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# AGC survey indicates NC market optimism, tempered by challenges in recruiting skilled workers

# In this issue







# Publisher's Viewpoint

Mark Buckshon, publisher

If there are two critical themes underlying North Carolina's construction industry, they would be labor supply/skills and technology.

This issue of North Carolina Construction News covers both themes, both by reporting on Associated General Contractors (AGC) of America data outlining the scale of labor supply challenges, and our introductory report about Katerra, which aims to combine high-technology systems and factory-built construction to revolutionize the industry.

Katerra, I realize, hasn't made much of an impact in North Carolina yet. Its first projects are largely in the western states, reflecting its California tech/capital orientation. But its potential impact on the industry cannot be overstated. While factory-built construction has been around for decades, the difference here is the systematization of design, technology and production efficiency to streamline the process to an incredible degree and change the traditional industry geographical and skills/qualifications silos. While it is too early to say Katerra will be to construction like Google was to the advertising/news business, I think it is worthy of close observation and anyone in the trades and supply chain should observe/understand how it operates.

You can share your observations, news releases and story ideas by sharing them via email to buckshon@ncconstructionnews.com.


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# AGC survey indicates NC market optimism, tempered by challenges in recruiting skilled workers

*North Carolina Construction News staff writer*

North Carolina contractors are feeling modestly optimistic about their prospects for 2018, but many are struggling to recruit enough skilled workers, according to a report from the Associated General Contractors of America (AGGA).

"Expecting Growth to Continue: The 2018 Construction Industry Hiring and Business Outlook," shows that 75 percent of construction firms nationwide plan to expand their payrolls in 2018, based on the feeling that economic conditions will remain strong as tax rates and regulatory burdens fall.

Nationwide, "construction firms appear to be very optimistic about 2018 as they expect demand for all types of construction services to continue to expand," AGCA CEO Stephen E. Sandherr, the association's CEO, said in a statement. "This optimism is likely based on current economic conditions, an increasingly business-friendly regulatory environment and expectations that the Trump administration will boost infrastructure investments."

The survey indicates that in North Carolina, contractors overall anticipate a relatively stable business environment this year, with 48 percent expecting growth, eight percent expecting a decline, and 44 percent anticipating things will be about the same as the previous year.

The most optimistic sector for growth is power, while there is an expectation of a decline in the multi-family residential sector.

Significantly, the majority of contractors anticipate increasing their headcount; with 33 percent expecting to add one to 10 employees, 22 percent increasing by 11-25 and 19 percent anticipating increasing headcount by more than 25.

The majority of contractors (74 percent) say they are having a hard time filling both salaried and craft worker positions, while 74 percent expect the trend to continue through the year.

The report shows that 63 percent of the construction firms that were polled increased their base pay in 2017 to help recruit and retain workers, while 33 percent increased contributions/improved employee benefits and 26 percent provided incentives or bonuses.

# Offsite construction – Here to stay

*By Paul E. Davis*
*Special to North Carolina Construction News*

"Modular construction" no longer evokes only memories of those boxy "temporary" classrooms used by over capacity public school systems. Modular is but one of three terms commonly used to describe the construction of building components not built on site. "Offsite," "prefabricated," and "modular" are often used interchangeably.

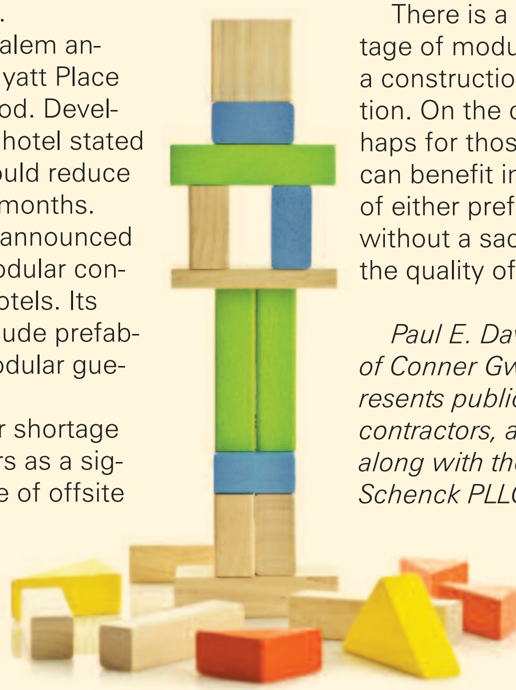
Modular construction is increasingly a part of new construction. The construction industry's use of offsite construction is not new; it has been part of the industry for many years. For example, window and door assemblies are prefabricated building components that have long been a part of the industry.

