



January 11, 2021

The **VOICE** of Construction

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Meet the New Year, Same as the Old Year

Eddie Sprecco, CEO

All the folks that looked forward to the end of 2020 have early indications that more of the same is coming. We are still stuck with the global pandemic, and just now beginning to realize the resulting economic damage. On the political front, the inmates are seemingly in charge of the asylum. And our news media, with an assist from social media tech giants, has shed any sense of neutrality, while actively eliminating dissent and sowing more hatred and distrust.

Welcome to 2021!

There is some good news - COVID-19 vaccines are being distributed, and the holidays are behind us, so there is light at the end of the tunnel for this pandemic. Congress passed, and President Trump signed, a \$900 billion stimulus bill that is fifth in a series of such efforts, with more sure to come from the Biden administration. And, so ends the good news.

Our nation is still badly divided, and while many are preaching for "unity" at the lectern, elected officials are in full "never let a crisis go to waste" mode behind closed doors. Just as in 2020, lawmakers and bureaucrats are considering unprecedented, and often unconstitutional, measures to respond to COVID-19 and other crisis

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of our time that go well beyond what is necessary or possible to pass legislatively in "normal" times. This includes major changes to election, labor, and tax law that are hard to undo.

Government does two things well - nothing and overreact. While we are working to get the industry safely through COVID, we are on the look out and pushing back against the inevitable overreach and unrelated power grabs gathering on the horizon. We can't allow the COVID fatigue, political noise, and general discontent to distract from efforts to permanently change the construction industry, the economy and self-governance.

We need your help - please join an [AGC Council or Committee](#), sign up your entire staff for the [Monday Morning Quarterback newsletter](#) to stay informed. Your active involvement in AGC is what will be needed to get the industry and economy through 2021 without too much permanent damage.



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AGC San Diego VIRTUAL Installation of Officers, Trustees & Member Awards

Tuesday - January 26, 2021

1:30 PM - 2:30 PM

To be held by virtual presentation

Join us as we install Mr. **Mike Williamson** of *Pacific Coast Iron* as the incoming 2021 AGC President of the San Diego Board of Directors. Mike will be the 6th AGC Contractor Member to hold the highest leadership position for our chapter. We look forward to hearing about his vision for 2021!

This event is an opportunity for the industry to also hear from the outgoing President, Mr. **Bill Haithcock**, of *Casper Company*, and his comments on the accomplishments of the industry during this most unprecedented year.

Each member of 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 our chapter.

The program will also include the following:

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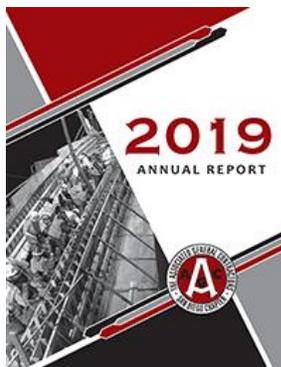


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ANNUAL REPORT



- 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 2020
- Acknowledgment of **AGC Apprentices** graduating with honors
- Acknowledgment of the significant, annual **Construction Safety Excellence Awards (CSEA)**
- Acknowledgment of members completing the **AGC Project Management Certificate Program**

Bottom line....this is an opportunity to give everyone who registers a real "feel" for the San Diego construction industry, and to give recognition to those that have volunteered to lead the industry in 2020 and in 2021.

Look for registration information on Tuesday, January 12.

This event is proudly sponsored by:

[Alliant Insurance Services](#) & [Markel Surety](#)

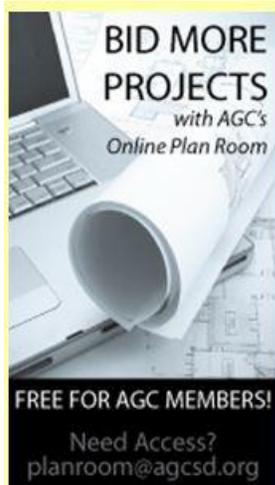


Independent Audit Slams City's SLBE Program

Mike McManus, Director of Engineering Construction & Industry Relations

The City of San Diego's Small Local Business Enterprise Program (SLBE) was launched in 2010 as a way for the City to enhance competition, build business capacity, and remove barriers for minority and women-owned businesses to obtain City contracts. The Office of the Independent Auditor recently released a report to City officials that the SLBE program has resulted in less diversity in

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City contracting, the opposite of the intent of the program. Also, the program has done little to build business capacity, and has no approach to the many barriers for a small business to become a public works contractor.

