." In November 2020, City voters were asked to lift this decades-old height restriction in the Midway-Pacific Highway Community Plan Area only. The crown jewel of the 1,324 acres of land is the Pechanga Sports Arena. There is little doubt that the arena that was once home to the San Diego Clippers, and currently houses the San Diego Gulls and San Diego

Sockers, is in need of a facelift, if not an entirely new face, so proponents of this effort went back to the voters to see if over the last 50 or so years, they had changed their mind on this height limit.

Measure E as it was called promised to "revitalize the dilapidated Midway area, help struggling San Diegans get back to work, and create a vibrant neighborhood San Diego families can finally enjoy: a modern Sports Arena, public parks, affordable housing, good paying jobs, millions in funding for San Diego schools and overdue infrastructure repairs – without raising taxes." Removing the height restriction would not only allow for a modernized sports arena, but also give way to much need housing and other infrastructure in the area. Opponents argued that Measure E amounted to little more than a "public land giveaway" and would "permanently blockade any sizable park extension to Mission Bay" among other concerns.

Well, the voters sided with the "Yes" campaign and approved E with **56.56%** of the vote. The supporters of this measure were a bipartisan group that included now-Mayor Todd Gloria, former Mayor Kevin Faulconer, SD sports legend Bill Walton, BOTH the Republican and Democratic Parties of San Diego, the Building Trades Council, Chamber, and the

Taxpayers Association. It is also important to note that Measure E did not approve any new building, nor did it exempt any new development from environmental or other land use regulations. It simply removed the 30-foot height limit in this fairly small section of the massive "Coastal Zone" that is not actually coastal land.

In a cruel bit of NIMBY irony, on Friday, the very day that bids were due for the 48 acres of land the city owns near the Arena, Superior Court Judge Katherine Bacal <u>issued a tentative</u> <u>ruling</u> in favor of the so-called "Save Our Access" environmental group who sued the City. Essentially, Judge Bacal ruled that the City did not adequately account for environmental impacts associated with removing the height restriction. Of course, any proposed project will go through extensive environmental review, but I digress. So, just like that, one judge invalidates the will of over 350,000 voters and the City is left to consider its legal options. Sure, it is a *tentative* ruling, but it is a major setback for those hoping for revitalization of a blighted area, more affordable housing, jobs, billions of dollars in infrastructure, and potentially another professional sports team.

When I started in land use 15 years ago, I saw how powerful private property rights are (used to be?) in this country and thought if you don't want people building things next door you better buy the property. Today, your money would be better spent buying a lawyer.

### Work is Plentiful but Times are Tough

By Mike McManus, Director of Engineering Construction & Industry Relations

Economic reports coming out over the last few months are somewhat troubling as the recent strong economy seems to be slowing. The Stock Market has been in the tank. Housing has rocketed upwards about 20% higher than a year ago. Consumer sentiment is falling fast as the national economic prospects look unfavorable. Since the government continues to print money, inflation has become persistent. The top concerns in national surveys are high costs of gasoline, housing, vehicles and durable goods. So we decided to ask our members questions about impacts of this economy on the industry at this point in time.

We informally polled a number of engineering and building contractors on the topic, of recent price escalations and availability problems that we have been hearing about for many months. We got feedback on what the current experiences our members are having and an overall industry read on what is going on. We summarized some of the separate comments we got below.

### Are lead times for pipe and other critical materials longer than previously seen?

- Items that were typically "on the shelf" are now out several months.
- Pipe orders depending on size, color or class can be 4-8 months lead time.
- Some suppliers won't even agree to make the pipe at this time.
- Pipe suppliers won't agree to make the pipe unless you agree that the price of the pipe will be the price at shipping time
- Suppliers won't agree to hold a price for more than one day
- Electrical Gear fabrication time is now 6 months
- Lead time for HDPE has changed from 3 weeks to three months
- Lead times are 6-12 months for: Metal deck / Open web steel joists

### Are Subs/suppliers willing to enter into firm price agreements?

 The following is a typical term included in quotes: ALL PRICES QUOTED FOR MATERIALS ARE FOR ESTIMATION ONLY. PRICES QUOTED FOR ALL MATERIALS SUBJECT TO AVAILIBILITY. PRICE IN EFFECT AT TIME OF SHIPMENT. THE STATED TERMS ARE SUBJECT TO REQUOTING.

- By accepting a quote from a supplier at bid time; that only sets your place in line with that supplier for that material. If you don't agree on the price at time of shipping, the supplier sends the material to a contractor who will pay the price, and you go back to the end of the line or find another supplier.
- No manufacturer will hold pricing on items unless the contractor issues a release. If they
  are lucky they get a 30-day price hold. Since contracts are issued 90 days after bid time
  and there are submittals and turnaround time in addition, bidding is a complete gamble
  without even knowledge of what cards you hold.
- On change orders subs/suppliers will not hold prices and will only give a final price on the day the change order is signed.

# Are subs/suppliers requiring price escalation clauses or seeking other recourse for price increases?

• Yes, this is happening mostly with suppliers but subs are increasingly taking steps to protect themselves like in the last bullet on the previous question.