What has changed is a broader use and greater acceptance of offsite construction as a construction process. Increasingly, we are seeing a greater use of larger, more complex components built offsite such as MEP (mechanical, electrical and plumbing) components that are delivered to the project site already wired and fitted with ductwork and piping. Offsite construction runs the gamut from a window assembly to the construction of a complete room such as a dormitory room or a hotel bathroom.

Last fall, developers in Winston-Salem announced they would be erecting a Hyatt Place hotel using a modular stacked method. Developers of this six-story, 56,000 sq. ft. hotel stated that use of modular construction would reduce construction time from 15 to seven months.

Similarly, Marriott hotels recently announced that it plans to use some form of modular construction on 13 percent of its new hotels. Its use of modular construction will include prefabricated bathrooms and complete modular guestrooms.

Industry experts point to the labor shortage the industry has faced in recent years as a significant factor driving the greater use of offsite construction. Industry economists report that contractors can expect to continue to see significant labor shortages for years to come. The use of prefabrication and modular construction is said to have a direct, measurable effect of shortening project schedules and, therefore man hours and costs.



Proponents also note that there is a different type of "green" attribute to offsite construction. Building a component in a factory should reduce waste as the workers perform repetitive tasks in a controlled environment. The use of climate-controlled facilities to build components may also reduce the potential for high levels of moisture being trapped in new construction compared with building the same components on site.

Offsite construction is not suitable for all types of vertical construction. It is best suited for projects with repetitive and redundant features, such as student housing, education buildings, hospital rooms, and hotels. Mixed-use and office space is not ideal for offsite or prefabrication as building occupants will often require space reconfigurations, which can be problematic with load bearing walls.

This industry is known for its resistance to change. Construction techniques and practices are slow to evolve. Certainly, once something is tried and proven to work, others will follow, copy, and improve. But who wants to go first?

There is a mistaken belief that taking advantage of modular construction or prefabrication as a construction tool is an all or nothing proposition. On the contrary, most projects, except perhaps for those modular temporary classrooms, can benefit in many ways from an increased use of either prefabrication or modular construction without a sacrifice in the elegance of design or the quality of construction.

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# The Katerra and building technology story


*North Carolina Construction News staff writer*

Is a technological/business model revolution about to overtake North Carolina's construction industry – yet we hardly see it coming?

If building materials consultant Mark Mitchell's perception is correct, Katerra, a new high-tech start-up combining technology, design, distribution and modular (factory) construction will soon reshape the industry in manners similar to the way Uber tore apart the local taxi industry and Craigslist decimated local newspapers.

"In its own way, I predict this will have as much effect on residential and commercial new construction," writes Mitchell, based in Boulder, CO. "Lack of efficiency will make the way (building products) manufacturers do business now irrelevant in new construction. They may be relegated to competing with each other in the repair/remodel, big box and smaller high-end custom construction."

Of course modular building has been around for decades, serving several niche markets in North Carolina and elsewhere. The difference this time is the integration on a multinational level between technology, design, manufacturing and delivery – and massive capital funding for the new enterprises.

Currently leading the pack, Katerra's company headquarters are the Sand Hill Rd. tech venture capitalist epicenter in Menlo Park, CA, with a construction office in Scottsdale, AZ and design office in Seattle. It also is building a Cross Laminated Timber (CLT) factory in Spokane, WA.

The start-up purportedly has a valuation of about $2.5 billion, according to PitchBook Data. Early investors have raised as much as $244 million – and published reports indicate the company is preparing to raise another $200 million this year, at least.

