

BUILDING INDUSTRY HAWAII

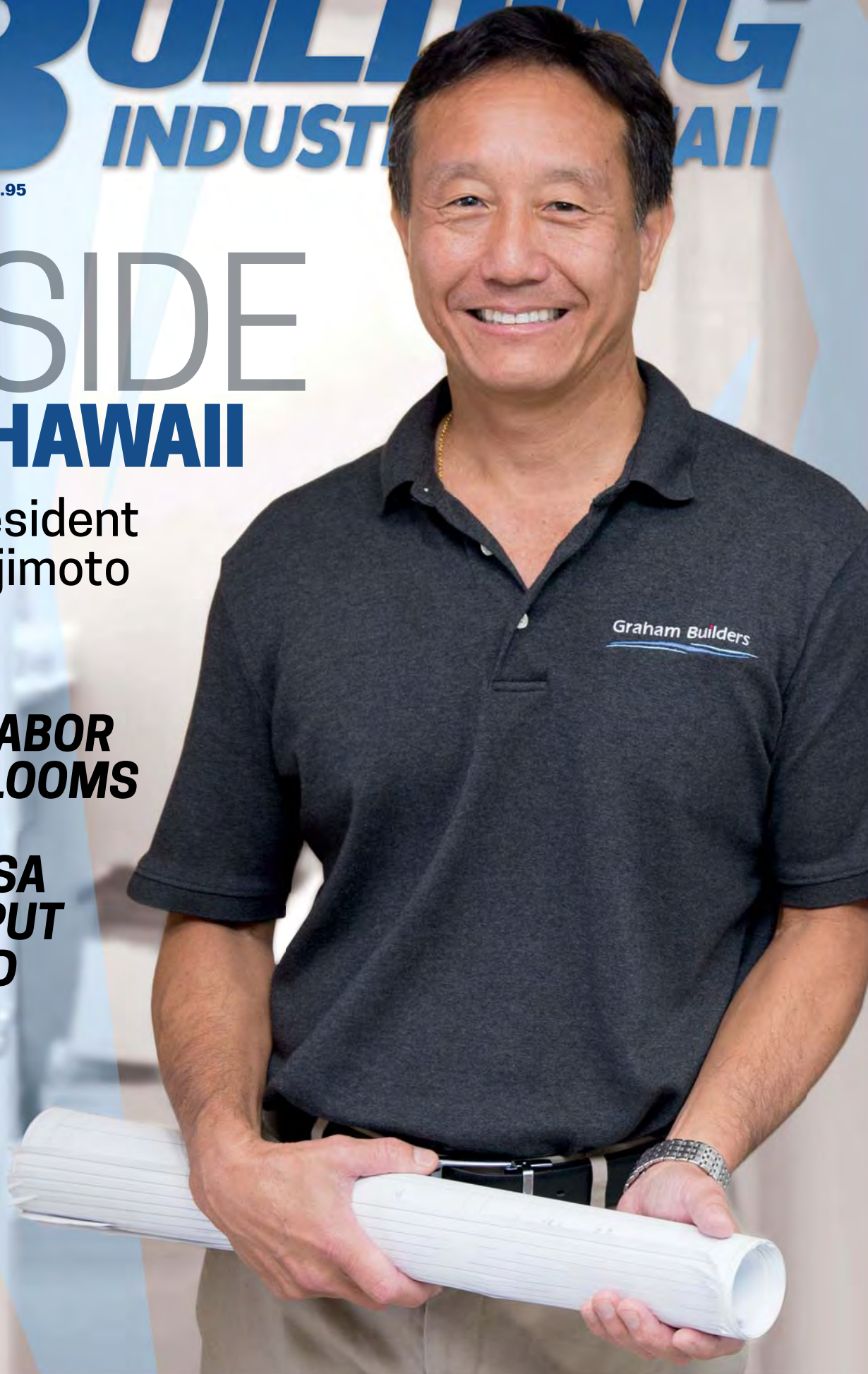
DECEMBER 2016/\$4.95

INSIDE BIA-HAWAII

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Evan Fujimoto

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COFFEE BREAK

Evan Fujimoto of Graham Builders, who takes the reins as president of the Building Industry Association of Hawaii this month, talked with *Building Industry Hawaii* about his plans for 2017. Noting that serving BIA-Hawaii as president is both “a challenge and an honor,” he adds, “we’ve got a lot of pressing issues on the plate.”

