



SUMMER

OUR 48TH YEAR

CONTRA COSTA CHAPTER

FEBRUARY 2011

Groundhog Day 2011:

...And other Important Prognostications



It's hard to believe, but on Sunday of this week, 10% of the new year will already be history. At this point it does not appear that 2011 will be markedly different than last year as far as construction activity is concerned. Last year our Inside Construction manhours fell by more than 40% from 2009. We are running at about 70-75% of our historical average. All things considered, it could have been much worse, and as bad as things may seem, we are still far better off than most of the country. Keep in mind that many areas of the country are entering their fourth year of this recession. Our recovery here in California is being held back by many of the same headwinds affecting the rest of the nation; a depressed housing market, high unemployment, weak consumer spending and spending cuts by state and local governments (and soon the federal government).

One of the fundamental differences that I have noticed about this recession compared with others I have lived through is the dramatic change in all levels of government employment. During past recessions you might have heard the County, or a City or a School District going to a hiring freeze and allowing attrition to reduce staff levels. Or they might consolidate two departments into one to save a little on overhead costs. State and local government entities tended to act like a ballast in the bottom of a ship, because most government employees were not affected by a recession and tended to continue contributing to the economy like they would during normal times. Not so any more. Going forward this will likely change significantly and some of that ballast will disappear.

The February edition of NECA's (*Electrical Contractor*) magazine contains its annual Construction Outlook for the year. Most of the construction forecasts are calling for a slow improvement in the construction economy for 2011. Just for grins, I pulled the January 2006 edition of the same publication off the shelf to see if any of those same prognosticators saw "this" coming. Nope, not one. And do you know who turned out to be dead wrong? The Federal Government. "The U.S. Bureau of Labor Statistics said the construction industry will need to add 100,000 jobs a year every year until 2012, on top of filling positions for 90,000 workers who are retiring annually."

My point here is that we are in an uncharted area, and you should let the conditions on the ground govern your day-to-day decisions. There is no guarantee that things will turn around soon, but ultimately they should get better. Don't lose site of the fact that new residential construction has typically accounted for more than half of all construction, and the precursor to virtually all non-industrial construction. During previous recessions, the Federal reserve would lower interest rates which would quickly bring down mortgage rates and give people that were priced out of the market a shot at home ownership. They would buy a new home and fill it with furniture, and pretty soon you have the economy back on all cylinders. Compare that to today. Interest rates are not a problem. Competition with existing homes along with a scarcity of buyers (who have their credit damaged) is a serious obstacle.

The State of California could not have picked a worse time to implement their (well-meaning) new requirement for automatic fire sprinklers in each new home built after January 1st of this year. Any time you increase the cost of a new home through regulation, you tip the balance in favor of the existing home in the new vs. existing equation. Similarly, Governor Brown could not have picked a worse time to put a bulls-eye on the 400 Redevelopment Agencies in the State. Public works has been the only relatively bright spot in the otherwise overcast construction picture. When you add those two additional headwinds to the ones mentioned above, it makes the business of forecasting the future of the construction industry that much more complicated.

There are plenty of storm clouds out there, but for what it's worth, Punxsutawney Phil is calling for an early spring, and I am calling for the Packers to win the Superbowl 24-17.

Mechanic's Lien Law 2011

WHAT ALL CONTRACTORS NEED TO KNOW ABOUT THE CHANGES TO THE MECHANIC'S LIEN LAW EFFECTIVE JANUARY 1, 2011

There has been an important change in the California Mechanic's Lien Law beginning in January of this year. You must now provide an additional notice to the owner when you record a Mechanic's Lien. If you do not, your claim will not be enforceable.

Be sure to print out and distribute the enclosed newsletter from Joe Sweeney of Sweeney, Mason and Wilson and distribute it to everyone in your office that has a hand in the process.

UPCOMING SEMINAR

February 18, 2011

How to Win the Fight! Change Orders & Claims

(See Registration/Information Sheet attached.)

Increase Your Bottom Line on Your Project

This Seminar Covers ...

- *Why Have Claims Escalated since 1979*
- *Why Shop Drawing Approval Does Not get you off the Hook!*
- *Types & Sources of CO's*
- *Bi-Lateral & Unilateral CO's*
- *Win Defective Plans/Specs Conflicts Every Time!*
- *Ambiguities—Who Wins?*
- *Delay & Disruption Claims*
- *Art of Pricing CO's*
- *Pricing Delay & Disruption Costs*
- *Winning Strategies*
- *Case Studies*

California

Appeals Court Decision Will Impact Prevailing Wage Work

Attached to this newsletter is an article from the Construction Labor Report regarding a significant decision that was handed down in December. It addresses what is, (and is not), public works. It represents a shift in interpretation that all public improvement work required for approval of a project, and not just the improvements that are paid for with public money, are subject to prevailing wage law.

If this case holds up on appeal to the State Supreme Court, it will certainly benefit our part of the industry.

Comprehensive Facility Energy Audit Classes

(Two Phase Series)

Phase One:

A one day class with no prerequisite reading

The Energy Screening Survey

March 15, 2011

Phase Two:

A two day workshop

w/prerequisite reading in addition to the Energy Screening Survey class

The Preliminary Energy Assessment PEA Survey

March 30 & 31, 2011

See Registration/Information Sheets attached.

