



MINNESOTA



AGC OF MINNESOTA | Constructive Comment Newsletter | Published Continuously Since 1926

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AGC of Minnesota MISSION STATEMENT

To enhance the legislative and economic strength, image and well-being of the Minnesota construction industry by adding value in all that we do; consistently maintaining our core values of skill, responsibility and integrity.

THE FEDERAL STIMULUS AND THE U.S. CONSTRUCTION INDUSTRY

From December 2008 to December 2009, national job loss in construction was 22 percent and it has increased to 24.7 percent since then, according to Tim Worke. For the construction industry, that means “It’s a depression - not a recession - the worst job market since the 1930s,” he said. The Minnesota construction economy, he also noted, has now lost all of the jobs it had gained since 1997.

Worke, TERRA co-chair and director of the highway and transportation division of Associated General Contractors of Minnesota, discussed economic conditions in the U.S. construction industry and the impact of the American Recovery and Reinvestment Act (ARRA) during a presentation at the 2010 TERRA Pavement Conference.

During a videotaped address to the conference prior to Worke’s presentation, U.S. Rep. James Oberstar reported that the ARRA has funded 9,241 highway construction projects, which have provided 280,000 direct construction jobs and 480,000 indirect jobs. In turn, these have produced a payroll of \$1.2 billion and \$260 million in paid federal taxes. However, “the unemployment rate has been stubborn,” he added. “Construction workers are now doing 90 percent of their work in the public sector rather than in private investment.”

Worke’s presentation elaborated further on Oberstar’s assessment. “The White House’s early estimate was that, with a combination of tax cuts, unemployment benefits, loans, grants, and contracts, the ARRA would increase jobs by 3.5 million,” Worke said.

Worke quoted Professor Stephen Fuller of George Mason University on how the ARRA should affect the national economy: Theoretically, for each \$1 billion injected into

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CEO REPORT AND COMMENTS

By Dave Semerad

We are pleased to report that our Building Jobs Coalition initiative this legislative session resulted in a diverse package of vertical construction market stimulus initiatives that was passed and signed into law on April 1.

This was AGC of Minnesota’s top legislative priority for the 2010 legislative session and we are proud of this achievement.

Of course, this initiative would not have been successful without all our Coalition partners who worked passionately the past two years to achieve this objective. Special thanks to Senators Metzen and Bakk, Representative Lenczewski, Speaker Kelliher, Governor Pawlenty, and all of the elected officials, staff members, and lobbyists who worked hard on the legislation. This was truly a bi-partisan effort.

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SPRING MEMBERSHIP MEETING

Thank you to those who attended the quarterly membership meeting and congratulations to the companies recognized as continuous members. Your support is greatly appreciated. Special thanks to Seaton, Beck & Peters, PA and Wells Fargo Insurance Services for their sponsorship of the event. Watch the Weekly Update for information on the summer meeting.



Board Chair Dave Lens (Graham Construction Services, Inc.) addresses attendees at the spring membership meeting

CLC MENTORS COLLEGE STUDENTS

On Tuesday, April 20, six Construction Leadership Council (CLC) members met with Dunwoody and University of Minnesota construction management students for our second annual mentoring session. Thanks to (pictured, left to right): Brad Barickman, RJM Construction; Lauren Colbeth and Darin Engelby, PCL Construction Services, Inc.; Chad Schmidtke, Tower Asphalt, Inc./Lakeland Enterprises, Inc.; Heather Grazzini, Carciofini Company; and Nick Nelson for sharing their insights. If you would like to be a mentor next year, or if you have interest in AGC's CLC committee, contact Jane Sanem at jsanem@agcmn.org.



MEMBER TESTIFIES BEFORE U.S. HOUSE

On March 26, Joyce Fisk, a belly-dump truck driver for Knife River Corporation, testified before the House Transportation and Infrastructure Committee in support of a multi-year surface transportation reauthorization. She was invited to testify after meeting Congressman Jim Oberstar, chair of the Committee, when he toured a Knife River project funded by the American Recovery and Reinvestment Act. Fisk outlined for committee members the fears common to many Americans – unemployment, the potential inability to pay bills due to decreased income, and the difficulties of finding continuous employment, particularly in the construction industry. Her husband is also employed by Knife River.



Joyce Fisk testifying before the U.S. House Transportation and Infrastructure Committee



Touring the Capitol with Congressman Oberstar and Nancy Pelosi, Speaker of the House

NEW MEMBERS

Dale Carnegie Training (Affiliate)

Matt Norman, V.P. of Consulting
4938 Lincoln Dr.
Edina, MN 55436
(952) 548-5600
www.minnesota.dalecarnegie.com

Company Profile: **Dale Carnegie Training** provides individual and group training in leadership, delivering presentations, customer service, human relations, and sales.

Dew Corporation (General Contractor)

Robert Dew, President
2586 7th Ave. #301
N. St. Paul, MN 55109
(651) 777-4900
Fax (651) 777-4994
www.dewcorporation.com

Company Profile: Utilizing all forms of project delivery, **Dew Corporation** offers full service construction. Our involvement in both the public and private markets keeps our estimating skills sharp and provides continual feedback on current market pricing. We are committed to a smooth construction process, providing peace of mind to owners and architects.

Gunnar Electric Inc. (Specialty Contractor)

Laura Karow, Master Electrician
7960 Eden Prairie Rd.
Eden Prairie, MN 55347
(952) 937-9262
Fax (952) 937-1034
www.gunnarelectric.com

Referred by: Gephart Electric

Company Profile: **Gunnar Electric** is a woman owned enterprise (WBE) certified with the State of Minnesota, D.O.T., MAC, CERT, and the CCR. Operating out of our Eden Prairie location since 1969, we serve the commercial, industrial and residential needs of our community as well as the entire seven county metro area. Our electrical wiring includes new construction, and all remodeling and expansion demolition and wiring.

Tim Kane, CPA (Affiliate)

449 Riviera Dr.
New Brighton, MN 55112
(763) 286-8465

Referred by: Mike Northquest, Parsons Electric

Company Profile: **Tim Kane** provides overpayment recovery services. **Tim Kane** has recovered over two million dollars in overpayments for companies. Common overpayments include: sales taxes paid in error, paying invoices more than once, pricing errors, and calculation errors. **Tim Kane's** overpayment recovery services are provided on a contingent basis – fees are a percentage of the amount recovered. A free analysis of internal controls with recommendations for preventing overpayments is included with every review.

Financial consulting services are also available. **Tim Kane** helps companies discover where they are making money, where they are losing money, and what to do about it.

The Kenrich Group LLC (Affiliate)

Mark Gentry, Principal
12 S. 6th St. #720
Minneapolis, MN 55402
(612) 343-0100
Fax (612) 343-0105
www.kenrichgroup.com

Referred by: JE Dunn Construction Company

Company Profile: **The Kenrich Group** provides a unique combination of construction-related accounting, cost analysis, engineering, financial, and scheduling skills. Our personnel have prepared and analyzed claims, performed schedule delay analyses, provided management consulting, and conducted fraud investigations on behalf of public and private owners, contractors, subcontractors, architects, engineers, sureties, government agencies, and other parties. We have analyzed bids, budgets, cost estimates, changed work, and the costs of construction, as well as schedule and contract administration records.

Our personnel have testified on construction costs and damages, schedule delay issues, and contract and project management matters in federal and state courts and in arbitration. We have also made formal presentations and participated in settlement negotiations, mediations and other alternative dispute resolution proceedings.

Leonard, O'Brien, Spencer, Gale & Sayre (Affiliate)

Andrew Budish, Attorney
100 S. 5th St. #2500
Minneapolis, MN 55402
(612) 332-1030
Fax (612) 332-2740
www.losgs.com

Company Profile: **Leonard, O'Brien, Spencer, Gale & Sayre** is a full-service law firm with attorneys that focus on all aspects of construction and real estate law. We represent numerous large and small commercial and residential construction contractors, real estate developers, and finance companies, acting as counsel in both litigation and transactions.

Richardson, Richter & Associates, Inc. (Affiliate)

Trudy Richter, President
477 Selby Ave.
St. Paul, MN 55102
(651) 222-7227
Fax (651) 223-5229
www.richardsonrichter.com

Referred by: Tom McCrossan

Company Profile: **Richardson, Richter & Associates, Inc.** provides public outreach coordination public relations for major construction projects.

AGC NEWSLETTER

Constructive Comment Newsletter is published quarterly for members of Associated General Contractors of Minnesota, a statewide trade association of general contractors, specialty contractors, and affiliated suppliers involved in the construction of buildings, highways, heavy industrial, and municipal utility projects. Founded on Wednesday, December 11, 1918, by six contractors meeting at the Minnesota Club in St. Paul, AGC of Minnesota is a chapter of Associated General Contractors of America and American Road and Transportation Builders Association (ARTBA).