Currently the organization, founded in 2015, has projects underway in California, Oregon, Washington, Idaho and Nevada, but there is little stopping it from

expanding its scope and geographical range. Katerra says it has about 1,000 employees in four countries and already is among the top 25 general contractors in the U.S.

"Katerra is bringing fresh minds and tools to the world of architecture and construction," the company says in its corporate outline. "We are applying systems approaches to remove unnecessary time and costs from building development, design, and construction."

"With the latest technology at our fingertips, efficiency no longer has to come at the expense of quality or sustainability. Led by a team that combines expertise from the most groundbreaking technology, design, manufacturing, and construction companies, we are transforming how buildings and spaces come to life."

"The way we think about a construction site is to turn it into an assembly site and make it a factory like we used to do at Flextronics," CEO Michael Marks said in a published report. (Marks led Flextronics in the 1990s and early 2000s.) "The thing that is so messed up in the real estate business is how many different parties are involved in getting anything done."

In his weekly newsletter, Mitchell – who provides marketing consultancy services to a diversity of building product manufacturers – says the coming construction technology/manufacturing revolution envisaged by Katerra will take place when the company approaches "builders and developers with an offer they can't refuse – to design and build for them at a lower cost with higher quality, and to do it faster."

"What if the builder could eliminate the need for designers, estimators, installation labor, and materials sourcing," he writes. "Just like Nike or Apple, builders will become brands who don't need to actually make anything themselves."

Mitchell suggests the integrated, technology-based modular construction process will uproot the traditional new construction market with these changes:

- The builder, Katerra, will be ordering truckloads of products to be delivered to their factories. No more need for distributors, dealers or contractors;
- Labor shortages and installation errors will be a thing of the past;
- The builder will be taken out of the equation when it comes to product sourcing. There will be no more rebates. Katerra will want the best bottom line price, period; and
- Katerra will be able to look at making really big changes in how homes and buildings are built. Because of their scale and process, it will be easy for Katerra to consider big changes like changing to metal framing in residential construction.

Mitchell predicts Katerra's industry changes will happen fast. "And just like the taxi industry, the National Association of Home Builders (NAHB) and some builders may try to push back with legislation that may slow but won't stop this change," he writes.

Writing to building products manufactures, Mitchell says: "In two to three years, or sooner, you will feel the effects of this change as your larger builders will no longer be buying from you. It will also happen to you in the commercial area."

Mitchell also predicts there will be some high level competition to Katerra, just as Lyft competes with Uber. "Look for people like Elon Musk or others to create new companies designed to compete with Katerra."

Katerra and other high-level integrated technology/modular builders will gain traction in part because of an increasing number of successful completed projects, coupled with pressures on labor supply caused in part by increasing immigration restrictions in the U.S., says another consultant.

"In 2018, I believe we will see a perfect storm of factors – an aging global workforce, a lack of new entrants and growing restrictions on free movement of labor - begin to decisively accelerate the uptake of construction integrated manufacturing," writes Kenny Ingram, global industry director at IFS, a software developer.

"Government, regulatory bodies and the industry alike will start to realize that, while getting more people into the industry is important, as well as trying to increase the number of people onsite, the most strategic solution would be to fundamentally change the way we build in the first place."

"New technology is making it easier to work profitably on a global level as well," he writes. "With 3D printing, for example, costs for both material and long transports are decreasing substantially. Using technologies such as these, the partnerships will focus more on global competence exchange rather than long-haul transports."

"All three of these trends are woven tight together. Contractors need to work hard to ensure that the right competences are secured while considering how to implement new business models for modular buildings and construction integrated manufacturing — all this in a construction industry that is becoming more global and offers new forms of partnerships. The players who master this balancing act will be the winners in 2018."

**Click here for a related video.**

# CONSTRUCTION TOP 10 LIST of Provisions Included in 2017 Tax Reform

*By Sarah Windham*
*Special to North Carolina Construction News*

The last major tax reform legislation was passed in 1986. Since then, the tax rules – Internal Revenue Code amendments, regulations, procedural guidance and court case law – have morphed into a complex system for tax paying contractors. The recently signed bill is a significant modification to the existing system and the consensus is clear. Most businesses expect their income tax expense to decrease, including contractors.