And we go “Inside the BIA-Hawaii” for comments from CEO Gladys Marrone and Curt Kiriū, a board member, on the organization’s priorities and goals for the coming year. The No. 1 issue on their list, they say? Hawaii’s housing shortage.

In this issue we also reflect on the Top Projects of 2016, from rail to residential, and whether Hawaii’s construction pace will continue on through 2017 and beyond.

Columnist Don Chapman looks at one ‘ohana business that’s been going strong in Hawaii’s building industry for four generations: the Moody family of Walker-Moody Asphalt Maintenance and SealMaster Hawaii.

What’s it like to climb up into those towering cranes that loom high above construction sites across the Islands? Crane operators reveal the ins and outs of their jobs in the crane’s cab, all alone, sometimes for as much as 12 hours a day. There are no break rooms, or restrooms, up there. Oh boy, what to do? In any case, if heights make you dizzy, it’s definitely not the job for you.

On Guam, building continues at a solid pace but, according to our report, a labor shortage problem is on the horizon. For years the island has depended on an immigrant workforce, but rules now are complicating the approval process. Contractors and developers are seeing their projects being stalled for lack of jobsite help.

In this issue we also take a look at the importance of site security and the value of insuring tools and equipment. 🏠

A hui hou,

david@tradepublishing.com

**BUILDING
INDUSTRY HAWAII**
The Construction Magazine of Hawaii

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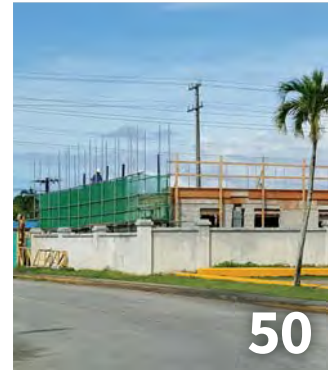
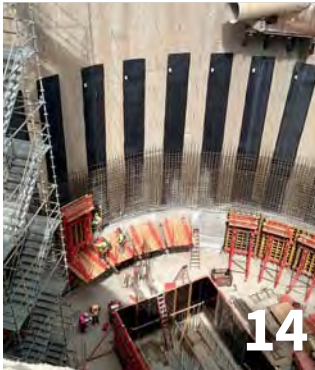
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On the cover

2017 BIA-Hawaii President
Evan Fujimoto of Graham Builders
Photo by Nathalie Walker
Design by Ursula A. Silva

COMING IN JANUARY

Building Industry Hawaii takes a look at **Military Construction** for 2016 and looks at **Apprenticeship & Training** programs being offered to Hawaii builders. Our coverage will include a special section on the **Concrete & Cement Products Industry**.

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DECEMBER 1-31

“15 for 12” Membership Drive

Companies who join the Associated Builders and Contractors Hawaii Chapter (ABC Hawaii) by Dec. 31 will receive the remainder of 2016 and all of 2017 for the price of a 12-month membership.

For more information contact the ABC Hawaii office at 845-4887.

DECEMBER 3

Inaugural Design & Construction Industry Holiday Party

The Building Industry Association of Hawaii (BIA-Hawaii), the American Institute of Architects Honolulu Chapter (AIA Honolulu), the National Kitchen and Bath Association Aloha Chapter and the American Society of Interior Designers host an industry party featuring cocktails, food and live music at Four Seasons Resort Ko Olina.

5-10 p.m. Four Seasons Resort Ko Olina, 92-1001 Olani St., Kapolei. Limited space; RSVP by Nov. 25. Register online at biahawaii.org. For more information and registration, go to contact@aiahonolulu.org or call 628-7243.