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2010 MN/DOT LETTINGS

May 21	July 23	October 22
June 4	August 27	November 19
June 25	September 24	December 17

CALENDAR OF EVENTS

July

TBD Summer Quarterly Membership Meeting, 11:30 am Denise Woods
Location TBD, Duluth

August

6 AGC Golf Tournament, 8:00 am Denise Woods
Fox Hollow Golf Club, St. Michael

30 AGC Sporting Clays Fundraiser, 12:30 pm Denise Woods
Minnesota Horse & Hunt Club, Prior Lake

November

30 Transportation and Grading Forum, 8:00 am Tim Worke
DoubleTree Park Place, St. Louis Park

30 Holiday Reception, 5:00 pm Denise Woods
DoubleTree Park Place, St. Louis Park

A schedule of AGC-related events is also available under Events at www.agcmn.org.

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This bill includes the following provisions:

- An investment credit for “angel” type venture capital investments;
- A refundable historic structure rehabilitation credit;
- Compact development tax increment financing districts;
- Expanded authority to temporarily use TIF for economic development;
- Provision of modified JOBZ benefits to the Ford Motor Company site in St. Paul, if certain conditions are met;
- Expanded authority for several cities to use TIF for housing replacement;
- Additional flexibility for the city of Bloomington to develop the Mall of America site;
- An appropriation for additional tax compliance activities, expected to result in new general fund revenue beginning in fiscal year 2011;
- Distributions to taconite cities and townships for public works projects (from taconite production revenue) and other miscellaneous mineral changes.

We are confident that we have done something very positive to enhance the climate for vertical building in Minnesota. This legislation, coupled with the bonding bill, will create jobs for our builders and their employees.

We still have much work to do to create a better business environment for our builders, but we have taken a step in the right direction.

SAFETY AND ENVIRONMENTAL ISSUES UPDATE

AGC is actively involved in several safety and environmental regulatory issues. Below is a description of some of the more notable topics. If you have any questions or suggestions, or would like to be added to the e-mail list alerting you to these issues, contact Dan Hannan at 651-796-2192 or dhannan@agcmn.org.



- **Industrial Storm Water Permit:** This five-year permit was reissued on April 5, 2010 by the Minnesota Pollution Control Agency (MPCA) and requires certain manufacturing facilities to file for a general permit to regulate their industrial storm water. Construction related activities covered under this permit include the manufacturing of concrete, asphalt, heavy equipment, and landfill operations. Detailed information about these requirements can be found at: <http://www.pca.state.mn.us/water/stormwater/stormwater-i.html>.
- **Construction Storm Water Permit:** Requires erosion and sediment control for disturbed land during roadway or building construction. Although this permit was reissued by the MPCA in 2008, new federal discharge limits will become enforceable for Minnesota operations in 2013. These effluent limit guidelines (ELGs) will regulate the sediment leaving the construction site in an “end of pipe” fashion. The pollutant parameter to be measured will be the non-turbidity unit or NTU. This will likely require additional engineering or structural as well as non-structural controls. Additional information is available at <http://www.epa.gov/waterscience/guide/construction/>.
- **Diesel Emission Grants:** Last year, AGC of Minnesota was successful in partnering with the non-profit organization Minnesota Environmental Initiative (MEI) to gain members access to federal grant dollars for upgrading construction equipment to limit diesel emissions. These upgrades include oxidation catalysts, idle reducers, particulate filters, and even rebuilding engines or replacing them. To date, 11 AGC members have qualified and are in the process of retrofitting some of their equipment using these funds.
- **PCBs in Caulk:** The U.S. Environmental Protection Agency (EPA) recently identified the potential for poly-chlorinated biphenyls (PCBs) to be present in caulk found in both commercial and residential structures that are older than 1979. As a result, the MPCA has implemented a requirement that prior to remodeling or demolition contractors must evaluate, remove and properly dispose of caulk containing PCBs above a certain level. AGC and a number of its members are working with the MPCA to better understand the financial and logistical requirements of this requirement. For more information see the following draft MPCA guidance document: <http://www.pca.state.mn.us/publications/whw4-48k.pdf>.
- **Lead Certification:** If you are performing work that disturbs lead based paint, or removing or painting over lead based paint, you are now required to be certified by the U.S. EPA. Light duty remodel, repair, or painting work that disturbs lead paint in certain child occupied or target housing sites requires certification for safe removal and exposure control. For more information, visit: <http://www.epa.gov/lead/pubs/renovation.htm>.
- **Pilot Car:** In an effort to provide safer movement of certain over-dimension loads, AGC introduced legislation calling for the development of rules for a structured pilot car or escort vehicle training and certification program. Driven by AGC members, including Anderson Trucking Service, Inc., Midstate Reclamation and Trucking, Inc., and Tiller Corporation, Mn/DOT, and the Minnesota State Patrol, this group has been meeting over the last year to develop rule language and a certification and training program that will result in greater roadway safety statewide for over-dimension loads. The bill (HF 3168/SF 2756) was signed by the Governor on May 12. It will likely be 12 to 18 months before pilot car certification is required in Minnesota. Such certification is required in at least 12 other states, with several in this region either proposing or considering pilot car legislation this year.
- **Safety Training:** AGC of Minnesota continually offers safety training opportunities. Look for e-mail notices or go to <http://www.agcmn.org/i4a/pages/index.cfm?pageid=1>. Need training customized for your operations? Contact Dan Hannan at 651-796-2192 or dhannan@agcmn.org.