Most, but not all, contractors who regularly build City infrastructure construction projects would find most of the audit's conclusions sound very familiar. The original ordinance that the City Council adopted ten years ago required the program to be evaluated for costs and impacts annually, and those evaluations were found to be lacking. This is the first audit of this program in ten years. The cost of administering the program was pegged at \$657,000 per year in staff costs. The total cost of the program is unknown. For example, the audit found that the City does not keep track of the additional costs associated with throwing out low bids and awarding projects to the second lowest bidder. City staff regularly rules low bidders to be non-responsive if the contractor does not meet the project SLBE goals. The basis usually is that the contractor's "good faith effort" is not good enough. If kept track of reported, this is likely a significant number.

One very telling conclusion was the fact that most of the construction dollars awarded to SLBE firms were awarded to a small fraction of the firms certified by City staff as SLBE's. In Fiscal Year 2019, eight SLBE firms were awarded the majority of funds awarded to SLBE's. That makes up less than four percent of the 228 firms on the certified SLBE list. This picture has been repeated for many years as the program was found to be stagnant in terms of participation by SLBE's. Contractors have consistently reported that on major projects, when they seek sub-contractor quotes, in an effort to comply with the SLBE goal requirement, less than 10% of the solicited SLBE's ever provide a quote on City of San Diego projects. The audit did not address the anecdotally reported cost factor related to supply and demand. When the demand is high for the few SLBE's that will work as sub-contractors on major projects, the price is inevitably going to be higher.

A surprising finding in the audit was that the list of Certified SLBE's that are listed as construction firms is becoming less diverse over the last ten years and less diverse than the population of the City as a whole. For example, women-owned construction firms certified as SLBE's dropped from 26% of all SLBE's in 2018, to 18% in 2020. How one increases diversity with a SLBE certified list that is less diverse than the population of the City was not really addressed in the audit, however, a more robust outreach effort was mentioned.

Two important sets of the Audit Report recommendations we believe are central to moving this program in the right direction. First of all, the oversight of the program needs to be moved out from

[Online Form](#)

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

Email [Marcy Knopman](mailto:marcy.knopman@agc.org)



[DIRECTIONS](#)

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Lakeside, CA 92040
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.....

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6212 Ferris Square
San Diego, CA 92121
2nd floor

Purchasing and Contracting and the Capital Improvement Program, to an independent entity within the Mayor's staff to ensure that proper metrics are developed and reported to ensure the public knows how much this program costs every year, and what the economic benefits are to the region. It is important to track the cost of throwing out low bids, and awarding to a higher bidder in the name of this program.

Secondly, the program needs to include outcome-based performance measures. It seems obvious that the program should not be stagnant if it is fulfilling its intended purpose of building business capacity. That should be measured and reported by focusing on a few simple metrics like:

- How many businesses grow out of the emerging local business category each year?
- How many businesses grow out of the small, local business category each year?
- The number of employees each business has when initially applying for the program, renewing its certification and when growing out of the program.

The audit did not specifically address the question of why such a small percentage of SLBE certified construction firms get the lion share of the dollars awarded to SLBE's. Nor did it address the question as to why a very small percentage of firms bid on City projects or provide quotes as sub-contractors. The non-participation of the vast majority of certified SLBE's on City construction project should be of great interest to those interested in increasing diversity in City contracting.

The City Council soon will be given a report by the City Auditor. AGC will continue to monitor and engage as necessary.

Transportation Funding Protected in Governor's Proposed Budget

Felipe Fuentes, AGC's Legislative Advocate

Last Friday, the Governor released his budget proposal, which focuses on protecting against the spread of COVID-19, as well as two of the Governor's chief objectives: Climate change and tackling homelessness. Even so, the budget proposal anticipates an economic downturn and budget reserves of \$21 billion. Budgetary staff have warned that even a moderate recession could result in budget deficits of \$40-70 billion over the next three years.

However, the proposal does anticipate billions of dollars in federal

support from the incoming Biden presidential administration. Of course, the budget will need to be deliberated, negotiated, and ultimately approved by the Legislature. Unlike the Legislature, the Governor is not proposing any new taxes.

Here are some of the budget highlights:

* SB 1 Transportation Funding - As part of the Governor's 2020 Five-Year Infrastructure Plan, revenue of approximately \$5.4 billion is expected in the fiscal year, \$3.5 billion of which is dedicated to road projects, rehabilitation, and maintenance. The remaining \$1.9 billion is allocated each year to local transit, multi-modal projects, and other transportation priorities. An eye will need to be kept on the Governor's Climate Action Plan for Transportation Infrastructure, which will attempt to address climate issues while continuing the commitment to a 'fix-it-first' approach for SB 1 dollars.

* To encourage new and small businesses, the budget proposes a first-year exemption from the \$800 minimum tax paid by limited liability companies, limited partnerships, and limited liability partnerships.

* The advancement of a comprehensive strategy to build a climate-resilient water system: The Water Resilience Portfolio, which reflects a \$4.75 billion climate resilience bond for a future ballot.