DECEMBER 3, 10

“Risk Management and Problem Solving” (STP Unit 6)

The General Contractors Association of Hawaii (GCA of Hawaii) and the Associated General Contractors of America present the Supervisory Training Program (STP), designed and field-tested for contractors to help them effectively manage people, time, equipment and materials. Unit 6—“Risk Management and Problem Solving” (2015 edition)—is the sixth in STP's six-course program. Instructor Howard Hendricks, safety director, covers effective site safety management, security and protection, construction risk management,

record keeping and more. Certificate available after completion of course. Includes manual and lunch.

7:30 a.m.-3:30 p.m. (daily). GCA Conference Room, 1065 Ahua St. RSVP by Nov. 18. Limited seating; first-come, first-served. To register and for more information, go to info@gcawhawaii.org or call 833-1681. Fee: GCA of Hawaii members \$295; nonmembers \$395. No refund after Nov. 18. Substitutions available.

DECEMBER 3, 17; JANUARY 14

AIA Architectural Walking Tour of Honolulu

AIA Honolulu's Saturday walking tours are led by a Hawaii architect or architectural historian who relates the tales and building history of Honolulu's downtown district. Tour groups must be 4-10 people.

9-11:30 a.m. AIA Honolulu Center for Architecture, 828 Fort Street Mall, Suite 100. Register/RSVP with payment in advance at aiahonolulu.org by Dec. 3 for Dec. 3 tour, by Dec. 16 for Dec. 17 tour and by Jan. 13 for Jan. 14 tour. For more information: contact@aiahonolulu.org or 628-7243. Fee: \$15 per person.

DECEMBER 5-7

OSHA 3015: Excavation, Trenching and Soil Mechanics

Formerly known as OSHA 3010, this training hosted by BIA-Hawaii and presented by the UC San Diego OSHA Training Institute Education Center covers OSHA standards and the safety aspects of excavation and trenching, including sloping, benching and shoring.

8 a.m.-4:30 p.m. (daily). CTC-Pacific, 94-487 Akoki St., Waipahu. Go to biahawaii.org and oshatraining@ucsd.edu for more information. Register through the UCSD OSHA Training Institute Education Center at oshatraining@ucsd.edu or 1-800-358-9206. Fee: \$675. No refunds after

Nov. 21.

DECEMBER 6, 8

Introduction to SketchUp

BIA-Hawaii presents this two-day hands-on seminar on the use and multiple applications of Google SketchUp, 3D design software that's much easier than other similar programs. Developed with architects, contractors, landscapers, designers and other building and real estate professionals in mind, SketchUp builds 3D models of buildings, furniture, landscapes or unique creations. Instructors are National Association of Home Builders Student Chapter members and Honolulu Community College faculty.

1-5 p.m. (daily). CTC-Pacific, 94-487 Akoki St., Waipahu. Online registration at biahawaii.org until Dec. 6. For more information, contact Barbara Nishikawa at 629-7505 or bln@biahawaii.org. Fee: BIA-Hawaii members \$200; nonmembers \$275. All proceeds will fund NAHB Student Chapter travel expenses for the Residential Construction Management Competition in Orlando, Fla., in January 2017.

DECEMBER 8

Young Architects Forum: Holiday Pau Hana-Plans for 2017

AIA Honolulu's YAF gathers, grinds and gets 2017 off the ground. Outgoing and incoming YAF Chairs will share visions and strategies for the year ahead. YAF Honolulu welcomes professionals that are nearly licensed, newly licensed, and out to 10 years of licensure. Free (shared) pupus.

5:30 p.m. Location to be announced. Advance registration required; register online at aiahonolulu.org through Dec. 8. For information: Jason DeMarco at 540-0815 or JDeMarco@ferrarochoi.com.

DECEMBER 7

BIA-Hawaii Installation Banquet

The annual gala honors incoming 2017 BIA-Hawaii President Evan Fujimoto, Graham Builders Inc. president, and celebrates the achievements of Hawaii's building industry in 2016.

