

MMCA-WMCA Joint Meeting Features Strong Program

Politics, safety and health, public relations, and project relationships were all themes explored Wednesday at the 2009 Joint Meeting of the Mid-Michigan Construction Alliance and West Michigan Construction Alliance. The man behind the curtain at *Michigan Construction News*, Guy Snyder, was one of the guest speakers, but occupied the bottom of a list of highly accomplished experts.

Leading it off was a former majority leader of the Michigan Senate, Gary Corbin, who pinch hit for Lieutenant Governor John Cherry. Corbin began by outlining his long relationship with him, noting that as a young man the future leader worked in his campaigns, rising to become his chief of staff during Corbin's senatorial terms.

He first spoke on power plant construction, stating that Cherry's support is based on our state's future electrical needs as well as replacing outdated baseload plants with new ones. Today's coal fired facilities offer much better environmental controls and higher fuel efficiencies. He said they should be approved by the Michigan Public Service Commission, not the Michigan Department of Environmental Quality, and Michigan projects should be encouraged to apply for federal grants for the installation of carbon sequestration technology.



GARY CORBIN

Corbin briefly summarized the lieutenant governor's work on restructuring state government, mentioning that the final taskforce meeting will be held in Escanaba on September 2nd. Then he spent the remainder of his time on the state's employee misclassification task force, which has been studying the abuse of the definition of independent contractor to avoid employer payment of unemployment insurance. He assured the group that legislation is forthcoming to provide clear civil and criminal penalties for the malfeasance, with provisions for the training of young workers so they know their rights, and the establishment of a central clearing house for inquiries and complaints.

"You will start to see legislative action," he promised. "It is long overdue."

Before he finished the Michigan Speaker of the House, State Rep. Andy Dillon (D-Redford Township), arrived, taking time from a very busy schedule. He first spoke about the "Hire Michigan First" program for projects either funded or assisted by the state, to assure ample opportunities for involvement by Michigan based contractors.



State Rep. Andy Dillon

In discussing the state's building programs he observed that some delays and problems have been occurring simply because of staff cutbacks at the Michigan Department of Management & Budget. He said there are currently 28 workers overseeing about \$20 billion in state facilities. He said they are overworked and clearly in need of help, a matter he intends to address in the state budgeting process.

Turning to attempts to institute regional "right to work" laws in Michigan, State Rep. Dillon said they shouldn't be allowed because they are "highly divisive" and "unfair." He called them "undoable" in Michigan.

He went on to admit that he voted for term limitation for state legislators and now regrets it, especially as critics are calling for the institution of a part-time legislature. "With a part-time legislature with term limits," he said, "you'll put all of the power in the hands of the executive branch, as well as its vendors. It sounds good but it takes power out of the hands of the people."

Though praising his colleagues, he said term limits have contributed to Michigan's current crisis in government. "Too many of the term limited are now running for a different office," State Rep. Dillon said. They are unwilling to cast votes on controversial issues in fear of losing their next election. "I'd much rather see an experienced legislature with members with the courage to decide the tough votes," he said.

Referring back to power plant construction, he said permit applications made in 2007 for coal power plants have languished for over two and a half years and called the delay unacceptable. "That regulatory environment is driving people crazy," he said, and blamed the DEQ bureaucracy. He said he had been working with the governor's office to overcome the delays and hopes to see decisions announced by this fall.

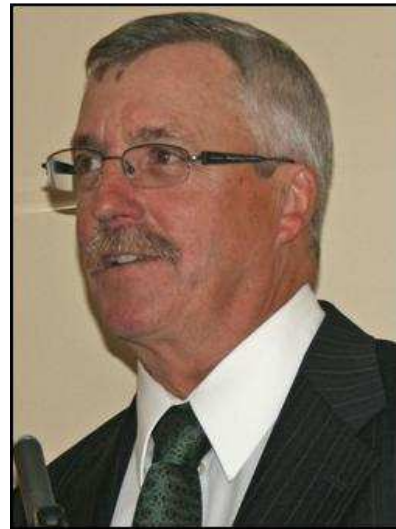
With the Michigan Speaker of the House making a quick exit, Pat Devlin, financial secretary-treasurer and chief executive officer of the Michigan Building & Construction Trades Council, stepped up and told the audience he'd also been working with the governor's office on power plant permitting.

According to Devlin, state officials have said they hope to have decisions on a number of the permits affecting coal fired power plants issued before November 1st. "I still take that with a grain of salt," he admitted. Still, if ground could be broken on at least some of the projects, "that would be our stimulus package."

Returning to Corbin's comments on worker misclassification, Devlin said draft legislation has already been written and is expected to be introduced in the state legislature within a month. He also picked up on observations about how projects that have won state tax credits through the Michigan Economic Development Corporation have predominately been given to out of state contractors. As an example he mentioned an ethanol refinery in Marysville that was built by workers imported from Texas.

As for the relationship between construction unions and Michigan's Big Three automotive companies, under collective bargaining Ford and Chrysler were able to win concessions, but also agreed to provide advantages for union organizing efforts. General Motors demanded more and dropped out of discussions when it couldn't get more. Now, Devlin said, it appears GM may be open to an agreement similar to the Ford and Chrysler deal, though without the union incentives its two competitors provided.