### How often are price escalations occurring on commodities?

- · Sometimes more often than bi-weekly
- Particularly high escalations in costs are being seen with:
  - 1. Steel Pipe
  - 2. Fabricated steel products
  - 3. Structural steel of all types
  - 4. Electrical gear like transformers
- · Less price escalation with plastics and HDPE

### Other Comments:

 CARB rules on equipment require replacement on a tightening schedule. Prices are up 25% and are now back ordered. Previously they were on the shelf

The themes are unmistakable. Prices for some construction commodities are continuing to escalate as suppliers will not hold pricing or commit to a certain delivery date. Suppliers and subs are taking steps to protect themselves from the financial downside of this situation, it won't be long before general contractors will have to build in contingencies into their bid prices to owners for the uncertainty of this new world we find ourselves in.

We are investigating if any agencies around the country have started to include price escalation clauses in current bid documents that pay for commodity price increases that occur after bid-time or, in the case of a falling price, allow for a credit back to the agency. Seems like that would help reduce the contingency dollars contractors will have to be building into their bids at this point.

One summary impression we got from our informal member survey is that work is plentiful, but times are tough for contractors because of the uncertainty in prices and project scheduling. We won't be surprised to see projects with few or less bidders, than usual, as we move forward in this environment.





# Early Registration Rate for AGC San Diego Chapter's Annual Meeting Ends Today, December 6

As we close the year, we invite you to the Chapter's 94th Annual Meeting on Thursday, December 16th, from 10:30 a.m. - 12:30 p.m. at the San Diego Mission Bay Resort (1775 East Mission Bay Drive, San Diego, CA 92109).



2021 was a very busy year, and much different from the one we had in 2020. It was also a very good year for the construction industry, and a productive year for your Association – outcomes made possible by the active involvement of the 900+ member firms of AGC San Diego.

At the Annual Meeting "Active Members" have the important task of electing individuals to fill open seats on the Board of Directors. Year round, this group of AGC leadership makes decisions on your behalf that influence local infrastructure funding, industry practices, public policy, and politics.

While Specialty and Affiliate members will not be able to vote, the Board is convinced that sharing the valuable information about the association with the entire membership is important.

In addition to the election of members to the Board of Directors, AGC San Diego CEO, Eddie Sprecco, will present the AGC's 2021 Annual Report, detailing the important activities and finances of the AGC. This will include acknowledging dedicated members who are the backbone of the San Diego chapter, as well as our major sponsors, and our chairmen and chairwomen who head up the many AGC committees.

Your involvement is critical, and the 2021 Annual Report will detail how valuable member resources are working for you.

We encourage all AGC firms to take a couple of hours out of your schedule on December 16 to attend this final meeting of the year.

Click to Register For Members Only Event





### **AGC Holiday Toy Drive**



The Meetings & Events Committee and the Build & Serve Charitable Alliance are combining their efforts in coordinating this year's Toy Drive. If you would like to donate an **UNWRAPPED** toy for Polinsky Children's Center and Rady Children's Hospital, we have collection sites to make it easy for you to drop off.

### **Drop off Locations until Dec. 10:**

- Atlas Technical Consultants Grantville
- J.R. Filanc Construction Co. Escondido
- AGC Ferris Square
- AGC Lakeside

See Toy Drive flyer

### **EDUCATION & TRAINING CLASSES**

### **December Classes**

Dec. 6-8 - Fall Protection 24-Hour CPT @ Ferris Square facility

Dec. 7 - Stormwater Monthly Virtual Forum

Dec. 8 - Excel Intermediate - offsite

Dec. 13 - Basic Rigging & Qualified Signal Person - @ Ferris

Dec. 15-16 - CQM via Zoom

Dec. 16 - Trenching & Excavating @ Ferris Square

Dec. 16 - Excel - Advanced - offsite

### **CLASSES**

For more information on classes, contact: Becca Schaffer, 619-592-4533



Training Calendar & Class Registration

### ONLINE PLAN ROOM





### **COMMITTEE/COUNCIL MEETINGS**

### **December Meetings**

Dec. 9 - HR Practices Committee - 11:30 a.m. @ Lakeside

Dec. 9 - Construction Leadership Council (CLC) - 4:00 PM @ Lakeside

Dec.10 - Technology Committee - 11:00 AM @ Lakeside Dec. 14 - H.R. Practices Committee - 11:30 AM @ Lakeside

**Committee Meeting Calendar** 

**Get Involved - Join a Committee** 

### **AGC LOCATIONS**



AGC East County Facility & Apprenticeship Training Center 10140 Riverford Road

Lakeside, CA 92040 (858) 558-7444 DIRECTIONS



AGC Government Affairs Office & Fall Protection Training Campus

6212 Ferris Square San Diego, CA 92121 2nd floor DIRECTIONS

### **About Monday Morning Quarterback**

AGC San Diego Chapter's Monday Morning Quarterback is a "hot off the press" and to the point Monday morning briefing on the important issues facing San Diego's construction industry. It is prepared by AGC Chief Executive Officer, Eddie Sprecco, and Vice President Government & Industry Relations, Dustin Steiner.

Please contact <u>Eddie Sprecco</u> or <u>Dustin Steiner</u> with your comments, or with information that should be conveyed to the industry through this service. Well over 3,000 individuals employed by AGC member firms are part of this system.