5:30 p.m. (registration and cocktails); 6:30 (program and reception). The Pacific Club, 1451 Queen Emma St. RSVP at biahawaii.org by Nov. 14. Online registration until Dec. 7. For more information, contact Cathleen Langin at cnl@biahawaii.org or 629-7507. \$150 per individual seat; \$1,500 for table of 10.

DECEMBER 15

NAWIC General Membership Meeting

The National Association of Women in Construction hosts its monthly dinner and membership meeting. Get to know other women in the industry, build partnerships and increase your knowledge.

5:30 p.m. (networking); 6 p.m. (dinner and meeting). Honolulu Country Club, 1690 Ala Puumalu St. For more information, go to nawic114@yahoo.com or Honolulu-nawic.org. Dinner fee \$35.

DECEMBER 15

AIA Honolulu Monthly Membership Meeting

The AIA Honolulu Chapter's Monthly Membership Meeting features seminars, educational credits and fellowship. Lunch provided; program to be announced.

11:30 a.m.-1 p.m. AIA Honolulu Center for Architecture, 828 Fort Street Mall, Suite 100. Limited seating;

first-come, first-served. Advanced online registration at contact@aia-honolulu.org or 628-7243. Fee: AIA Honolulu members \$20; nonmembers \$35.

DECEMBER 16

RUDC Committee Meeting

The AIA Honolulu Chapter holds its Regional and Urban Design Committee monthly meeting to review and discuss AIA positions on various urban design issues. The meeting is open to all AIA Honolulu members. Agenda to be announced; bring your own lunch.

Noon-1 p.m. Honolulu Center for Architecture, 828 Fort Street Mall, Suite 100. Register/RSVP at aiahonolulu.org until Dec. 16. Contact Scott Wilson at scottrw51@gmail.com.

JANUARY 7

Seminar: Building Your Home for Life

Residential design and construction firm Graham Builders guides homeowners on home additions and renovations from start to finish: where to begin, how to select a builder,

potential problems, as well as requirements for residential design, setting a budget, estimating, financing and scheduling, going green and more. Seminar is free and open to the public.

9-11 a.m. Honolulu Country Club, 1690 Puumalu St. Registration required. Limited seating. Call 593-2808 or go to grahambuilders.com.

JANUARY 11-MARCH 1

Effective Communications & Human Relations

During this eight-week Wednesday afternoon course, BIA-Hawaii and Dale Carnegie Training of Hawaii & Guam use the newly transformed Dale Carnegie Course to forge positive company bonds and inspire strong teamwork by management and staff.

3-6:30 p.m. (Wednesdays). CTC-Pacific, 94-487 Akoki St., Waipahu. Register/RSVP online at hawaii.dalecarnegie.com or call 538-3253. More information at customer_service@dalecarnegiehawaii.com and biahawaii.org. Fee: \$1,645 plus tax; qualifies for a state ETF subsidy.

JANUARY 27-29

BIA Home Building & Remodeling Show 2017

BIA-Hawaii's annual show celebrates its 23rd year with a three-day "one-stop shopping" exhibit showcasing Hawaii's top licensed contractors and suppliers for the consumer market.

5-9 p.m. (Jan. 27), 9:30 a.m.-8:30 p.m. (Jan. 28), 9:30 a.m.-3:30 p.m. (Jan. 29). Neal S. Blaisdell Exhibition Hall. For more information contact Karen Winpenny at kkw@biahawaii.org or 629-7503. Fee: \$7 adults; \$9 for three-day adult pass; \$2 for seniors on Senior Sunday Jan. 29; ages 10 and under free.

Carrying on the Family Biz

Four generations of Moodys shaped Hawaii's skylines and roadways

BY DON CHAPMAN



According to The Family Firm Institute, only 30 percent of family businesses survive into the second generation, 12 percent into the third generation and 3 percent into the fourth generation.

Meet the Moody 'ohana of Walker-Moody, members of the Three Percent Club. Vice President **John Moody**, a graduate of Saint Louis School, is the fourth generation. His dad **Lyle** is president.