Though there are many moving parts in the new tax law with the potential to affect businesses and individuals to varying degrees, this article highlights what we consider 10 of the most significant changes for construction companies.

### 1. Individual tax rates and corporate tax rates

The final bill settled on keeping the same number of individual tax brackets as in current existence: seven. However, the new tax law reduces individual income tax rates to 10, 12, 22, 24, 32, 35 and 37 percent, and raises the income levels subject to each tax rate. These rates apply to tax years beginning after Dec. 31, 2017 and beginning before Jan. 1, 2026, unless subsequently extended by future legislation. On the corporate side, the current graduated tax rate was removed in favor of a flat 21 percent rate for tax years beginning after Dec. 31, 2017.

### 2. Increase in Small Contractor Exemption Amount

Under prior tax law, contractors whose average annual gross receipts were less than $10 million were exempt from using the percentage of completion (PCM) method of accounting for income tax purposes. Under the new bill, the average annual gross receipts requirement has been increased to $25 million. This is effective for any contracts entered into after Dec. 31, 2017. It is important to note that for commercial contracts, percentage of completion is still required to be used for purposes of the alternative minimum tax (AMT).

While under the final bill AMT was repealed for businesses taxed as a 'C' corporation, it was not repealed for individuals. However, it did provide for increased individual exemptions. The 2018 exemption amount was increased from $86,200 to $109,400 and the phase out threshold increased from $164,100 to $1 million for married filing joint taxpayers. The exemption amount for single taxpayers increased from $55,400 to $70,300 and the phase out threshold increased from $123,500 to $500,000.

Contractors, other than 'C' corporations, considering making the switch to a method other than PCM for 2018, will want to consider the potential for AMT impacts before making a final decision. If a contractor switches to a method other than PCM for 2018, any contracts entered into before Dec. 31, 2017, would be taxed under the prior method of accounting even if the contract continued into 2018.

### 3. Pass-through income deduction

Aligning with a reduced corporate tax rate, Congress provided pass-through entities with a deduction for a percentage of their taxable income. Starting in 2018, a deduction will be allowed for taxpayers who have qualified business income (QBI) from a partnership, 'S' corporation, or sole proprietorship, subject to limitations. The 20 percent deduction is limited to the lesser of (1) 20 percent of their pass-through business income or (2) the greater of (a) 50 percent of the W-2 wages paid in the qualified trade or business, or (b) the sum of 25 percent of W-2 wages, plus 2.5 percent of the unadjusted basis of all qualified property. This deduction applies for tax years beginning after Dec. 31, 2017 and beginning before Jan. 1, 2026.

### 4. Standard deduction, charitable contributions and the Pease Limitation

Personal exemptions are removed in the bill in favor of a higher standard deduction effective for tax years beginning after Dec. 31, 2017 and beginning before Jan. 1, 2026. The new standard deduction amounts will be $24,000 for married filing joint or surviving spouse, $18,000 for an unmarried individual with at least one qualifying child, and $12,000 for single filers.

Charitable contributions – which, under old law, were limited to 50 percent of a taxpayer's AGI – will now be limited to 60 percent of AGI effective for tax years beginning after Dec. 31, 2017 and beginning before Jan. 1, 2026. The bill will also repeal the current 80 percent deduction for certain contributions to universities made in connection with athletic seating rights.

The overall limitation on itemized deductions referred to as the Pease Limitation will be suspended for tax years beginning after Dec. 31, 2017 and beginning before Jan. 1, 2026. This limitation essentially reduced the value of certain itemized deductions for high income taxpayers by three percent for every dollar over the taxable income limit. The phaseout was capped at 80 percent of the total value of itemized deductions.

### 5. State and local tax deduction

A very impactful change included in the final bill is the limiting of the deduction available to individuals for sales, income, or property taxes paid to state or local tax authority to $10,000 ($5,000 for a married taxpayer filing a separate return) for tax years beginning after Dec. 31, 2017 and beginning before Jan. 1, 2026. This limitation does not apply to property taxes paid or accrued in connection with carrying on a trade or business.

