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INDUSTRY NEWS

"A Sunny Outlook for Construction in 2019, but Clouds on Horizon," says AGC's Chief Economist

Brad Barnum, Executive Vice President

Last week's weather in San Diego was horrendous, but on Tuesday there was a ray of sunshine as AGC of America's Chief Economist addressed 70+ member firms and public agencies about his expectations for public works and private construction in 2019. Ken Simonson, in his sixth visit to AGC in as many years, presented a positive outlook; however, there were a few warning shots.

The slide presentation reveals the trends in construction spending, labor and materials, a Fact Sheet shows the economic impact in California and the U.S., and the most recent DataDIGest shows new Producer Price Index (PPI) and job opening numbers. The following summary provided by Mr. Simonson gives a good snapshot of what to expect in 2019:

"The outlook for construction remains sunny, but there are three clouds on the horizon: the possible impact of tight labor supply, volatile trade policies, and fluctuating interest rates. Construction unemployment is at a record low, while job openings are at an all-time high, despite hefty employment increases.

The lack of experienced workers may explain the recent slowdown in
construction employment in San Diego, rather than a lack of projects. Tariff increases have pushed steel costs up by 20%, while retaliatory actions by U.S. trading partners may cause some export-oriented businesses and ports to postpone or cancel projects.

The recent decline in interest rates should help the single-family home construction market, but interest rates are still expected to rise over the course of the year. If so, that may put a damper on some state and local bond-funded projects, as well as rate-sensitive commercial construction, such as hotels, retail and "spec" office or warehouse space.

Despite these concerns, the outlook for 2019 remains positive for multifamily, private nonresidential, and public construction.”

Interesting times are ahead, and on behalf of AGC, and the co-hosts, the Regional Construction Procurement Committee, thank you Ken Simonson for "telling it like it is!" The information will come in handy as public agencies, private owners, and the construction industry, plan for and build San Diego's infrastructure.

Force Majeure---Contractors Stand Ready to Rebuild

By Mike McManus, Director of Engineering Construction & Industry Relations

Force Majeure (def.); an extraordinary event or circumstance beyond the control of the parties, such as a war, strike, riot, crime, or an event described by the legal term act of God (hurricane, flood, earthquake, volcanic eruption, etc.).

How do we know climate change is real? We know because former Governor Jerry Brown says "Climate Change is real and it is man-made." We also know from Jerry that the droughts and severe weather in California are also a result of climate change. So how do we explain the old San Diego story of Charles Hatfield? A story that demonstrates the City's handling of contracts, but also an episode that resulted in a huge windfall of work for the construction industry of the day.

In the winter of 1915, southern California was experiencing a devastating drought that had drained area reservoirs to record low levels over more than three consecutive years, causing massive agricultural and ranching losses. Residents of San Diego County were so desperate that the City Council of San Diego hired a man called Charles Hatfield, known as "The Rainmaker." The city promised to pay Hatfield $10,000, under a contract, if he could make it rain significantly by the end of the year.
San Diego's desperate city council was willing to give Hatfield the job, particularly because it would only have to pay out in the event that a deluge struck the city. "It's heads, the city wins; tails, Hatfield loses," said Councilman Walter Moore after his fellow members agreed to hire the rainmaker. Only Councilman Herbert Fay objected to the deal, calling it "rank foolishness."

More than thirty-nine inches of rain fell during the following month, and storms continued deluging the county well into early 1916. The area's rivers and streams rose to their highest recorded levels. More than 200 bridges in the San Diego region were washed out, entire communities were swept away, levees collapsed, and valleys were inundated. All the bridges along the San Diego, Sweetwater and Otay rivers were washed out except for a rail bridge that was left standing alone with its ends missing. The earthen Otay Dam, several miles southeast of the Sweetwater on the Otay River, burst on January 27, 1916 sending a wall of water into southern Chula Vista. Flooding deposited so much sediment that the southern end of San Diego Bay was filled with it - much of the sand remains today in the form of shoals that must be periodically dredged to accommodate boat traffic.

The Sweetwater River rose until it reached a peak flow of 45,500 cubic feet per second on January 30, 1916, and though the dam had been increased in height and its spillway capacity enlarged; this did little to prevent it from overflowing. The reservoir overtopped the dam crest by an estimated 3.5 feet. The river breached the north abutment of the dam, and then the river eroded enough material around the structure to allow two-thirds of the reservoir to drain. The failure of the dam caused extensive damage downstream, including the destruction of over 15,000 feet of Sweetwater Water Co. pipeline, all railway track, and electric utility lines downstream. The dam was subsequently rebuilt by contractors and an additional spillway added to pass future floods.

By the time the epic rain stopped in San Diego County, nearly 30 inches had fallen in a month, making January 1916 the wettest period in the region's recorded history.