With a short presentation Devlin turned the microphone over to Randall Ray, chief executive officer of Copper Range Inc., Troy. He presented on its recently introduced Worker Exchange System. It's designed to exchange unionized worker information on safety training and drug testing among different jurisdictions while protecting confidentiality and offering enhanced data security. It's web based and no special software is needed, allowing data to stay on client servers rather than be installed on a centralized server.



PAT DEVLIN



RANDALL RAY

Guy Snyder, founder, editor, publisher, and self-proclaimed window washer for *Michigan Construction News*, followed him. He gave a brief background on his nearly six year old web site but most of his speech compared the extensive public relations and advertising campaigns distributed by the nation's construction industry during the 1950s to what he considers the highly diminished campaigns of the last thirty years.



GUY SNYDER

To illustrate his points he displayed 14 advertisements from members of the nation's heavy construction industry that were published in four issues of the weekly *Saturday Evening Post* magazine from 1954 through 1956.

The first such ad he encountered, in the February 13, 1954 issue, was a two pager published by General Motors Diesel regarding the "World's Largest Pipeline," a 1,765 mile steel oil pipeline that ran from Edmonton, Canada, through most of Michigan's two peninsulas.

"Let's put this in context," Snyder said. "In 1954 the *Saturday Evening Post* was a very popular magazine competing primarily with *Life* and *Look* magazines. It had five million

subscribers, not counting newsstand sales. There were probably two or three readers for each issue. Since television networks were still in their infancy, this ad represented a national media buy, like a 30 second commercial on NBC. It was undoubtedly very expensive.

"So," he continued, "here's GM educating the general public about an environmentally sensitive project, treating it like it should be treated — a significant engineering triumph involving the talent and training of highly professional construction workers and equipment operators."

This isn't done today, Snyder said, because starting in the 1970s the construction industry trimmed advertising and public relations back, being unable to determine its cost effectiveness using what was then modern accounting methods.

The reason commonly given, he said, was that, "It costs too much, it's a lot of hard work, and when we spend a dollar on it, our accountants call it a loss."

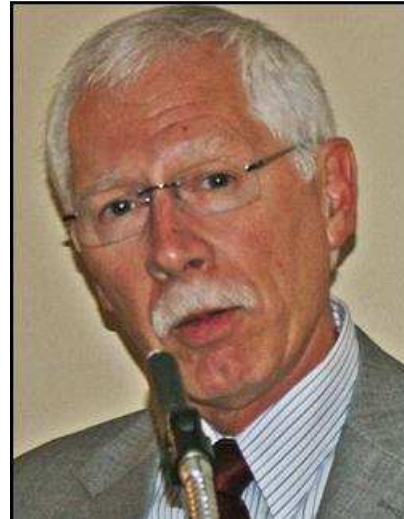
Oddly enough, in at least one sense it can be counted as a significant loss.

"It's a loss," Snyder said, "counted in politicians who don't understand organized construction, supported by a general public that's kept in similar ignorance."

A communications gap is broadening between the construction industry, the general public, and politicians because of a lack of sufficient promotion. This was not the case during the 1950s but it's clearly the case today.

"It's a pity," Snyder declared. "But, in my final opinion, we have paid dearly for this intellectual oppression. And it looks like we will still keep paying for it."

The program's final speaker was a consultant, Dan Stuart, president of Construction Solutions Inc., who rose from an equipment operator to a management career at Barton Malow Company. He provided a brief history of the evolution of construction management to advance his theory that many CMs now suffer from insufficient experience and knowledge of skilled trades work. Few self-perform construction on their contracts and that can lead to communication difficulties with their many specialty trade contractors.



DAN STUART

Specialty contractors thus tend to be looked upon as commodities and are placed under constant and ever increasing pressure to reduce prices. At the same time, many subcontractors worsen the situation by not taking the time to read and comprehend their contracts, including the fine print. Thus, when problems arise and change orders need approval, they can run into difficulty on why a change order is even needed, then stumble when it comes to submitting it in a timely and appropriate manner. The result? Delays in payment or, worse, no payment at all.

"I can't get paid for extras!" is the most common complaint Stuart hears. He said it was every specialty trade contractor's responsibility to not only know the drawings that directly concern their work, but to know them all, or as many as possible, because too often other trades can generate interferences that may not have been caught by the construction manager or architect.

"It is absolutely necessary to communicate with them, constantly," he advised. Catching problems before they arise possibly can eliminate the need for an "extra," or at least simplify and speed payment for added work that must be done.

"You know better about your own work than the construction manager and architect/engineer," he said. "They're looking for that kind of involvement from you. They may not be asking for it, because pride issues are involved, but they need it."

In bidding for work a specialty contractor should never believe they can "make up" for a lost profit margin in an initial bid with a change order when work is underway. "That's a fairy tale," Stuart declared. "Always be upfront about your quotes. And plan ahead. We expect the construction manager to know everything that's going to happen. They should. But they don't because they're dependent on you for their information."

He also recommended consulting with other specialty trades on your project, even if it upsets the CM's project manager. "They'll yell at you," he said, "but it's a survival skill." Specialty trades can't risk working in an information vacuum.

Ultimately, Stuart declared, specialty contractors should "be indispensable by being competitive, communicable, and possessed of an ability for making construction managers look good." In some ways, it involves being "a team player," but it can include playing by rules extending beyond what a construction manager uses.

August 21, 2009