ENERGY AUDITS

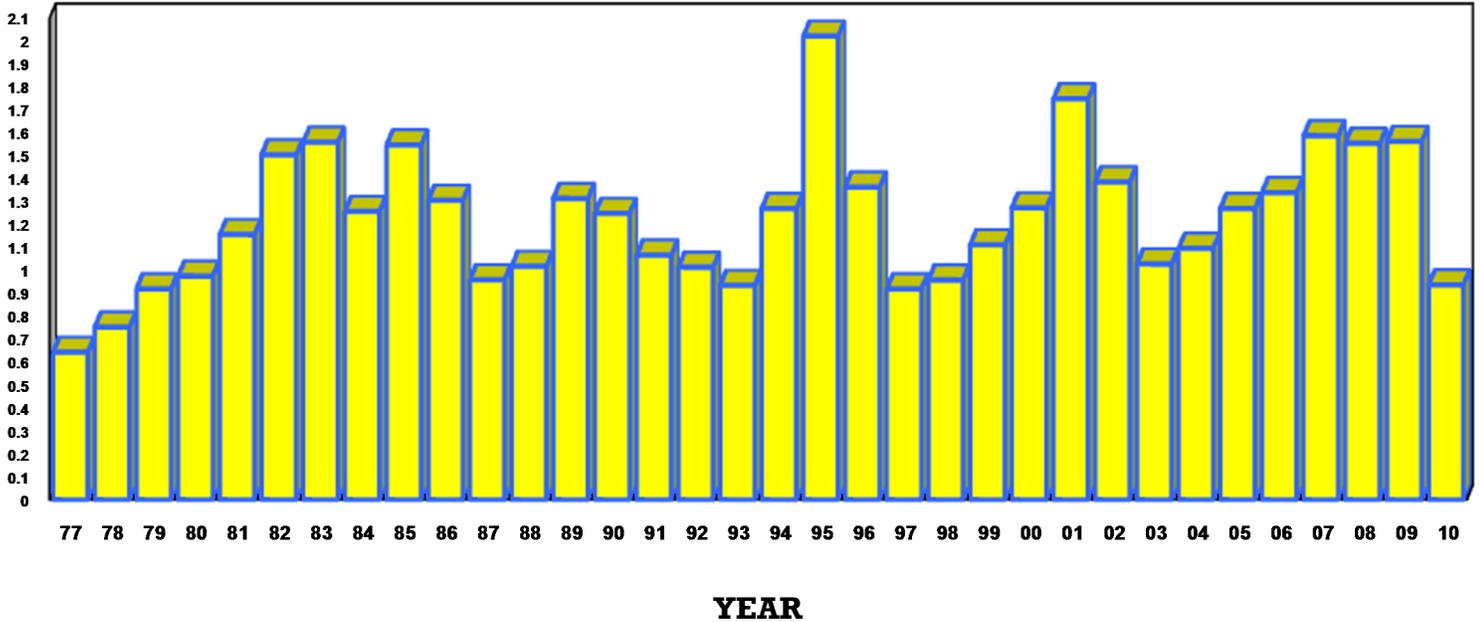
Special points of interest:

- * Energy efficiency is projected to become a \$2 to \$4 trillion industry
- * Washington is investing Billions to stimulate the economy and enhance national security through energy efficiency and renewable energy.
- * Energy audits are the first step to determining if, what and how new energy efficiency and renewable energy projects should be implemented.
- * New Construction is declining and green energy projects create new work.

Construction Manhours

for
IBEW Local 302 Electricians

Million



Architecture Billings Index

Index 50 = no change from previous period

Business conditions at architecture firms continued to show signs of improvement in December, as the AIA's Architecture Billings Index (ABI) remained above 50 for the second month in a row with a score of 54.2. This marks the first time in three years that there have been two consecutive months with more firms reporting increasing firm billings than reporting declining firm billings. Optimism remains the watchword, as activity levels may remain volatile during the first half of 2011.



ENCLOSURES

District IX Council Meeting
Notice

Politico Alert

What All Contractors Need to
Know about The Changes to
Mechanic's Lien Law 2011

The 2010 Tax Act & Estate
Planning

Construction Labor Report:
Prevailing Wage

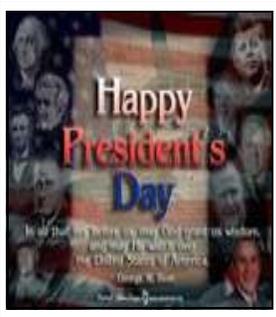
Information Bulletin 2011-01
2010 Legislative Changes

Seminar:
How to Win the Fight!
Change Orders & Claims

Comprehensive Facility
Energy Audit Classes

Calendar

Body Bulletin



February 2011

Sun

Mon

Tue

Wed

Thur

Fri

Sat



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		1	2	3	4	5
6	7	8	9	10	11	12
		JATC Training Center Martinez 12:00 p.m.				
13	14	15	16	17	18	19
	Health & Welfare Trust Training Center Martinez 1:00 p.m.				<i>Carpenter</i> <i>Off-Day</i>	
20	21	22	23	24	25	26
	<i>President's Day</i>			Board/Trust LONG RANGE PLANNING MEETING Cache Creek Resort Brooks, California		
27	28					

Notes: