February 11, 2019

INDUSTRY NEWS

SEC Investigating Sweetwater - Finally a Reckoning for IBEW’s Segura?
Eddie Sprecco, CEO

Nick Segura is the head of IBEW 569, and a School Board Trustee at Sweetwater. He has a long history of putting his day job ahead of the needs of the students - and has yet to face repercussions for blatant conflicts of interest, Brown Act violations and total disregard for district policies. His days of getting off scot-free could be over however....
The U.S. Securities and Exchange Commission (SEC), tasked with investigating financial crimes, has put the District’s leadership under the microscope after discovering a $30 million accounting “discrepancy”, after which top district financial officers enjoyed a “pre-planned early retirement”. The County Office of Education had already taken receivership of the District in late 2018, and the California Fiscal Crisis & Management Assistance Team CEO, Michael Fine, made attendees at a recent board meeting gasp when he announced, “That, my friends and colleagues, is a cover-up.” With the independence and resources of Local, State, and now Federal agencies, political cover from the teachers’ union and IBEW/Building Trades will not be enough to maintain the Sweetwater stonewall.

What the SEC is looking into, is why the district filed false paperwork with the Federal Government to hide their financial position... Was it a simple mistake, or something more sinister? After all, the bad financial news would come out in audits eventually; it was just a question of timing. Published reports point to the November 2018 Sweetwater School Facilities Construction Bond, Measure DD as a motivation for a cover-up. Now, who would have an overriding interest to cover up bad news, so they could get a construction bond passed? Hmm.... I wonder.....

On a “related note” - an IBEW-only Project Labor Agreement, tacked on to the Bond Measure by Segura and his colleagues in the midst of this financial crisis, will come at a substantial cost to the district. That $60 million hit to the finances is twice the $30 million that drew the SEC's attention...
Segura's profile on the School Board website touts "valuable experience as a fiduciary" on various union pension funds. Voters just didn't realize that he would be using his experience to help the union funds, not the distinct, and at the expense of the construction workers who build Sweetwater schools. The Sweetwater PLA forces craft employees district projects to pay into union coffers to pad the benefits of IBEW members. Many Sweetwater craft workers will never see a penny of those benefits they earned due to Union "vesting" rules. Those craft workers are also forced to pay dues directly to Segura's union, to pay his salary, for his "day job."

However, with the District finances now in complete collapse, the gig appears to be up. If Sweetwater is at risk of default, construction funds could be diverted to backfill operations - and construction workers, including IBEW members, will be booted out of a job. At this point, the State takes over entirely and the Superintendent and the Board will be tossed out on their ears - while losing the protection of Orrick, Herrington and Sutcliffe; the $895 per-hour law firm the District hired for their SEC defense....

While everyone has clammed up for the moment, including the group of "suddenly retired" District officials, facing jail time for felony securities fraud does tend to loosen up one's tongue. It's only a matter of time before they nail down what, if any, crimes were committed and at who's direction.

For all of Segura's shenanigans in 2018, he was named "Labor Leader of the Year" by the San Diego Building Trades Council, while leaving the Sweetwater School District in ruins...

So far 2019 hasn't been as kind to IBEW leadership and their allies...

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City's Five-year Capital Improvement Outlook - Funding Challenges Looming

Mike McManus, Director of Engineering Construction & Industry Relations

Today, the City of San Diego Public Works staff will present their annual Five Year Capital Infrastructure Planning Outlook. This year's report covers the years 2020 to 2024. The report is intended to provide information on the basis for revenue projections and a breakdown of capital improvement needs across the many assets that the City must maintain. After reading the report, we concluded that the Mayor and
City Council will have their work cut out for them in dealing with some significant gaps in funding, as compared to projected needs in upcoming infrastructure projects.

What the City will be facing in the infrastructure arena, as they develop the 2020 Budget, is a growing gap between needs and revenue usable to meet those needs. The City's needs over the five-year period are projected to $5.6 billion, which is an increase of about $1.2 billion as compared to the last 5-year outlook. The revenues have also increased from $2.8 billion to $3.8 billion from last year's outlook. The additional $1 billion of funding over the next five years is due to several factors, however, it is primarily due to increase in funding for the Pure Water Project and additional road funding (SB1).

So, the funding gap stands at about $1.8 billion for the City's infrastructure needs. However that funding gap does not include some notable and well-known infrastructure challenges, which are excluded from the report, particularly, a new or replaced stadium and the long awaited expansion of the San Diego Convention Center. Those will have to be tackled separately, and we hope sooner rather than later.

How will this shortfall complicate dealing with some of the priorities at City Hall? Things don't get any easier. Dealing with the intractable homeless dilemma in the City has been a constant drain on resources that are a "pay now or pay later" scenario. The state-mandated Climate Action Plan is also driving up costs and creating a new set of priorities for the City to deal with. Keeping the pension monster at bay will put an annual hit on the budget that must be dealt with.

There is some good news in this report, as some of the City's needs are fully funded by user fees and are not part of the funding gap. For example, water and sewer services which are funded by ratepayer charges, are self-supporting. The projected needs for sewer and water projects over the next five years are projected at $1.7 billion and are expected to be fully funded. Pure Water is fully funded at about $1.5 billion. Also fully funded are the badly needed pavement projects which are expected to total over $200 million dollars. New fire stations are also fully funded at an expected $130 million.

So where are the shortfalls concentrated? Here is the list, which includes some high liability areas for the City, namely: storm drains, sidewalks, street lights and traffic signals.

<table>
<thead>
<tr>
<th>Funding Shortfall</th>
<th>Amount</th>
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<tbody>
<tr>
<td>Bike Lanes</td>
<td>$125 million</td>
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<tr>
<td>Facilities</td>
<td>$150 million</td>
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We expect that the City will be forced to partially fund some of these priorities. The City street right of way funding shortfall, beyond pavements, is a whopping $1.2 billion if you add up the unfunded needs in sidewalks, storm drains, street lights and traffic signals. That is two thirds of the total gap so, something has got to give.

The report also highlights some of the streamlining and process improvements that have been initiated and are in various states of implementation. Our member contractors who do City work have been suggesting a few opportunities that we are working on with City management. The short list is:

- Align SLBE goals with available and able program participants to reduce costs associated with the program
- Eliminate the hidden costs of holding retention on larger projects
- Improved storm water specifications to reduce costs associated with unknown risks
- Shorten the project closeout process to reduce costs, passed on to the City, associated with contractors carrying extended liability insurance, warranty risks and bonding.
- Reducing interest costs passed on to the City due to delayed progress payments.

There is always room for improvement in everything. We will be advocating for the City to prioritize more funding for infrastructure to deal with critical needs, and to continue with their efforts at process improvements and cost saving efforts.

No One Is Left Out of Off-Road Diesel Reporting Requirements!

Drew Delaney, Associates Environmental - AGC's Off-Road Diesel Consultant
Off-road diesel fleets of all sizes are now subject to compliance requirements of the Off-road Diesel Regulation. Owners of more than 5,000 horsepower (hp) of off-road diesel equipment (Large fleets) have completed their fifth year of compliance requirements. Owners of more than 2,500 hp and up to 5,000 hp (Medium fleets) completed their third year. Now, owners of up to 2,500 hp (Small fleets) have completed their first year to meet either the fleet average or equipment turnover requirements of the regulation.

Here are the highlights regarding compliance reporting with the Off-road Diesel Regulation for all fleet sizes going into 2019:

- Since January 1, 2018, all fleets accrue Best Available Control Technology (BACT) credit for actions taken for compliance. Small fleets ceased accruing Early Credits for BACT.

- By December 31, 2018, fleets should have taken all necessary actions to meet the January 1, 2019 fleet average target or BACT requirements.

- All fleets have a reporting deadline of March 1. The report consists of accurately entering information for each vehicle as it was on December 31, 2018 into the DOORS web interface. Accurate Reporting includes, but is not limited to:
  - Reporting all new and sold vehicles
  - Reporting all repowers and retrofits
  - Reporting low-use hour meter readings

- All fleets must also submit the Responsible Official Affirmation of Reporting (ROAR) by March 1 (an eROAR form can be submitted to DOORS through the web interface).

The points for complying in 2019 and beyond are:

- The January 1, 2020 through 2023 fleet average target requirements get progressively more difficult to achieve.

- No fleet can add vehicles with Tier 0 or Tier 1 engines. Only Small fleets are allowed to add vehicles with Tier 2 engines. Medium and Large fleets can only add equipment with Tier 3 or newer engines.

- Only retirement of vehicles with Tier 0 and Tier 1 engines make BACT credit until all have been retired from the fleet. After that, retirement of vehicles with Tier 2 and higher engines make BACT credit.

- Have a plan to comply with the upcoming January 1, 2020 compliance date and beyond.
On February 27, just two days before the reporting deadline, the California Air Resources Board is offering training for the Off-road Diesel Regulation at the San Diego Air Pollution Control District (APCD). [Click here](#) to register (you may need to create a password). **Bear in mind, the APCD has local enforcement authority for the Off-road Diesel Regulation.** Webinars also are offered.

If you would like to discuss your fleet's drive towards compliance, please contact Drew Delaney at Associates Environmental [ddelaney@associatesenvironmental.com](mailto:ddelaney@associatesenvironmental.com), or at 949-322-3739.

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**AGC San Diego Sponsored San Diego State Teams Vied in ASC Competition**

This past weekend, San Diego State University sent Commercial, Electrical, Heavy Civil, and Preconstruction teams to the Associated Schools of Construction (ASC) Student Competition an intense team-building experience replicating real-world construction industry situations. Schools send their best students from across the Western United States to compete for trophies in 17 categories.

The AGC San Diego supported teams faced tough competition, and were unable to bring home hardware this year.

To compete against the well-established programs at Colorado State, and Cal Poly SLO, SDSU students prepared for months with the help of AGC San Diego Construction Leadership Council (CLC), sponsors and coaches.

Thank you to all of the team sponsors who made this competition possible:
- **Electrical - Bergelectric Corp.**
- **Commercial - Clark Construction**
Preconstruction - Swinerton  
Heavy Civil - Flatiron

And thank you to the coaches who put in the effort of training SDSU students over the past year:

Electrical team - Bergelectric Corp.  
* Paul Diaz  
* Carrie Dragman-Renz  
* Shawn LePine  
* Ron Meler  
* Dennis Obtera  
* Jake Bons

Commercial team - Clark Construction  
* Wendy Bohn  
* Trevor Gerard  
* Patrick Sanford  
* Jose Muguerza

Heavy Civil team - Flatiron  
* Jeanine Soriano  
* Donnie Riese

Preconstruction team - Swinerton  
* Kelsey Maris  
* Jim Lewis  
* Jose Gudiño

The SDSU AGC Student Chapter, along with AGC’s support, organized the teams and coordinated the preparations for the trip to Nevada. This year’s student chapter Reno lead, Kevin Galindo, had a big hand in working with all teams and coordinating with AGC for a successful student experience.

Thank you to the Construction Leadership Council and their leadership who spearheaded the training efforts for these students:

* CLC Chair - Dusan Selezan, Balfour Beatty Construction  
* Reno Liaison - Paul Diaz, Bergelectric

Also, thank you to Zach Skilton of Enterprise Fleet Management for donating transportation for the student's equipment.

Finally, you should also give yourself a pat on the back - if you are reading this, you may have been a "Mock Problem" spectator to add a little more realism to their practice presentation. Whatever your involvement, it takes all of that work to compete in this competition, and to graduate excellent future leaders of the industry.
For an in-depth look into the competition, watch this recap of the 2016 competition experience.

* A final, final 'Thank You' goes to AGC staff members Kellie Korhonen and Paul Josselyn handling the logistics of funding, training, ordering shirts, setting up Mock Problems, equipping, and mobilizing this large group so the students can be successful.

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UPCOMING EVENT

AGC Affiliate Mixer - Thursday, March 14, 2019

The AGC Affiliate Council is pleased to welcome members to the first mixer of the year. Join us on March 14, at Tom Ham's Lighthouse on Harbor Island. This is a great location with fantastic views of the downtown San Diego skyline, and plenty of free parking!

We encourage our member firms to stay connected, and invite their PM's, PE's, estimating staff, scheduling staff, etc., and anyone else in their firm that would benefit from socializing with others in the industry.

This is a member only function!

Join the generous sponsors listed below, to ensure all AGC members are invited to attend at no charge.

* **Platinum Sponsor:**
  Finch, Thornton & Baird, LLP

* **Gold Sponsors:**
  Enterprise Fleet Management
  NorCal Pipeline Services

* **Silver Sponsors:**
  Acme Safety & Supply Corp.
  Apex Advertising
  Hi-Way Safety, Inc.
  Pure Effect, Inc.
  Trench Plate Rental Company
To attend the mixer, pre-registration is required. Please [click here](#) to Register!

We are looking for more sponsors!! Please [click here](#) for a sponsor form.

The Mixer event will have an EXPO type atmosphere with sponsors receiving a table to display promotional materials, etc...

- You can display product samples, promotional materials, etc.
- Your company name will be prominently displayed on a banner in the room
- **Platinum level sponsors will be given choice placement by the entrance and bar areas.**
- All sponsors will have the opportunity to incorporate their company logos into a running visual presentation slideshow on all the TV screens in the room.
- **Gold sponsors receive additional "screen time" for their logos and Platinum sponsors receive "FULL SCREEN" ads.**

Contact [Rae Krushensky](#) with any questions.

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**COMMITTEE MEETINGS**

Meetings are held at the AGC office (6212 Ferris Square, San Diego, CA 92121) unless otherwise noted in red.

**February Meetings**

<table>
<thead>
<tr>
<th>Date</th>
<th>Time</th>
<th>Committee</th>
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</thead>
<tbody>
<tr>
<td>Feb. 13</td>
<td>11:30 AM - 1:00 PM</td>
<td>Education</td>
</tr>
<tr>
<td>Feb. 20</td>
<td>7:00 AM - 8:30 AM</td>
<td>Public Building</td>
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<tr>
<td>Feb. 22</td>
<td>12:00 PM - 1:30 PM</td>
<td>Technology Committee</td>
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<tr>
<td>Feb. 26</td>
<td>11:30 AM - 1:00 PM</td>
<td>Specialty Contractors' Council</td>
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<td>Feb. 26</td>
<td>4:30 PM - 6:00 PM</td>
<td>CLC</td>
</tr>
<tr>
<td>Feb. 28</td>
<td>10:00 AM - 11:30 AM</td>
<td>Government Relations</td>
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Get involved in the AGC by serving on one or more AGC committees. This is a great way to network with fellow AGC members, and to have a voice in the industry!
## CLASSES

### February Classes

<table>
<thead>
<tr>
<th>Date</th>
<th>Course</th>
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<tbody>
<tr>
<td>Feb 11-12</td>
<td>OSHA 10 Hour</td>
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<tr>
<td>Feb 13</td>
<td>Blueprint Reading</td>
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<tr>
<td>Feb 13-14</td>
<td>CQM</td>
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<tr>
<td>Feb 13</td>
<td>Fall Protection 8-Hour CPT</td>
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<tr>
<td>Feb 13</td>
<td>Intermediate Microsoft Excel <em>(Offsite)</em></td>
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<tr>
<td>Feb 15</td>
<td>Advanced Microsoft Powerpoint 2016 <em>(Offsite)</em></td>
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<td>Feb 19</td>
<td>Construction Project Management</td>
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<td>Feb 19-21</td>
<td>Fall Protection 24-Hour Competent Person</td>
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<td>Feb 20</td>
<td>Construction BMP Training</td>
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<tr>
<td>Feb 21</td>
<td>Advanced Microsoft Excel <em>(Offsite)</em></td>
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<tr>
<td>Feb 21</td>
<td>Construction Law: Public Works Bid Law 101</td>
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<tr>
<td>Feb 21</td>
<td>OSHA Recordkeeping</td>
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<td>Feb 25</td>
<td>Fall Protection 8-Hour</td>
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<tr>
<td>Feb 26</td>
<td>Microsoft Project Workshop</td>
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<tr>
<td>Feb 27</td>
<td>CPR, First Aid &amp; AED Training</td>
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<tr>
<td>Feb 27</td>
<td>Prevailing Wage Certified Payroll</td>
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</tbody>
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For more information on classes, contact: [Becca Schaffer](tel:8587318155) at (858) 731-8155.

**January - June 2019**

**Register Online**

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### 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 Executive Vice President, Brad Barnum.

Please contact [Eddie Sprecco](mailto:EddieSprecco@agcsd.org) or [Brad Barnum](mailto:BradBarnum@agcsd.org) 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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**ARCHIVE**

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