



**STATE BOARD OF DIRECTORS MEETING HIGHLIGHTS**  
RITZ- CARLTON HOTEL, HALF MOON BAY, CA  
JANUARY 23, 2015

AGC of California held its first State Board of Directors meeting of the year on January 23, 2015 at the Ritz-Carlton Hotel in Half Moon Bay, CA. Past President Curt Weltz, Stacy & Witbeck, Inc. called the meeting to order by welcoming Past Presidents, Directors and guests, and called for self-introductions.

**Oath of Office:** Past President Weltz then swore in the 2015 Officers as his last duty as 2014 President. President Jon Ball, Hensel Phelps, then presided over the meeting.

**President's Scholarship:** Past President Curt Weltz announced the 2014 President's Scholarship Award recipient: Nick Mencarini, CSU Chico. The scholarship was awarded based on essay submissions. The subject matter for the essay contest was focused on drones and their effectiveness in the workplace. Curt reported that there were a number of great submissions, and that they were especially impressed with the winning essay submitted by Nick.

**Keynote Speaker:** Ken Simonson, Chief Economist for AGC of America, provided an in depth construction spending, labor and materials outlook presentation.

A copy of Ken's presentation in its entirety is available on AGC's website: <http://www.agc-ca.org/state-meetings/>

**President's Report:** President Ball requested that the Past Presidents and the members of the 2015 Executive Committee stand so they might be recognized by the board. He then gave a report on the Executive Committee meeting held the day prior. The committee received a 2014 strategic scorecard results report by Past President Weltz. Vice President Jaimie Angus reviewed the 2014 year end membership numbers and year to date membership. Jon reported that the Executive Committee reviewed and approved the Budget Committee's proposed budget for 2015 which was to be brought forward to the State Board of Directors for discussion and vote. The Executive Committee reviewed the financial and related duties of the "for profit" entity known as the Construction Industry Advisory Group (CIAG) and formally appointed its new board of directors as follows: Jon Ball, John Douglas, Jaimie Angus, Mike Mencarini and Curt Weltz as accomplished through a resolution of the AGC. Further, Tom Holsman serves as President, and Mike Navin serves as Treasurer. The Executive Committee approved a reappointment request from Mike Navin for the following trustees for the California Construction Advancement Program (CCAP): Patsy Fitzpatrick and Richard Moseman. During the Executive Committee meeting the divisions and standing state committee chairs provided updates on strategic goals and upcoming activities for 2015. Legislative Committee chair and Past President Randy Douglas provided an update on upcoming committee activities. Coupled with the legislative

report, the Executive Committee discussed the status of the Southern California Industry Fund grants. In 2015 the monies to be received for the legislative fund will be \$90k less than requested. Recognizing the importance of the Legislative Committee and the work they do for the industry, the Executive Committee presented and approved a motion that the AGC Officer core be given the authority to allocate \$45k from the legislative fund to DGA and Associates for legislative advocacy in an effort to make up half the difference in the drop in grant funding. The committee discussed two items that will be further vetted in the next year, including the dues structure and AGC governance and bylaws.

President Ball opened up the meeting for comments and questions. Tom Foss, Griffith Company and AGC Past President, appealed to the Executive Committee and State Directors that more needed to be done to make up for the shortfall in AGC's legislative funding. With the current \$45K deficit (after the \$45K AGC allocation to help bridge the \$90K gap) in the 2015 legislative program funding, Tom implored members to pledge money to make up for the difference. Jon Ball noted that while there was no intention in diminishing the legislative program, AGC has to be cognizant of the fact that it may not be a one year issue. The concern that there will be a continued drop in industry funds in the coming years lends itself to examining AGC dues and governance in an effort to not be in the same position in years to come.

The following companies made a pledge to help make up the difference in the Legislative Program funding for 2015:

Griffith Company –	\$5,000
Hensel Phelps –	\$5,000
Granite Construction Co. –	\$5,000
Twining, Inc. –	\$5,000
Trench Shoring Company –	\$2,500
Flint Builders Inc. –	\$1,000
Tierra Contracting–	\$1,000
Mahan Insurance Brokers, Inc. –	\$1,000

The State Board of Directors approved President Ball's report as presented.

**CEO's Report:** CEO Tom Holsman presented a "Changes in 2015" report to the State Board. Mr. Holsman kicked off his presentation by outlining changes for AGC events in the new year. These changes include the cancelation of the Spring Conference, Legislative day will be combined with the mid-year state board meeting, and the Awards program will be combined with the Annual Conference (previously Fall Conference). Multiple staff responsibilities have changed in 2015 - the transition of John Cooper to Director of the Joint Engineering Division, with Dave Jones heading up Regulatory Affairs as Director. Districts changes include: Kevin Rowe taking over Santa Clara District, and Charmaine Tyrrell taking responsibility for the Delta Sierra and San Joaquin Districts. Based on directive from the Executive Committee, a task force was formed to view options to move away from AGC Connect in 2015. The Communities Task Force compared platforms based on most used features and functions and ultimately concluded and recommended that AGC use LinkedIn groups for their online communities. Rollout for the LinkedIn subgroup utilization was set for the first quarter, 2015. Lastly, Tom reminded the board

of the move to a strategic dashboard (as opposed to the voluminous scorecard) and provided a brief update on major goals.

**Consent Agenda:** Directors approved the October meeting minutes, and written District and Committee/Council reports.

## **New Business**

**2015 Proposed Budget:** Treasurer Mike Mencarini, Unger Construction Company, reported on the budget numbers for 2015. With goals to recruit a minimum of 50 new contractors, two of those being max dues payers, a net increase of five Contractor Members and an 87% retention rate, it is imperative to the budget that these goals are met in order to drive revenue. Expenses in 2015 are projected to remain even with 2014 with the exception of meetings and events. The net result of the numbers is a balanced budget for 2015, with \$5.1 million in revenue and \$5.1 million in expenses. In 2012 a strategic advocacy fund was created, which was an initial dues increase of 2% beginning in 2013, with a 1% increase for the next three years thereafter. This fund currently has accumulated roughly \$100K. For 2015's budget, AGC has allocated \$50K from this fund to go towards issues that come up throughout the year both in revenue as well as expenses - making it a cost neutral proposition. Directors approved the budget as submitted.

**Membership Report:** Vice President Jaimie Angus, Griffith Company, reviewed the 2014 fourth quarter membership report which showed a gain in membership. The year ended with a total of 461 Contractor Members and 492 Associate Members for a combined total of 953 members. This amounted to a net gain of 8 members over 2013 numbers. Ending retention rates in 2014 was 90% for Contractor Members, and 89% for Associate Members for a combined overall retention rate of 90% for the year. Vice President Angus reiterated the membership goals reported by Mike Mencarini in his financial report and stressed the importance of increasing membership for the financial strength of AGC. In the Membership Development Committee meeting held earlier that morning the committee bumped up the membership goals— creating a goal of 60 new contractor members, with 4 max dues payers (two in the North, and two in the South). The district managers have been tasked with bringing their prospect lists to their district boards in an effort to get those prospects to become members of AGC. Jaimie reported on the importance of the Presidents Club. A spot on the President Club list is attained by bringing in either three Contractor Members or six Associate Members. With membership being so crucial this year, the Executive Committee has been tasked with becoming a member of the Presidents Club. The membership report was approved by the board as submitted.

**AGC Education Foundation:** CEF Chair Cathy Skeen, Excel Bonds and Insurance Services, Inc. provided an overview of the AGC Education Foundation which included a report on the following: new 2015 board members, 2014 AGC student chapter evaluation and impact report results, the 2014 Presidents scholarship essay competition, Inland Empire Construction Career Awareness Day being held in May and sponsored by Skanska, and the CEF fundraising efforts. At the meeting the day prior the foundation recommended for State Board approval the reinstatement of Tom Holsman as President of the Construction Education Foundation. The recommendation was approved by the board as submitted. Cathy was excited to report that at the prior days meeting the foundation had also voted and approved moving forward and funding a

portal to act as a virtual career awareness day. This portal will work to provide 24 hour access for job seekers and students to talk to potential employers, post resumes, and help anyone who would want to break into the construction industry. As this portal gets developed more reports will be forthcoming. Lastly, Ms. Skeen thanked each of the 2014 annual fund sponsors and asked State Board members to become 2015 Annual Fund sponsors.

**Legislative Report:** Legislative Committee Chair Randy Douglas, Tierra Contracting Co., reported on the Legislative Committee's activities planned for 2015. Directors were reminded of the 2015 Legislative Program which was adopted last October by the State Board which includes the sponsorship of two legislative proposals: Storm Water Plans, and Cash vs. Bonds – Prevailing Wage Claims. The Legislative Committee is scheduled to meet in March to prioritize legislation and hopes to condense and prioritize bills. Mr. Douglas thanked the board for filling the gap in legislative funding, noting the importance of having a successful program.

**Division Reports:** Detailed highlights from the Division meetings are attached. The reports were approved by the State Board of Directors as submitted.

**Awards Program:** Dave Garese, Excel Bonds and Insurance Services, stood in for Chair Jim Campbell, and provided an update on the Awards program. The deadline for nomination forms is April, 2015. Winners will be announced at the Constructor Awards Banquet on October 24, 2015 at the Omni Rancho Las Palmas in Rancho Mirage, CA.

**Announcements & Future Meetings:** President Ball thanked all those in attendance and announced future meetings for 2015:

March 17-20, 2015.  
AGC of America National Convention  
San Juan, Puerto Rico

May 11-12  
Spring Board Meetings & Legislative Day  
Sheraton Grand  
Sacramento, CA

October 21-24  
Annual Conference & Awards Program  
Omni Rancho Las Palmas  
Rancho Mirage, CA

**BUILDING DIVISION BOARD OF DIRECTORS**  
**MEETING HIGHLIGHTS**  
**JANUARY 22, 2015**

The Building Division meeting was held on January 22, 2015 in Half Moon Bay, CA. Chair John Stump, Flint Builders Inc., called the meeting to order at 2:30 p.m. and asked for self introductions.

**Approval of Building Division Highlights**

Chairman John Stump, Flint Builders asked for approval of the Building Division highlights from the October 23, 2014 meeting.

**Presentations**

**Looking Back on a Successful IPD Project: Key Lessons from Sutter Santa Rosa Medical Center** – Mike Mencarini, Vice President, Unger Construction (moderator)

The panel gave a very educational synopsis of the lessons learned in building the Sutter Santa Rosa Medical Center. Those who attended had the opportunity to explore this project through a very active question and answer period.

Panel Included:

Jason Tabacco - Director of Project Management, Unger Construction Co  
Tom Minard - Program Manager, Sutter Health – Facility & Property Services  
Greg Osecheck - Associate Vice President, HGA Architects and Engineers  
Jeff Burroughs - HVAC Manager, Peterson Mechanical, Inc.  
Steve Brown - Senior Project Manager, Rex Moore Electrical Contractors and Engineers, Inc.  
Andrew Keane - Assistant Project Manager, Rex Moore Electrical Contractors and Engineers, Inc.

**California Department of Corrections and Rehabilitation** – Deborah Hysen, Director, California Department of Corrections and Rehabilitation; Dean Borg, Acting Deputy Director of Facility Planning, California Department of Corrections and Rehabilitation Kevin Beland, Associate Director, California Department of Corrections and Rehabilitation

The team from California Department of Corrections and Rehabilitation, Deborah Hysen, Dean Borg, and Kevin Beland presented an extremely informative slide presentation discussing in detail their strategic plan regarding the distribution of \$1.3 billion dollars of construction work in 2015 / 2016. Several questions were posed regarding their discussion.

**Key Chaptered Legislation to Affect the AGC of California Builders in 2015** – Dave Ackerman, AGC advocate, reviewed what will potentially affect the AGC of California Builders in 2015:

- Higher Revenue Projections and Spending Increases
- Proposition 2 Drives Reserve Levels
- \$250 million for CTE Incentive Grant Program

- Increases in Funding of \$29 million for Apprenticeship Programs
- Payment for Emergency Repair Program (ERP), \$273 million
- School Construction
- Legislation: SB 8 (Hertzberg) and AB 151 (Rodriguez)

**Environmental Update: Mandatory Storm water Control Regulations in 2015** – John Hakel, Vice President, Government Relations, AGC of California, updated the Division on the language facing the Construction Industry regarding storm water control including:

- Invalidated numeric effluent limits in the construction general permit for stormwater discharges.
- Ensure appropriate infrastructure financing and fee programs are developed to support the construction industry.
- Provide construction industry worker training programs to support stormwater permit compliance.
- Conduct research and perform data analysis that supports construction industry business practices.
- Ensure Appropriate Infrastructure Financing Programs and Fee Programs, Developed to Support Construction Industry.

**Prequalification Update** – Eileen Diepenbrock, Diepenbrock Elkin

This proposed “prequalification” template has been completed by AGC’s LAC and will be reviewed by AGC’s Executive Committee and then distributed to the District Managers when they discuss prequalification requirements with school districts.

### **Adjournment**

Chairman John Stump, Flint Builders asked for adjournment at 4:35 p.m. Division approved the request.

### **Next Meeting:**

AGC of California’s Spring Legislative and State Board Meetings  
 May 11 & 12, 2015  
 Sheraton Sacramento  
 Sacramento, CA

**JOINT ENGINEERING DIVISION BOARD OF DIRECTORS**  
**MEETING HIGHLIGHTS**  
**JANUARY 22, 2015**

The Joint Engineering Division Board of Directors meeting was held on January 22, 2015. Chair, Jerome DiPadova, SKANSKA, called the meeting to order.

**Legislative and Budget Update:** Dave Ackerman, AGC advocate, updated the Joint Engineering division on current legislation and budget issues that will have an impact on membership.

- Budget Highlights:
  - Higher revenue projections and spending increases - budget proposes spending \$158.8 billion, an increase of 1% over raised levels for 2014-15.
  - \$250 million for CTE Incentive Grant Program
  - Increased funding of \$29 million for apprenticeship programs
  - Final \$273 million payment for Emergency Repair Program (ERP)
  - Water Bond (Proposition 1) Implementation - \$178 million to multiple agencies for watershed protection and restoration projects. \$137.2 million to the State Water Resources Control Board (SWRCB) and the Department of Water Resources (DWR) for recycling projects. \$135.5 million to the SWRCB for projects to treat drinking water and wastewater
  - Proposition 1E flood control funding - \$1.1 billion for DWR to support various flood control capital outlay projects.
  - Cap-and-Trade Expenditures - \$250 million for high-speed rail project. \$100 million for the Transit and Intercity Rail Capital Program.
  - Deferred Maintenance - Five-year infrastructure plan identifies state deferred maintenance needs of \$66 billion. Budget proposes one-time spending totaling \$504 million from General Fund.
  - Transportation Finance - California has accumulated \$59 billion in needed upkeep and maintenance. Gas prices will affect transportation funding.
  - School Construction - \$9 billion School Bond Initiative proposed (CBIA & CASH)
- Legislation Highlights:
  - SB 119 (Hill) – Excavation Liability
  - SB 8 (Hertzberg) – Taxation on Services
  - SB 9 (Beall) – Intercity Rail Capital Program
  - AB 151 (Rodriguez) – Income Tax Credits for Apprenticeship

**Construction Manager/General Contractor (CMGC) Program:** Raymond Tritt of Caltrans spoke to the Joint Engineering Division on the CMGC Program. This program is designed to be a delivery method that allows an owner to engage a construction manager to provide input during the design process. At an agreed upon point, the owner and construction manager negotiate a price for construction of the project and the construction manager becomes the general

contractor. The CMGC contract program allows the owner/contractor to work with faster delivery, cost certainty, constructability, risk mitigation, and innovation. This two-phase contract is currently being implemented on the \$606 million project SD 5 – Improve I-5, Rail, and Transit; and \$111 million Free 99 – Freeway realignment for High Speed Rail.

**Move LA:** The Board heard from Denny Zane about Move LA. Move LA built the powerful business-labor-environmental coalition that worked with LA Mayor Antonio Villaraigosa and LA Metro to get the Measure R half-cent sales tax for transportation on the ballot in 2008 and ensure its passage. Because of Measure R Los Angeles has embarked on this country’s most ambitious transit expansion — a virtual doubling of the size of LA County’s fixed-guideway transit system from 120 miles and 103 stations to 236 miles and 200 stations. (“Fixed-Guideway” refers to transit projects using exclusive rights-of-way or rails.) About 70% of Measure R will go to Transit Capital and Operations. The average Resident pays 8 cents per day.

Measure R Transit Projects include:

- Orange Line bus way to Chatsworth
- Expo Line to Santa Monica
- Foothill Gold Line to Azusa
- Crenshaw / LAX Corridor
- Regional Connector
- Westside Subway to Westwood/VA
- Airport Metro Connector
- East S.F. Valley Transit Corridor
- West Santa Ana Branch
- Gold Line Eastside LRT (Phase 2)
- South Bay Green Line Extension
- S.F. Valley I-405/Sepulveda Pass

**California Asphalt Pavement Association (CalAPA):** The final presenter for the Joint Engineering Division meeting was Russ Snyder of the California Asphalt Pavement Association. Russ addressed the Division on the new CalTrans Super Pave Specifications. The one point that seemed to stand out the most was the cost that was going to be involved.

Driving those costs will be:

- New equipment
- Larger sample sizes
- More materials to process
- More space to accommodate both new equipment and larger sample sizes
- AASHTO accreditation labs for mix design
- More QC and QA testing
- AASHTO Test Methods and New Mix Design – personnel training
- Profilometer replacing CA Profilograph – new equipment and spec – equipment certification and personnel training

**Old Business:** As there was no old business addressed, Jerome DiPadova adjourned the meeting at 4:30 p.m.