Believing he had upheld his end of the bargain, the rainmaker walked the 60 flood-stricken miles back to San Diego to collect his money. With city officials flooded with not only rain but also lawsuits seeking compensation for the resulting damage, city attorney Terence Cosgrove refused to pay Hatfield - that would make San Diego liable for the
deluge in the eyes of the courts. Cosgrove denied payment on the basis that Hatfield could not furnish proof that the rain was of his own doing and not an act of God. The rainmaker sued the city. The litigation dragged on for two decades before it was finally dismissed in 1938. Hatfield never received a dime from the City.

So, was the rain an act of God or an act of Hatfield? Whatever it was, it was an event that helped launch the fledgling San Diego construction industry. As I dodged potholes on the way to work this morning, I was reminded of how the construction industry has always been there to rebuild San Diego. AGC San Diego contractors stand ready when needed!

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**
2019 EVENTS

MARCH
Mar. 14 | Affiliate Mixer

APRIL
Apr. 01-04 | AGC National Convention in Denver, CO

MAY
May 09-11 | Spring Conference

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.

COMMITTEE MEETINGS

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

February Meetings

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<tr>
<th>Date</th>
<th>Time</th>
<th>Committee</th>
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<td>Feb. 20</td>
<td>7:00 a.m. - 8:30 a.m.</td>
<td>Public Building</td>
</tr>
<tr>
<td>Feb. 22</td>
<td>12:00 p.m. - 1:30 p.m.</td>
<td>Technology Committee</td>
</tr>
<tr>
<td>Feb. 26</td>
<td>11:30 a.m. - 1:00 p.m.</td>
<td>Specialty Contractors’ Council</td>
</tr>
<tr>
<td>Feb. 26</td>
<td>4:30 p.m. - 6:00 p.m.</td>
<td>CLC</td>
</tr>
<tr>
<td>Feb. 28</td>
<td>10:00 p.m. - 11:30 a.m.</td>
<td>Government Relations</td>
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JUNE
Jun. 07 | AGC EGCC Golf
Jun. 18 | Baseball Bash

JULY
Jul. 9-11 | AGC Blood Drive
Jul. 30 | CLC Car Show

March Meetings
Mar. 6  7:00 a.m. - 9:00 a.m.  Safety Meeting
Mar. 13 7:30 a.m. - 9:00 a.m.  Build & Serve
Mar. 18 11:15 a.m. - 1:15 p.m.  Airport @ Airport
Mar. 22 7:30 a.m. - 9:30 a.m.  Caltrans @ Caltrans Office
Mar. 27 7:00 a.m. - 8:30 a.m.  Public Building

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
Feb. 19-21  Fall Protection 24-Hour Competent Person
Feb. 21  Advanced Microsoft Excel (Offsite)
Feb. 21  OSHA Recordkeeping
Feb. 25  Fall Protection 8-Hour
Feb. 26  Microsoft Project Workshop
Feb. 27  CPR, First Aid & AED Training
Feb. 27  Prevailing Wage Certified Payroll

March Classes
Mar. 1  Beginning Microsoft Powerpoint (Offsite Class)
Mar. 4-7  OSHA 30-Hour
Mar. 5  Beginning Microsoft Excel 2016 (Offsite Class)
Mar. 5  Construction Law: New California HR. Laws for 2019
Mar. 5  Stormwater Monthly Breakfast Forum
Mar. 11  Confined Space Entry
Mar. 13-14  CQM
Mar. 13  Foreman & Superintendent Boot Camp
Mar. 14  Forklift 4-Hour
Mar. 18-20  Fall Protection 24-Hour
Mar. 19  Advanced Microsoft PowerPoint 2016 (Offsite Class)
Mar. 20  Intermediate Microsoft Excel 2016 (Offsite Class)
Mar. 20  Respiratory Protection Training
Mar. 20  Traffic Control Technician
Mar. 25-28  BIM
Mar. 25  Fall Protection 8-Hour Refresher Course
Mar. 26  Advanced Microsoft Excel 2016 (Offsite Class)
Mar. 26  Primavera Workshop
Mar. 27  CPR, First Aid & AED Training
Mar. 27  Project Management Boot Camp
**2019 MEMBERSHIP LISTINGS**

**Online Form**

Please notify AGC if your company has relocated, or if there are any updates to your company's listing (i.e. contacts, phone/fax, job titles, CSI codes, & certified business listings).

Email [Marcy Knopman](mailto:Marcy.Knopman@agcsd.org)

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**DIRECTIONS**

6212 Ferris Square
San Diego, CA 92121
(858) 558-7444

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**COURSE CATALOG**

Mar. 27 Silica Standard for Construction CPT
Mar. 28 Construction Correspondence / Business Writing
Mar. 29 BIM EXAM

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For more information on classes, contact: [Becca Schaffer](mailto:Becca.Schaffer@agcsd.org) at (858) 731-8155.

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**TRAINING CALENDAR**

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:Eddie.Sprecco@agcsd.org) or [Brad Barnum](mailto:Brad.Barnum@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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