MEMBERS IN THE NEWS

For their work on Minnesota projects, **Mortenson Construction** and **McGough Construction Co. Inc.** received Design-Build Institute of America awards for the institute's Upper Midwest region.

Rachel Contracting Inc. hired **John Pippert** as director of business development.

Kraus-Anderson Construction Co. promoted two employees: **John Haydon** to vice president of business development and marketing and **Terry Hart** to vice president of operations.

Congratulations to AGC members who were recognized by Finance & Commerce as a 2010 Minnesotan on the Move: **Kevin Goodno (Fredrikson & Byron, PA)**; **John Hoffman (Principal Financial Group)**; **Dianne Holte (Holte Contracting, Inc.)**; **Anh Le Kremer (Leonard, Street and Deinard)**; **Dan Mehls (Mortenson Construction)**; and **Don Rachel (Rachel Contracting, LLC)**.

The Fairview-Jonathan Clinic in Chaska, built by **Kraus-Anderson Construction Company**, is registered to become a LEED Commercial Interiors-certified level project.

Amerect Inc. has undergone a management and ownership transition. **Mark Ziegler** assumed the position of president, **Eric Taubenberg** continues as office administrator and became corporate secretary, and **William Fetter** remains as senior estimator/project manager. **Peter Taubenberg**, former president and majority shareholder, has been retained as a consultant.

Andrew Humphrey was elected chair of **Faegre & Benson's** management committee, while **Leslie Fields** and **Kathlyn Noecker** were elected to serve on the committee.

T.C. Field & Company has officially changed its name to **Bearance Management Group**, to reflect its new ownership status.

Travis Rengstorf, American Engineering Testing, Inc., earned his Professional Engineering license.

PCL Construction Services, Inc. received recognition by the **Minnesota Safety & Health Achievement Recognition Program (MNSHARP)** for the USPS expansion project in Eagan.

John Peterson, Gephart Electric, obtained his Wind Turbine certification. **Brad Kanis**, also with Gephart, has been certified by the North American Board of Certified Energy Practitioners as a solar photovoltaic installer.

Bradley Austin has been named president of **Harmon, Inc.**

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RTL Construction, Inc. (Specialty Contractor)
Shawn Larson, Assistant V.P.
4000 Valley Industrial Blvd.
Shakopee, MN 55379
(952) 934-4695
Fax (952) 934-8380
www.rtlconstruction.com

Referred by: Verizon Wireless discount

Company Profile: **RTL Construction, Inc.** specializes in steel stud framing, drywall, rough and finish carpentry, and EIFS.

Stanley Consultants, Inc. (Affiliate)
Dave Sonnenberg, PE,
Director Governmental Services
5775 Wayzata Blvd. #300
Minneapolis, MN 55416-1235
(952) 546-3669
Fax (952) 546-4279
www.stanleyconsultants.com

Company Profile: **Stanley Consultants, Inc.** is a private, member-owned firm that has been in business since 1913. We have a full-time staff of over 1,200 experienced professional, technical, and support staff worldwide representing the major disciplines in the fields of engineering, architecture, environmental sciences, planning, management, and economics. The Minneapolis office of **Stanley Consultants** is made up of 35 members of various disciplines and levels of expertise. **Stanley Consultants** is a recognized leader in the engineering industry. In 2009, we were ranked number 55 among Engineering News-Record's "Top 500 Design Firms." Stanley Consultants has extensive experience with design-build. Specifically, we have worked on several design-build teams and also in an oversight capacity for state DOTs. We have completed projects using Accelerated Bridge Construction techniques and have a great deal of expertise in innovative design and delivery methods. More than 90 percent of our work represents repeat engagements with our clients. We attribute this to quality work, on-time performance, client attention, and competitive pricing. Our approach is to listen to our clients and understand what is necessary to not only meet their expectations, but to surpass them. Our multidisciplinary team of professionals works together, looking beyond the obvious to find innovative, cost-effective solutions for our clients' problems. As a member-owned firm, everyone has a vested interest in superior performance and client satisfaction.