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### December 13, 2021

### The VOICE of Construction



### **Pennies from Heaven**

By Dustin Steiner, Vice President Government Relations & Industry Relations

In a rather scathing <u>editorial in last week's Union Tribune</u>, SANDAG Director Hasan Ikhrata is quoted as saying, "*I don't want to talk about fantasyland*. *I want to build things*." The editorial goes on "But "fantasyland" is exactly what the San Diego regional transportation plan is." Nonetheless, SANDAG's Board of Directors voted Friday to move forward with an ambitious plan that at the moment does NOT contain the necessary funding mechanism(s) to pay the audacious \$160 billion dollar bill. How do they plan to pay for it? The good old-fashioned way – with new taxes and fees!

While the San Diego Building Trades are busy collecting signatures to put the first of possibly three sales tax increases on the ballot, one of the <u>major funding tenets was struck</u> a <u>major blow</u> this week when three mayors – including San Diego's Todd Gloria – publicly bucked Ihkrata's vehicle mileage tax. <u>As previously discussed in MMQB</u>, SANDAG is asking for *more* money while simultaneously scrapping the promises made in TransNet and trying to capitalize on an election loophole that may allow a tax measure to pass with 50%+1 instead of the usual 2/3 vote. And if this wasn't enough, on Friday, SANDAG will be moving forward with a vote on their controversial <u>"Community Benefits Agreement (CBA)"</u> which ironically carves out 80% of San Diego's construction workforce. This PLA DBA CBA promises to be "inclusive of all state and federally approved apprenticeship programs" and *only* applies to projects over \$5 million. \$5 million of \$160 billion...I'll do the math for you...amounts to any projects worth **0.003125%** of the overall budget being exempted from this discriminatory policy. I'm not even sure such a project of that size exists outside of "fantasyland.".

Additionally, we know all contractors have difficulty complying with skilled and trained workforce (STW) requirements. This PLA tries to *hide* its numbers and leaves *enforcement up to the unions*. The same unions that pushed STW as a way to get a leg up on non-union contractors, despite the fact that unions can't meet the numbers either. "To the maximum extent permissible under state law and regulation, including California Public Utilities Code section 132354.7(a)(3), Contractors and SANDAG shall be relieved of reporting and enforcement obligations and systems described in Public Contract Code section 2602 and 2603, and Contractors' requirement to utilize a skilled and trained workforce shall instead

be monitored and enforced by Unions and Contractors through provisions of this CBA." So, the proverbial fox is guarding the hen house, only this time it's not happening in "fantasyland."

SANDAG meets (virtually) *this* Friday at 9 a.m. To participate in the hearing, follow the instructions <u>HERE</u>. If you need a refresher on the pitfalls of this proposal, read our MMQB article HERE.

Meanwhile, over at the City, the Rules Committee decided to move forward (4-1, Cate voting no) with a ballot measure to overturn 2012's Proposition A, which put in place a ban on PLAs. Prop A was supported by 58% of the voters and the San Diego Union-Tribune (UT). Current UT Reporter David Garrick wrote in an article last week, "Project labor agreements are pro-union construction deals." AGC CEO, Eddie Sprecco, went on to say, "the ballot measure would give the local chapter of the state Building and Construction Trades Council more leverage in getting city construction contracts, especially large ones. "It's basically the Building Trades trying to push their big contracts."

While the City of San Diego and SANDAG face major infrastructure backlogs and funding shortfalls, their proposed remedy has been to shrink their coalition and engage in the same financial "creativity" that got them both in hot water in the past. With major storms on the horizon (literally and figuratively), perhaps SANDAG and the City are hoping the words of Bing Crosby's 1936 classic (and now a Christmas standard thanks to Louis Prima's version in Elf) are true:

"Every time it rains it rains Pennies from heaven Don't you know each cloud contains Pennies from heaven"

### The California Comeback Is Still a Work in Progress

By Mike McManus, Director of Engineering Construction & Industry Relations

A friend recently shared some good news. His son, who is a construction craft worker, just got a raise to \$57 per hour. That rate, if worked full time all year, would be over \$100,000 per year. In fact, if one looks at the most recent "prevailing wage" schedule for public works projects, which you can do by going to the AGC San Diego's website, \$50-plus per hour wages are commonplace, and that doesn't include \$30 per hour in fringe benefits which includes healthcare coverage and retirement savings. Do most young people and those who are underemployed know this? Probably not, but there are some signs that things are starting to change.

But, California still has a nagging problem with unemployment and poverty as much of the nation is rebounding from the pandemic, California struggles. Nationally, the unemployment rate stands at 4.6% which incidentally is where it was before the pandemic hammered the economy 21 months ago. California is a different story according to recently published job numbers. 19 million Californians, or just fewer than half the population, were counted in the labor force and 17.6 million are employed, while 1.4 million are jobless. That means that the unemployment rate is 7.3%, which is twice as high before the pandemic struck. This is not a "California comeback."

Many states across the country have unemployment rates under 2% and are quickly rebounding from the effects of the pandemic. It could just be a coincidence that those rebounding states with low unemployment rates have regulatory and tax policies that

encourage job-creating investment. But, probably not California and other blue states with high jobless rates are perceived as being hostile to business and have high tax burdens, which is part of the reason why the recovery from the pandemic in California is anemic.