*** AB 5 Enforcement**

- \$17.5 million for the Department of Industrial Relations to address workload associated with increased utilization of the workers' compensation program, investigations of labor law violations related to worker status, wage claim filings, and workplace health and safety inspections.
- \$3.4 million for the Employment Development Department to train staff and administer the ABC Employment Test, and to conduct hearings and investigations of worker status.
- \$780,000 for the Department of Justice to address increased enforcement actions and to prosecute cases involving misclassification of employees as independent contractors.

* State and Local Tax (SALT) Deduction Limitation - A provision that allows S-corporation shareholders a credit against tax equal to 13.3% of their S-corporation income in order to help them recoup some of the tax benefits lost by Californians when the SALT deduction was limited as part of the 2017 federal Tax Cut and Jobs Act.

*** Department of Better Jobs and Higher Wages**

- New department to consolidate the workforce functions dispersed across the Labor and Workforce Development Agency. Specifically,

The Department will be comprised of the California Workforce Development Board, the Employment Training Panel, Workforce Services Branch and Labor Market Information Division, which are currently in the Employment Development Department, and the Division of Apprenticeship Standards currently in the Department of Industrial Relations.

*** Workforce Development**

- \$250 million in one-time General Fund to support forthcoming proposals that are focused on workforce development, segment alignment, and improving linkages between higher education institutions and employers.

- \$25 million in one-time General Fund through the California Workforce Development Board will provide over 2,000 new apprenticeships and pre-apprenticeships. Specifically, \$8.5 million to expand construction apprenticeship and multi-craft pre-apprenticeship programs that will result in approximately 650 jobs. \$25 million in one-time General Fund through the California Workforce, \$8.5 million to expand construction apprenticeship and multi-craft pre-apprenticeship programs that will result in approximately 650 jobs. Specific details will be provided later as the budget process continues.

The Governor is asking for early action on some of these items upon the Legislature's return to Sacramento. Additional budget information can be found by [clicking here](#).

As with every budget, we will have to wait and see how the Legislature reacts to the Governor's budget proposal. In the meantime, our industry continues to remain "open" and an essential part of the State's economic recovery. We will continue to monitor the budget process as the Legislature returns from its recess this week."

SDSU Reno Competition Teams Final Mock Presentations This week!

Kellie Korhonen, AGC Digital Communications and Technology Manager

Join us virtually this Thursday, January 14, 2021 at 5:00 p.m. for Mock Problem Presentations

The Annual Associated Schools of Construction (ASC) Competition virtual competition is just weeks away, and the SDSU Construction

Engineering & Management (CEM) student teams are in final preparations for the February 2021 competition.

AGC's Construction Leadership Council (CLC) is hosting the final mock problem presentations virtually via Microsoft Teams for the students **Thursday, January 14, 2021, starting at 5 p.m.** Help us help the students by sharing your industry knowledge - the return on investment is preparing these bright young people to be great construction industry professionals.

We promise you will be impressed!

VIRTUAL EVENT INFORMATION

Virtual Presentation Room Opens: 4:30 p.m.

Presentations start at 5 p.m.

[Register](#) for event to receive the virtual link and details.



JANUARY 2021 CLASSES

Jan. 13 - VIRTUAL **Business Writing and Construction Correspondence**

Jan. 13 - LIVE **Silica CPT**

Jan. 18 - VIRTUAL **Fall Protection Refresher** for 24 hour CPT

Jan. 21 - LIVE **Construction Estimating Basics**

Jan. 25 - 28 - LIVE **OSHA 30** Hour Construction Outreach

Jan. 28 - **Construction Law: NEW California H.R. Laws for 2021**

For more information on classes, contact: [Becca Schaffer](#) 619-592-4533



JANUARY MEETINGS

- Jan. 20 - **Build & Serve Charitable Alliance** - 7:30 a.m. - **Virtual**
- Jan. 21 - **Meetings & Events** - 12:00 p.m. - **Virtual**
- Jan. 21 - **City Liaison** - 1:00 p.m. - **Virtual**
- Jan. 27 - **Airport Liaison** - 11:00 a.m. - **Virtual**

FEBRUARY MEETINGS

- Feb. 3 - **Safety Meeting** - 7:00 a.m.
- Feb. 10 - **Education Committee** - 11:30 a.m.
- Feb. 12 - **Technology Committee** - 12:00 p.m.
- Feb. 18 - **Affiliate Council** - 11:30 a.m.
- Feb. 24 - **Affiliate Council** - 8:00 a.m.
- Feb. 25 - **Specialty Council** - 11:30 a.m.

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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](#) or [Brad Barnum](#) 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.

[ARCHIVE](#)

The Associated General Contractors of America - San Diego Chapter, Inc.

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