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the national economy, \$3.4 billion will be added to the GDP (gross domestic product) and 28,500 non-residential public works and building jobs will be created. Of these jobs, one-third will be direct, on-site construction; one-sixth will be jobs created due to products and services sold to construction projects; and one-half will be “induced” jobs, i.e., created because of ARRA money spent by the direct and indirect workers.

However, by December 2009, three-fourths of the ARRA’s \$787 billion had still not been infused into the economy, Worke said, though a greater percentage of the money assigned to highways has been spent than in other sectors. This, he said, is because the “architecture” for highway project spending already existed and was well-defined.

Oberstar’s House Transportation and Infrastructure Committee announced that 8,119 cumulative Minnesota jobs had been created. But Worke explained that this includes anyone who had worked for any length of time on an ARRA project. Worke said calculating the number of jobs created by ARRA is “murky” because the accuracy of reporting on job creation has been questioned and because there was confusion about how to count “jobs created” and “jobs saved.” In addition, Congress’s General Accounting Office reported that there had been insufficient quality control on the data received.

Worke said the most meaningful statistic available is that, since the ARRA was passed, the nation’s unemployment rate has remained the same or increased slightly. However, based on a survey of members of Associated General Contractors of Minnesota, Worke asserted that the ARRA has had a stabilizing affect on both the general economy and the construction sector - mostly because ARRA funds have replaced state funds that had dried up. Some contractors reported that “ARRA contracts have been vital to our company.”

In conclusion, Worke gave the ARRA a mixed report card. On the positive side, he said it has been “a bridge over a very difficult time in the construction market” and that it will continue to provide help in the coming 2010 construction season. However, he also said many jobs lost during the recession will probably never come back, and that, in general, one-time injections of money like the ARRA do not encourage construction companies to make long-term capital investments. He also lamented that, in all of the emphasis on jobs, the fundamental idea that there is value in rebuilding infrastructure has been obscured. Finally, he worried that negative reactions to ARRA will reduce enthusiasm for additional congressional action, such as the next six-year authorization act.

“The value of rebuilding infrastructure and the impact on economic efficiency has been lost in the discussion,” he said.

(reprinted with permission from TERRA E-News, April 2010)

(The Transportation Engineering and Road Research Alliance (TERRA) is a collaborative transportation research organization that works closely with government, industry, and academia in a partnership to advance innovations in road engineering. Information about TERRA is available at <http://editor-terra.software.umn.edu/index.html>.)

UPCOMING CLC SITE VISIT



On Thursday, May 27, Alvin E. Benike, Inc. will host the Construction Leadership Council (CLC) for a tour of the Cascade Meadow Wetlands & Environmental Science Center in Rochester. When completed, the Center will be an innovative resource for environmental education, focusing on energy, water, and wetlands. The tour begins at 3:00 pm and will be followed by networking at Dooley’s in Rochester. Details and registration information are available at www.agcmn.org or by contacting Jane Sanem at jsanem@agcmn.org.

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Fabyanske, Westra, Hart & Thomson, PA, Minneapolis

CHIEF EXECUTIVE OFFICER

David Semerad

STP GRADUATE

Robert Berger (Adolfson & Peterson Construction) has completed the 10-unit Supervisory Training Program (STP). He is our 195th graduate. Classes will resume in the fall.

STP is a highly recognized and valued program that provides prospective or practicing supervisors, foremen, and superintendants the opportunity to improve their **leadership** and management skills **while earning CEU credits**. If you are interested in taking any or all of the sessions, contact Pat Nelson at 651-796-2181 or pnelson@agcmn.org.



*Dave Semerad (AGC of Minnesota), Rob Berger and
Russ Hultman (STP instructor)*

ANNUAL MEETING – SAVE THE DATE

Mark your calendars for our 92nd Annual Meeting, to be held on Thursday, January 13, at The Northland Inn in Brooklyn Park. Details will be available this fall at www.agcmn.org and through the Weekly Update.



*If you didn't attend this year's
Annual Meeting, you missed compelling
education and great networking*