Oddly, although California has the nation's highest poverty rate and one of its highest unemployment rates, employers have hundreds of thousands of jobs going unfilled – from teachers, carpenters and auto mechanics, to farm workers and even hamburger flippers. It's not uncommon for fast food chains to offer \$15 per hour, but still not get enough applicants. How can we have high unemployment and hundreds of thousands of unfilled jobs? Probably, the wrong mix of what applicants can do versus what employers need.

The worker shortages indicate that the pandemic may have wrought at least a semipermanent change in California's employment scene, and if it persists, it will have a negative impact on the state's economy. In past years, when California has experienced labor shortages we could count on an inflow of workers from other states and nations to fill the gaps. But foreign migration has slowed to a trickle and California loses more people to other states than it gains. Those people leaving tend to be, more so, blue-collar workers, and less so higher educated folks.

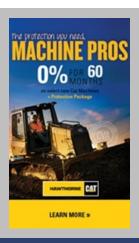
Ironically, California's high housing costs drive away the very people we need to build more housing. The situation implies that California must do better in generating skilled workers within itself rather than relying on migration, and there are some hopeful indications of that attitudinal change.

A recent announcement by Chaffey College, a community college in Riverside County, is one such indication. It has received a \$2.9 million state grant to build a new welding training facility that will double the number of trainees. Welders are much in demand and earn premium wages. Our own Engineering General Contractor Association Foundation is also jumping in as they have committed to participate in "tool scholarships" for folks getting welding training at Palomar College and the Grossmont Adult School.

Also recently, the Governor signed into law Assembly Bill 643 to promote blue-collar trades among high school students. The new law requires public schools to ensure that trade apprenticeships are presented as options to high schools students.

The Chaffey grant and Assembly Bill 643 are refreshing signs that the college-for-all mentality is finally giving way to the reality that we need to train more Californians to do our vital work in construction and manufacturing that will start a true "California comeback," and will make the Golden State what it once was.





# Registration for AGC San Diego Chapter's Annual Meeting - Tomorrow is the Last Day to Register Dec. 14

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Click to Register For Members Only Event





Announcing The AGC Installation Dinner -Thursday, January 20, 2022 at the Marriott Marquis, San Diego Marina

(Sponsored by Surety Associates of Southern California)

It's going to be a big night, and we welcome you to join us as we install **Kari Kyne** of *Kyne Construction, Inc.* as the incoming 2022 President of the AGC San Diego Board of Directors. Kari will be the second woman to hold the highest leadership position on our Board.

This event is an opportunity for the industry to hear from the **outgoing President, Mike Williamson**, of *Pacific Coast Iron*, and his comments on the progress of the AGC and the accomplishments of the industry during the past year. It is also an opportunity to hear the incoming President's vision for 2022.

Each member in the AGC is a major "stakeholder" in the Association. It is important that you attend and understand the messages these individuals have concerning the direction of the AGC.

The evening's program will also include the following recognitions:

- Acknowledgment of our retiring AGC Committee Chairs and Board Members
- Presentation of the coveted, AGC Member Awards...given to individual members and firms that played major roles in leading the industry during 2021
- Graduation of AGC Apprentices with honors
- Presentation of the significant, Annual Construction Safety Excellence Awards
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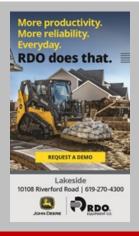
The program is proudly sponsored by another woman owned business:



We depend on the support of companies like these for supplying the funds that we need to make a difference in the quality of our events. Thank you Cyndi Beilman. It is very much appreciated. REGISTRATION FLYER

### Click to Register Online





### **EDUCATION & TRAINING CLASSES**

### **December Classes**

Dec. 13 - Basic Rigging & Qualified Signal Person - @ Ferris

Dec. 15-16 - CQM via Zoom

Dec. 16 - Trenching & Excavating @ Ferris Square

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### **CLASSES**

For more information on classes, contact: Becca Schaffer, 619-592-4533

The 2022 Education Catalog is now available for viewing.



Training Calendar & Class Registration

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**December 20, 2021** 

### The VOICE of Construction





### Twas the Week Before Christmas

By Dustin Steiner, Vice President Government & Industry Relations

On Friday, SANDAG passed their so-called Community Benefits Agreement aka PLA on projects exceeding \$5 million. Unfortunately, as they look to pass a ½-cent sales tax measure on the 2022 ballot, their \$160 billion price tag just went up by 15-20%.

Now, with apologies to Clement C. Moore, I give you Twas the Week Before Christmas - AGC edition:

Twas the Week before Christmas and all through the land Infrastructure dollars will soon be in hand \$1.2 trillion in bipartisan form A breath of fresh air, a break from the 'norm.'

Our politicians were nestled all snug in their beds While visions of mileage taxes danced in their heads And mamma in her mask and me in my mask Had just settled down with a drink from the cask.

When out in D.C. there arose such a clatter I sprang from the bed to see what was the matter "I killed Build Back Better," he said with a grin I knew in a moment it was Senator Manchin.