The limitation does not apply to state and local taxes of businesses taxed as a 'C' corporation.

The bill specifically includes a provision that disallows a 2017 deduction for prepaying state or local income tax for a taxable year beginning after Dec. 31, 2017. Any amount paid in a taxable year beginning before Jan. 1, 2018 shall be treated as being paid on the last day of the tax year for which the tax applies.

### 6. Depreciation changes

The bill includes a provision that allows for 100 percent expensing through bonus depreciation of certain business assets placed in service after Sept. 27, 2017 through Dec. 31, 2022. The amount of bonus depreciation allowed is then phased-down over four years as follows starting: 80 percent in 2023, 60 percent in 2024, 40 percent in 2025, and 20 percent in 2026. The requirement that the property be new was also removed and replaced with a requirement that the property simply be new to the taxpayer – an impactful distinction.

The bill includes some additional changes that have the potential to benefit many contractors. For example, Section 179 expensing limits will be increased to $1 million with the phase-out threshold being increased to $2.5 million with both thresholds subject to inflation increases for tax years beginning after Dec. 31, 2017. Furthermore, the definition of qualified property is expanded to include improvements to non-residential real property including roofs, heating, ventilation, and air-conditioning property, fire protection and alarm systems, and security systems if placed in service after the date such real property was first placed in service.

### 7. Interest expense deduction limitation

The bill also includes a provision that limits the deduction for interest expense incurred by a trade or business to the sum of business interest income, floor plan financing interest and 30 percent of the adjusted taxable income of a taxpayer for the year. For tax years beginning before Jan. 1, 2022, adjusted taxable income will be computed without regard to depreciation, amortization, or depletion expense. Adjusted taxable income is otherwise generally defined as a taxpayer's taxable income without regard to any income, gain, deduction or loss not properly allocable to the trade or business, any business interest expense or business interest income and any net operating loss.

Real property trades or businesses, including rental property activities that qualify as a trade or business, may elect out of the interest deduction limitation if that trade or business uses the alternative depreciation system, which generally results in longer, slower depreciation deductions. Any interest not deductible for any tax year shall be carried forward indefinitely and treated as business interest paid or accrued in the succeeding tax year.

An exemption to these rules applies to taxpayers with average annual gross receipts for the prior three tax years of less than $25 million.

### 8. Domestic Production Activities Deduction (DPAD) repealed

For tax years beginning after Dec. 31, 2017, DPAD (also known as Section 199) is repealed. DPAD was a deduction allowed under pre-act rules that allowed contractors performing new construction or substantial renovation in the U.S. to claim a deduction of up to nine percent of taxable income (with certain limitations).

### 9. Like-kind exchanges

Under the new law, like-kind exchanges are limited to only exchanges involving real property that is not primarily held for sale. This new limitation applies to exchanges completed after Dec. 31, 2017; however, a transition rule allows like-kind exchange treatment for any property disposed of in an exchange on or before Dec. 31, 2017, or for any property received by a taxpayer in an exchange on or before the same date. This exception generally allows for like-kind exchanges already in process to still take advantage of the current like-kind exchange rules. This may have an impact to contractors who have typically exchanged equipment and machinery in the past.

### 10. Estate and gift taxes and generation-skipping transfer tax

The law doubles the base estate and gift tax unified credit exclusion to $10 million, effective for decedents dying and gifts made after 2017 and before 2026. The bill also increases the GST exemption to $10 million. This effectively increases the inflation-adjusted exclusion and exemption amounts to $11.2 million ($22.4 million for a married couple) for 2018.

These increased exclusion and exemption amounts will provide planning opportunities for contractors looking to transition their estate in the coming years.

### In conclusion . . .

As there are far more elements to the tax reform than covered here, contractors may consider familiarizing themselves with the finer details of the changes. Looping in your trusted advisor and CPA is strongly recommended to ensure you are prepared for the oncoming effects – both favorable and complex – to your financial posture.

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## Asheville's Overlook Village to be redeveloped after $25.5M GBT Realty Corp. acquisition

Overlook Village, an Asheville shopping center that houses HomeGoods, T.J. Maxx and Ross Dress, will be redeveloped after being acquired by GBT Realty Corp. for $25.5 million, the company said in a news release.