Back home there's been action so lively and fast A host of new policies and changes being passed "Now PLA, now CBA, now a new boss at BIA On, transparency! On, equity! On, repeal of proposition A!"

Meanwhile up to the house-tops the virus it flew With new variants and mandates, not to mention the flu! We keep working safely giving plenty of room In hopes that one day we'll forget about Zoom.

In 11 short months, the ballots will fly "5 Big Moves" SANDAG is hoping you'll buy With a bundle of measures and more sure to stack We need to raise money, keep strengthening our PAC.

"We build San Diego" we tell them each time A proposal affects us, be it sub or the prime Be it high rises, highways, or maybe a quarry Our members are stronger when we tell our story!

We have our opinions, every woman and man and do work together whenever we can But when we are threatened, we'll be ready to fight Merry Christmas to all, and to all a good night!

### Infrastructure Investment and Jobs Act Update:

By Mike McManus, Director of Engineering Construction & Industry Relations

If there is anything that can bridge the partisan gap between Americans, it's reliable, safe, and high-quality infrastructure. In fact, 80% of Americans support rebuilding our nation's infrastructure more than almost any other top issue facing the current Administration, according to recent public opinion surveys.

What does this 80% number mean? Americans support infrastructure investment more than reforming our healthcare system (77%); increasing availability of high-quality childhood education (72%); and ending the opioid crisis (72%). Nearly everyone (97%) said that America's infrastructure is at least somewhat important. Only strengthening the economy ranked slightly higher, at 81%. More than three in four Democrats and Republicans agree rebuilding America's water infrastructure should be a top priority for President Biden and Congress this year. Therefore, the AGC is closely monitoring the progress federal agencies are making at rolling out the new infrastructure funding. Here is an update.

The Environmental Protection Agency announced recently that states, Native American tribes and U.S. territories will receive \$7.4 billion in 2022 to improve water quality and access, the first installment from the <u>infrastructure bill</u> that President Joe Biden signed into law last month. EPA is the first Federal Agency to announce funding for 2022.

The legislation commits \$50 billion for water and wastewater infrastructure over five years, with \$15 billion allocated for removing lead pipes and \$10 billion to address contamination from toxic chemicals frequently used in cookware, carpets, firefighting foams and other products.

The federal government cannot dictate how that money is spent, but the EPA says it is urging governors, mayors and other local administrators to prioritize sending money to historically underserved communities that have long faced challenges in accessing clean water.

"It's no mystery as to who needs those resources the most," said EPA Administrator Michael Regan, who recently visited low-income, largely minority communities in the South that have endured industrial contamination and water shortage problems. This is on top of roughly \$5 Billion per year under EPA's Clean Water Revolving Fund authorized under previous legislation.

Of the \$7.4 billion headed to states, tribes and territories, \$2.9 billion will help pay for the replacement of lead pipes and service lines, and \$866 million is meant for addressing perand poly-fluoroalkyl substances (PFAS) contaminants in water.

Sometimes called "forever chemicals," PFAS have been found in public drinking water systems and private wells. In October, the EPA said it was working toward setting limits on PFAS in drinking water and requiring manufacturers whose products contain the chemicals to disclose how toxic they are.

The Biden administration initially proposed investing \$45 billion as part of the bipartisan infrastructure deal to eliminate every lead pipe and service line in the country. At the time, water experts said that was a realistic estimate for what it would cost to map out and remove the pipes thought to remain underground. For decades, lead pipes have posed a risk for contaminated water in schools and homes.

Still, experts say the \$15 billion included in the final version provides a historic chance to address the problem.

The EPA said nearly \$44 billion of the \$50 billion for water in the infrastructure deal will go through State Revolving Funds, which were established as a way to provide low-interest loans to cities, counties and utilities for investments in water and sanitation infrastructure.

A recent report by researchers at the University of Michigan found that smaller communities and more racially diverse ones were less likely to receive money from the Drinking Water State Revolving Fund, according to an analysis of national and state-level data between 2011 and 2020. They also found that communities with lower median household incomes were somewhat more likely to receive funds.

Here in the San Diego region we expect all of the water agencies and city utility departments to compete for a share of the large new influx in funding for the Drinking Water State Revolving Fund loan program that is administered by the State of California. Good news for utility contractors in the San Diego Region.

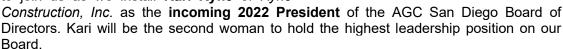




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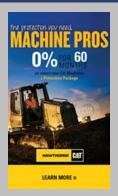
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### HR CORNER

### **Turnover: What is it Really Costing Your Company?**

By Paul Luangkhot, Culture Insurance Group: AGC HR Committee Member

Staff turnover is costly. Across all industries, the average annual turnover rate is 19%, which accounts for both voluntary and involuntary turnover. The average turnover rate in the construction industry hovers around 21%, with employees 24 or younger reaching an astounding 64%. There is some level of turnover that is inevitable whether it is due to retirement, disability, family needs. Some turnover can't be avoided, so let's focus on the turnover that we can control.

When managers and business owners think about turnover, most are well-aware that there is a financial impact, but what often gets overlooked is how many ancillary impacts come from turnover – we need to get a grasp on the comprehensive cost of turnover to have healthy, wealthy and thriving companies.

### The True Cost of Turnover

- Exit costs: Time is money. It takes time to separate from an employee. This includes things like paperwork severance, COBRA, benefits admin, final checks, and filling in temporary employment gaps with short-term fixes if needed.
- Replacement: Posting job openings, recruiting to find a pool of quality candidates, and then committing to a thorough interview process to narrow down and find the right fit costs money and time that can sap productivity. Throw in the fact that there's currently a skilled labor shortage, creating even more challenges to hire one, let alone, the right candidate.
- **Training:** All new hires have to be trained—there's no getting around it. Even beyond training, it takes time for a new staff member to truly grow comfortable and productive in their role as well as mesh with their new team. Find out what training your employees wish you were doing more of.
- **Decreased productivity:** Whether it's bringing new hires up to speed or other employees dedicating time to the hiring process and stepping away from their core duties in the near-term, decreased productivity for the larger team is a reality when there's worker turnover.
- Loss of other employees: Unless the person who left was secretly despised by everyone, they probably built some level of friendship/relationship with your team. Morale could suffer among remaining workers whenever there's turnover. Defeated and deflated humans aren't as likely to stay with their employer. Even worse a lot of good employees bring others with them when they go to a competitor (which is also a great tip to think about when recruiting!). Rinse and repeat.

### How to Reduce Turnover

If there is one thing to keep in mind when striving to reduce employee turnover, it's this: everything matters. Yes, instituting pay raises across the board is a huge plus, but not one that will leave a lasting impact. Use the following tips to improve retention.

- Management Training: During the "Great Resignation" did you know that the #1 reason people gave for leaving their company was that their "manager didn't care"? Invest in your middle-management. Make sure your managers are spending adequate time managing and leading their people as opposed to just doing the work.
- Employee Engagement: Give yourself an opportunity to communicate and set expectations while getting to know your team better, which will help build camaraderie. Now more than ever, employees want to feel connected to their work and find purpose in it.
- **Employee Recognition:** 72% of companies report employee recognition as having the largest impact on engagement and is a highly effective strategy to continually build your talent pipeline.
- **Feedback Process:** Give employees a voice whether through anonymous surveys or one on one communications. This helps address concerns before they get magnified and can also help build trust when done right.
- **Promote Company Core Values:** Keep your list of values concise so to be intentional and actionable. Once finalized, instruct your team in the new core values, and make value training a part of your onboarding process and ongoing communication with employees.
- Enhance Your Benefits Package: After compensation, benefits is the next thing that many employees look at. It never hurts to benchmark them to see what your competitors are doing. However, it is more valuable to understand what is important to your team to ensure the benefits are meaningful to them. Your benefits strategy should also include a rolling multi-year strategy to allow your benefits to continuously evolve.
- Conduct Exit (and Stay) Interviews: Don't squander the opportunity to learn
  from your mistakes as an employer by dismissing a great employee without
  asking them where you went wrong. Taking it a step further, learn from
  employees that are staying! What is keeping them there and what you could
  do better.

Remember, while fair and adequate compensation is a top priority for your employees, it is not the end-all-be-all. A pay raise may satisfy employees for a period, but it won't make up for a bad company culture. Taking care of your current employees so well that they can't help but talk about you as an employer of choice will lead to referrals, which are often the best source for hires.

Additionally, do not rely solely on your HR department or people team to develop solutions. Given the widespread impact of turnover, your approach will be most successful if finance, operations, and executive teams are actively involved. It takes a village to keep your village and stamp out that company-killing turnover. Focus on your people from the least to the greatest and you will have a healthy, wealthy, and thriving company in 2022.

ARTICLE WITH SOURCES



The <u>2022 Education Catalog</u> is now available for viewing.

For more information on classes, contact: Becca Schaffer, 619-592-4533

Training Calendar & Class Registration

### **ONLINE PLAN ROOM**





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### **AGC LOCATIONS**



AGC East County Facility & Apprenticeship Training Center

10140 Riverford Road Lakeside, CA 92040 (858) 558-7444 <u>DIRECTIONS</u>



AGC Government Affairs Office & Fall Protection Training Campus

6212 Ferris Square San Diego, CA 92121 2nd floor DIRECTIONS

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AGC Chief Executive Officer, Eddie Sprecco, and Vice President Government & Industry Relations, Dustin Steiner.

Please contact <u>Eddie Sprecco</u> or <u>Dustin Steiner</u> with your comments, or with information that should be conveyed to the industry through this service. Well over 3,000 individuals employed by AGC member firms are part of this system.

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### Vaccine Mandates in Court

By Dustin Steiner, Vice President Government & Industry Relations

Days before Christmas the 6<sup>th</sup> Circuit U.S. Court of Appeals removed the stay on the OSHA Emergency Temporary Standard (ETS) effectively reinstating the **vaccine or test weekly mandate** for large businesses (over 100 employees). This decision has been appealed to the Supreme Court with oral arguments set to begin on January 7, 2022. Legal experts expect a rapid decision, relatively speaking, from the Supreme Court.

As you may recall, AGC America, along with 27 states, private businesses, religious groups, and other large associations, filed suit back in November leading to the stay of the ETS that has so far delayed its implementation. Now that the stay has been lifted, OSHA has announced it will begin implementing the ETS almost immediately. According to AGC America:

- "OSHA will not issue citations for noncompliance with any requirements of the OSHA ETS before **January 10, 2022**; and
- OSHA will not issue citations for noncompliance with testing requirements before **February 9, 2022**.

These extensions, however, are conditioned on an employer exercising reasonable, good faith efforts to come into compliance."

Meanwhile, the 11<sup>th</sup> Circuit U.S. Court of Appeals denied a Biden Administration request to lift the current stay of the **federal contractor mandate** meaning the previous decision remains in effect until at least January 24, 2022. <u>AGC America filed suit in Texas</u> in mid-December in support of the efforts to block the Administration's implementation of this mandate.

AGC San Diego is **pro-vaccine**, but *one-size-fits-all* mandates are highly disruptive to the construction industry's already impacted workforce and material supply chains, raising

prices and delaying critical infrastructure. When mandated on existing projects, contractors have been thrust into legal disputes with owners, subcontractors, labor unions, and vendors over the time and dollar impact of these late requirements.

Since March of 2020, AGC San Diego has participated in an industry-wide construction coalition, partnering with organized labor and project owners to implement sensible COVID-19 safety protocols to keep construction safe and working. AGC America has created both a <u>vaccine tool kit webpage</u> and a construction-oriented <u>summary of the ETS</u>, which may be helpful as we move through the various court battles.

AGC San Diego will continue to support COVID-19 vaccination efforts and encourage Public Health Officials to focus on working *with* industry and organized labor on education to lower vaccine hesitancy instead of mandates that can increase this hesitancy. As COVID-19 moves into the endemic stage, this cooperative approach will be needed to address future variants and seasonal waves.

### California is the First in the Nation....Again!

By Mike McManus, Director of Engineering Construction & Industry Relations

After attending the December meeting of the California Air Resources Board (CARB), it is clear that nobody is safe from the overreach of CARB. The present crop of politicians, bureaucrats, and regulators often talk about equity and looking out for low income families, but then take actions that disproportionately impact those very folks. The December CARB meeting is a case in point.

The construction industry and the trucking industry have long been targets of CARB, but now they are also focusing on gardeners and low and moderate income folks who live in places like the East County of San Diego who are on the front lines of the annual fire season. Big rig trucks, mobile generators, and lawn equipment face stricter pollution requirements under a suite of landmark rules approved earlier this month by California's clean air regulators.

Manufacture of new models of lawn and garden equipment will be phased out in 2024 under the rule unanimously adopted by CARB, despite opposition from gardeners and landscapers. And in a separate rule, earlier this month, big rigs will have to undergo periodic smog checks, just like cars, except most trucks will undergo the tests remotely through onboard diagnostics.

California is the first in the nation to require heavy-duty trucks to undergo smog checks or mandate zero-emission lawn equipment. The total cost to comply with the two rules: An estimated \$8 billion spread over more than 20 years, according to CARB staff. The action taken by CARB this month will cover roughly 1 million heavy-duty trucks and buses operating in California. The twice-a-year inspections are intended to ensure that the emissions control systems maintain the same efficiency as the vehicle ages.

The new heavy duty truck program implements SB 210, authored by Senator Connie Leyva in 2019, directing CARB to develop and implement a new, comprehensive Heavy-Duty Inspection and Maintenance program to control emissions more effectively from non-gasoline on-road heavy-duty vehicles. It will also include independent owner/operators

who were exempt from the current program of periodic smoke inspections. The Heavy-Duty Inspection and Maintenance program will roll out a statewide network of roadside emission monitors to screen for high emitting trucks, starting with the San Joaquin Valley and South Coast and expanding over time.

Under the new lawn equipment rules, manufacturers must meet zero-emission standards for new models of yard equipment, including weed whackers, lawn mowers, leaf blowers and smaller chain saws, in three years. Residents and workers, however, can continue to use and repair their gas-powered equipment.

Gardeners and landscaping associations raised concerns about higher costs to buy the equipment and additional batteries needed for a day's work. The cost to transition is likely to be significant for the many small businesses that do this kind of work. Also, under the new rules, new portable generators must meet stricter emission standards in 2024 and reach zero-emissions for model-year 2028 generators.

At a three-hour public hearing, rural officials warned that alternatives to portable generators are cost prohibitive and do not perform adequately. This new rule seems suspect because power outages are becoming more common and are lasting longer. Likely this regulation will force moderate to low income folks in the San Diego backcountry to do without power for extended periods.

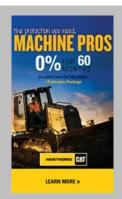
In a presentation, air board staff said the longer lead time of four more years for portable generators will allow "manufacturers to develop models with more energy storage and power delivery."

According to CARB staff, small engines powering lawn equipment and portable generators are a surprisingly large source of California's air pollution, belching more smog-forming pollutants than cars and SUVs in California. Using a commercial leaf blower for an hour spews as much as driving 1,100 miles in a new car, roughly from Los Angeles to Denver, according to CARB.

Earlier this year, California legislators <u>passed a law</u> calling for new state regulations to bar emissions from yard equipment and portable generators.

Marvelous! Who is next?

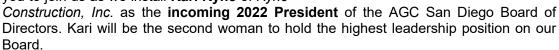




Sign up to attend the AGC Installation Dinner - Thursday, January 20, 2022 at the Marriott Marquis, San Diego Marina

(Sponsored by Surety Associates of Southern California)

It's going to be a big night, and we welcome you to join us as we install **Kari Kyne** of *Kyne* 



This event is an opportunity for the industry to hear from the **outgoing President, Mike Williamson**, of *Pacific Coast Iron*, and his comments on the progress of the AGC and the accomplishments of the industry during the past year. It is also an opportunity to hear the incoming President's vision for 2022.

Each member in the AGC is a major "stakeholder" in the Association. It is important that you attend and understand the messages these individuals have concerning the direction of the AGC.

The evening's program will also include the following recognitions:

- Acknowledgment of our retiring AGC Committee Chairs and Board Members
- Presentation of the coveted, AGC Member Awards...given to individual members and firms that played major roles in leading the industry during 2021
- Graduation of AGC Apprentices with honors
- Presentation of the significant, Annual Construction Safety Excellence Awards
- Graduation of members completing the AGC Project Management Certificate Program

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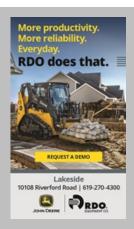
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### 6 Months Look Ahead...2022 Events!

January 20 - INSTALLATION DINNER @ Marriott Marquis Marina

February 19-13 - WINTER CONFERENCE @ Park City

March 17 - AFFILIATE MIXER @ Tom Ham's Lighthouse

March 28-31 - NATIONAL CONVENTION @ Grapevine, Texas

May 5-7 - SPRING CONFERENCE - @ La Quinta Resort, La Quinta

June 3 (date to be confirmed) - AGC/EGCC SPRING GOLF @ Maderas Golf Course

June 21 - BASEBALL BASH @ Petco Park

### **EDUCATION & TRAINING CLASSES**

- Jan. 4 Stormwater Ask an Attorney Online
- Jan. 10 Fall Protection CP Refresher @ Ferris Square
- Jan. 10-11- NAVFAC Fall Protection 40 Hour CPT @ Ferris Square
- Jan. 11- Excel Beginners Offsite
- Jan. 12 NAVFAC Fall Protection 40-Hour CPT@ Ferris Square
- Jan. 12 Skilled and Training Workforce Requirements @ Lakeside
- Jan. 12 USACE CQM C Training Online
- Jan. 12 Foreman & Superintendent Boot Camp @ Lakeside
- Jan. 12 NAVFAC Qualified Rigger and Signal Person @ Ferris
- Jan. 13 NAVFAC Fall Protection 40-Hour CPT@ Ferris Square
- Jan. 13 MEWP (Boom/Scissorlift) Operator Training @ Ferris Square
- Jan. 14 NAVFAC Fall Protection 40-Hour CPT @ Ferris Square
- Jan. 17 EM 385-1-1 Refresher @ Ferris Square
- Jan. 17-19 Fall Protection 24 Hour CPT @ Ferris Square
- Jan. 18 Excel Intermediate Offsite
- Jan. 18 New California HR Laws for 2022 Online
- Jan. 19 Quickbooks Intermediate / Advanced Offsite
- Jan. 19-20 Blueprint Reading @ Lakeside
- Jan. 19 High Level Financial Planning @ Lakeside
- Jan. 19 NAVFAC Qualified Rigger and Signal Person @ Ferris Square

- Jan. 20 OSHA Recording (OSHA 300) @ Lakeside
- Jan. 20 Silica CPT@ Lakeside
- Jan. 20 Trenching & Excavating CPT@ Lakeside
- Jan. 24 Fall Protection 8 Hour CPT@ Ferris Square
- Jan. 24-27 OSHA 30-Hour Construction Outreach @ Lakeside
- Jan. 25 Excel Advanced Offsite
- Jan. 25 Flagger Certification NAVFAC @ Ferris Square
- Jan. 26 USACE CQM C Training Online
- Jan. 26 Construction Scheduling @ Lakeside
- Jan. 26 CPR First Aid @ Ferris Square
- Jan. 26- Electrical Safety NFPA 70E @ Lakeside
- Jan. 27 Project Management Boot Camp @ Lakeside
- Jan. 27 Soft Skills Professional Development @Lakeside
- Jan. 31- Fall Protection 24 Hour CPT @ Ferris Square
- Jan. 31 Qualified Rigger and Signal Person Training @ Ferris Square

For more information on classes, contact: Becca Schaffer, 619-592-4533



Training Calendar & Class Registration

### ONLINE PLAN ROOM





### COMMITTEE/COUNCIL MEETINGS

**Committee Meeting Calendar** 

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**JANUARY MEETINGS** 

Wednesday, January 5, 2022 - **SAFETY** - 7 AM - Lakeside Thursday, January 13, 2022 - **MEETINGS & EVENTS** - NOON - Lakeside Wednesday, January 19, 2022 - **BUILD & SERVE** - 8 AM - Lakeside /Virtual Friday, January 28, 2022- **NAVFAC** - 9:30 AM - Virtual - Go To Meeting

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