The Brentwood, TN-based real estate development company, said Overlook, located off South Tunnel Rd. near the Asheville Mall, is its third acquisition in the past six months under its Capital Holdings division. It was purchased Dec. 20 from KIMCO Realty, represented by Berkeley Capital Advisors.

GBT said it launched its Capital Holdings division to pursue "value-add and core-plus" commercial opportunities. Scott Porter, the division's managing director, called the Overlook shopping center an "ideal acquisition opportunity," singling out its "locational drivers, barriers to entry and upside potential with the lease-up of the existing vacancies."

"The vacant anchor space formerly occupied by HHGregg fronts South Tunnel Road and is well-positioned due to its accessibility via two traffic signals and its adjacency to the Whole Foods center," Porter said in a news release. "The available space is a top option for tenants entering the market as well as those seeking to improve their existing storefront due to the market's limited inventory of traditional junior box storefronts."

The company plans to finalize redevelopment plans of the site by the spring, The Citizen Times reported.

The shopping center opened in 1989, with several notable tenants including T.J. Maxx, Phar-Mor Drugs store, Circuit City and several smaller specialty shops.

While Overlook Village has lost several tenants in recent years, GBT said it is currently 80 percent leased."

## High Point sells $35 million in taxable bonds to finance Bluefish minor league baseball team stadium

High Point is furnishing itself a new economic development gambit – a stadium, Bloomberg News reports.

The furniture manufacturing community 75 miles north of Charlotte is selling $35 million in taxable bonds to finance a 5,000-seat stadium for the Bluefish minor league baseball team.

The stadium is part of the city's plan to revitalize its downtown with restaurants, shops and new apartments, the news service reports.

The project comes as the manufacturing sector in the city, which calls itself the Home Furnishings Capital of the World, recovers from the recession. City manager Greg Demko said the project will help fight urban blight in an area where the commercial tax base has declined by an estimated $250 million since 2008, an 11 percent drop, according to city estimates.

"The construction of a stadium is like an anchor for the revitalization and development of a downtown," Demko was quoted as saying. "What we're really interested in is not necessarily the stadium but the development around it."

A private fundraising push led by High Point University president Nido Qubein raised $50 million to help buy the team and to support the creation of projects near the stadium, such as a children's museum and an events center, the published report says.

## Spirit AeroSystems to spend $50 million to expand Kinston facilities

To meet the increasing demands of its customers, Spirit AeroSystems has announced a $55.7 million investment for the expansion of its operations at Global TransPark in North Kinston.

The aerospace manufacturer's announcement only stated that funds will be spent over a five-year period. The investment is expected to improve the regional economy by generating more job opportunities. Construction details were not disclosed.

Governor Roy Cooper expressed his support for the project in December.

"We are excited to see Spirit AeroSystems strengthen its investment in North Carolina with this major expansion. This sends a clear signal that eastern North Carolina can compete for business and is ready for new opportunities that bring jobs to this region," he said.

Global Transpark executive director Allen Thomas also gave his approval, saying: "This expansion further reinforces North Carolina's position as one of the top four states in aerospace manufacturing in the nation and sends a message to the high quality of skilled labor in eastern North Carolina."

Since opening its operations at Global TransPark in 2010, Spirit AeroSystems has already invested more than $206 million for multiple facilities, including a 500,000-sq ft. plant and a 33,000-sq ft. training center.

## KWK Architects selected as design architect for UNC Residence Hall Phase XVI

KWK Architects, based in Webster Groves, MO, has been selected the design architect for a new residence hall at the University of North Carolina – Charlotte to replace existing Sanford and Moore Halls. Charlotte, NC-based Jenkins Peer Architects is the architect-of-record on the project.

Sanford Hall (opened in 1969) and Moore Hall (opened in 1970), which each house 500 students and have 12 floors, will be demolished as part of the project. The new, proposed residence hall (currently referred to as Residence Hall Phase XVI) will feature 650 to 800 beds with double rooms supported by community bathrooms, lounges and laundry rooms on each floor, common areas and multipurpose rooms.

The new complex will also be designed and built using LEED or Green Globes elements, and its exterior design will reflect the existing architectural style on campus.

A two-phase demolition and construction schedule for the entire site is planned over a two year period, with construction of the new residence hall expected to begin in spring 2019.

Two years ago, KWK Architects designed the university's unique Levine Hall, which combines an honors program within a traditional residence hall.








## J. Paul Mashburn becomes new CAGC chair

J. Paul Mashburn of Mashburn Construction Co. Inc., based in Columbia, SC, has taken office as the 2018 Carolinas Associated General Contractors (CAGC) chair.

Mashburn graduated from Clemson University in 1991 with a Bachelor of Science in Building Science and Management. He joined Mashburn Construction after graduation and in 2010 he was named president and chief operating officer, the company says on its website. "One of Paul's greatest strengths is his unique ability to view the job from multiple perspectives including the field employees, superintendent, designer, and owner."

"As president of Mashburn Construction, Paul has made sure the company continues to help fund various department projects, hires the department's interns and permanent employees and is a corporate partner."

Other elected CAGC directors include:

- Chair-elect: Ron Brown, State Utility Contractors, Inc.
- Treasurer: Casey Schwager, Sloan Construction Company
- Vice-chair: Susan Lewis, Beam Construction Co., Inc.
- Immediate past chair: Marty McKee, King Asphalt, Inc.
- President and CEO: Dave Simpson, CAE
- Carolinas AGC Building Division chair: Charlie Wilson, C. T. Wilson Construction Company
- Highway-Heavy Division chair: T. Lee Barrack, Jr., The Lane Construction Corporation
- Utility Division chair: Shane Herbert, Buckeye Bridge, LLC
- Specialty Advisory Council chair: Barry Wells, SimplexGrinnell
- Supplier/Service Advisory Council chair: Tyler Turnbull, Catalyst Surety Partners, LLC
- Directors at large: Mark Johnnie, Balfour Beatty; Greg Hughes, Contract Construction, Inc.; and Carlos Norris, Crowder Construction Company
- Appointed directors: Kristen Harwood, Rodgers; and Melvin Williams, S&ME, Inc.

## Doug Carlson leaves ABC Carolinas for Rocky Mountains

Doug Carlson, who has been the president and CEO of the Associated Builders and Contractors (ABC) of the Carolinas for the past 14 years, has moved to accept a new role at ABC's Rocky Mountain Chapter, search committee chair Brian Gallagher from O'Neal, Inc. has reported.

Search committee members include chapter chair Casie Sears Kerr, Sears Contract; Tom Headlee, Watson Electric, Dave Knudson, Choate Construction; and Art Odom, David Allen Company.

"The search committee is working closely with ABC National on the search. In addition, the ABC of the Carolinas' board of directors is working closely with staff to manage activities and to ensure a smooth transition," Gallagher reported in a note relayed by Casie Sears Kerr.

As Carlson moves west, he also has taken on the role as chapter president's liaison to the national ABC organization's executive committee.

"In this role, Carlson serves as chair of the council's executive committee and is responsible for the coordination of communications between ABC's 70 chapters and the national organization. He also promotes professional development for the chapter presidents while communicating their concerns, ideas and opinions to the ABC executive committee," an ABC national biographical document says.

## 2018 PHCCNC president aims to advance apprenticeship program, continue building strategic plan framework for association

Cobe LeMunyan of SPC Mechanical Corporation in Winston-Salem has taken the helm as 2018 Plumbing Heating Cooling Contractors of North Carolina (PHCCNC) president.

"I would like to start out by thanking Tommy Barbour for setting the bar going into 2018," he wrote in a note to members. "With that in mind we will continue assisting the local chapters and newly formed chapters across the state to communicate and in sharing ideas and practices to become the best choice for our customers.

He writes that "two items of continued focus" will be:

- Advancing the apprenticeship program for heating and air conditioning and plumbing trades; and
- Continuing the framework for a strategic plan to meet the objectives of the association.

PHCCNC's 2018 executive and directors include:

- Rob McClintock, McClintock Heating & Cooling, Matthews (vice-president);
- Rick Whitaker, Brown Brothers Plumbing and Heating, Durham (treasurer); and
- Jennifer Warren, Warren-Hay Mechanical, Hillsboro.

Associate directors include: Jason Brantley, Weeks-Williams-DeVore, Matthews; and Brooks Jester, Murray Supply, Charlotte.

The PHCC National Zone 2A Director is Joel Long, GSM Services, Gastonia.

## CAGC leads at first statewide diversity construction summit

Betsy Bailey, the Carolinas Associated General Contractors (CAGC) government relations and building division director, shared observations as the keynote speaker for the first statewide diversity construction opportunities summit in Raleigh in early January.

The summit welcomed more than 200 participants with the goal of connecting diverse-owned construction firms with billions of dollars in construction contract opportunities, CAGC reported in its weekly news brief.

Bailey delivered the Construction Spending, Labor and Materials Outlook prepared by AGC of America's economist Ken Simonson, which showed strong construction growth for the nation and for the state.

NC's growth, however, is hampered by the state's acute construction labor shortage which Bailey highlighted throughout her presentation.

"NC is one of nine states that is seeing construction employment numbers decreasing," Bailey said. "But we are also one of the fastest growing states in the country. This presents a unique challenge for NC's construction industry."

Bailey said that CAGC and its members recognize the labor challenge and are aggressively working with workforce development and education partners to recruit workers to the industry. A construction industry branding campaign is one of the significant recruitment projects that should be underway by next month.

CAGC secured funding for this project in the state budget last year and is partnering with the NC Community College System and North Carolina Department of Transportation (NCDOT) to conduct the campaign.

The rest of the day and a half long summit featured networking opportunities with representatives from government agencies and private contractors through a trade show and focused workshops that helped participants learn about projects in the pipeline and how to find and bid on these projects. Workshops with NCDOT, State Construction, universities and community colleges, local government and private developers and owners provided valuable one-on-one interaction with construction buyers and decision-makers.

## ABC of the Carolinas announces 2018 Board of Directors

Associated Builders and Contractors (ABC) of the Carolinas has announced its 2018 Board of Directors. Five board members are based in South Carolina with the remainder located in North Carolina.

Casie Sears Kerr of Raleigh-based specialty contractor Sears Contract, Inc., has been elected 2018 chairman, representing more than 1,800 member firms in North and South Carolina.

Sears-Kerr is excited to start implementing the association's newly developed strategic plan.
"ABC is dedicated to being the 'Construction Association of Choice' in the Carolinas by bringing value to each of our members through workforce development training, health and safety offerings, membership growth and engagement, chapter development and political advocacy," she said in a statement. "Through all of the aforementioned goals, ABC promotes the merit shop construction philosophy — encouraging open competition and a free enterprise approach."

Directors include:

- Casie Sears Kerr, Sears Contract. Inc. – Raleigh, NC, chairman
- Dave Knudson, Choate Construction Company – Raleigh, NC, vice-chairman
- Tom Headlee, Watson Electrical Construction – Wilson, NC, secretary/treasurer
- Brian Gallagher, O'Neal Inc. – Greenville, SC, past chairman
- Scott Colter, Colter Electric Company – Winston Salem, NC, CECA liaison
- Allen Amsler, McCrory Construction Company – Columbia, SC
- Rob Beale, W.M. Jordan Company – Wilmington, NC
- Kurt Eyring, Miller-Valentine Group – Columbia, SC
- Harley Garrison, Starr Electric – Greensboro, NC
- Sam Hayes, Landmark Construction Company Inc. – North Charleston, SC
- Derek Lanning, Miles-McClellan Construction – Charlotte, NC
- Chris Moore, Carolina Power – Greenville, SC
- Art Odom, David Allen Company – Raleigh, NC
- Eric Perkinson, Brasfield & Gorrie – Raleigh, NC
- David Philyaw, T.A. Loving – Goldsboro, NC

vSteve Smith, Smith Terry & Johnson Construction Law– Charlotte, NC

- Ryan Wathen, Rodgers Builders – Charlotte, NC

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