"It's pretty rare, from what I understand," John says.

There are reasons family businesses don't last—younger generations with other career ideas being foremost. That was never a problem for John:

"I was always interested in it as a kid and started doing things with the company. And my dad did a lot of business in Samoa, so we'd go on trips. As a kid, I started counting nails and clean-



John and Lyle Moody beside a photo of Ross Moody.

ing up job sites for fun. And my school projects always had something to do with building." He graduated from BYU with a degree in construction management (like Lyle before him).

Another reason family companies don't survive is that times and technologies change—how's that family-owned type-writer repair biz doing?—and nimbleness and flexibility are required. Which is why John's great-grandfather **Max Moody**, among the founding fathers of Hawaii's General Contractors Association, would not recognize his company today.

It began in 1895 with Irish immigrant **John Walker**, who "sailed over and went to work," starting a construction company.

"In the 1930s my great-grandfather became CEO and started running John Walker's operation for him. Max was part of the Corps of Engineers, and when Pearl Harbor was attacked, he stepped out of the company and was in charge of rebuilding Pearl Harbor."

Max's son **Ross** came aboard, and Walker-Moody continued building some of Hawaii's most significant structures.

"They did everything," John says, "piers, high-rises, Honolulu Hale, Queen's Hospital, the Royal Mausoleum,

the Budweiser buildings." Others include Aina Haina Elementary, Leahi hospital, Liberty Bank (now ASB) downtown, the Lihue bulk sugar factory on Kauai and Baldwin High and Maui Memorial hospital on the Valley Isle.

My personal favorite is the functional and attractive former *MidWeek* plant in Kaneohe, where I worked from 1994 to 2010—construction overseen by then-*MidWeek* publisher and current Trade Publishing CEO/Publisher **Ken Berry**.

But the Moody family's days of making things rise into the sky are done.

"They're starting construction liability, everybody likes to go after each other," John says. "So we started staying away from the high-rise stuff and going to ground. We started doing SealMaster (in 2003)."

They've laid down more than 10 million square yards of paving, but that's about to change, too.

"We're ending construction," John says. "By Christmas we'll just be doing manufacturing (of paving products). We have so many people buying from us, instead of being seen as a competitor, we want to step out from installing. I'll just be the supplier."

Products include John's proprietary pothole repair mix, PatchMaster:

"You go to some retailers, their repair mix is hard. Our bags are soft—it's fresh."

Freshness in fruits, vegetables and sheets, sure, but I'd never considered freshness in asphalt.

"It's never more than two weeks' old," John says.

With Hawaii's rainy season here, I asked about what happens to make a pothole. It's a subject I wonder about every time I drive from home in Kaneohe to town over Pali Highway, doing my "Pali Olympic Slalom Run," zigging here, zagging there to avoid craters in the road.

John explains: "Asphalt gets weakened by different factors—car traffic, oil and other chemicals from vehicles and other sources, oxidation from the sun, and then rain. So eventually you get all that brittleness, and you get the (traffic) loads, and it starts to stress it, and you'll get a crack. Then water gets in and spreads the crack out, and eventually it will weaken the base. And with all that traffic and the base weakened, it will just start to pop, and you'll get a pothole. And then it starts to spread. There's a cycle for maintenance ... a 10- to 15-year cycle can turn into a 30-year cycle if you maintain it."

These changes are "to keep things going."

Which begs the question about a fifth generation.

"I've got five boys," John says. "The oldest, **Seth**, is 14 and just started his work permit and worked here this past summer."

This deal, it seems, is sealed. 🏠

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DOT, DOE Projects Boost October Awards

Approximately \$83 million in contracts from government agencies during October fell below third-quarter averages, but compare favorably to just over \$42 million reported during the same month last year. October year-to-date awards of \$1,525,503,503 are on par with \$1,541,727,581 during the same period in 2015.

Jobs from the Department of Education and Department of Transportation accounted for more than \$66 million of October's total of \$82,927,971.

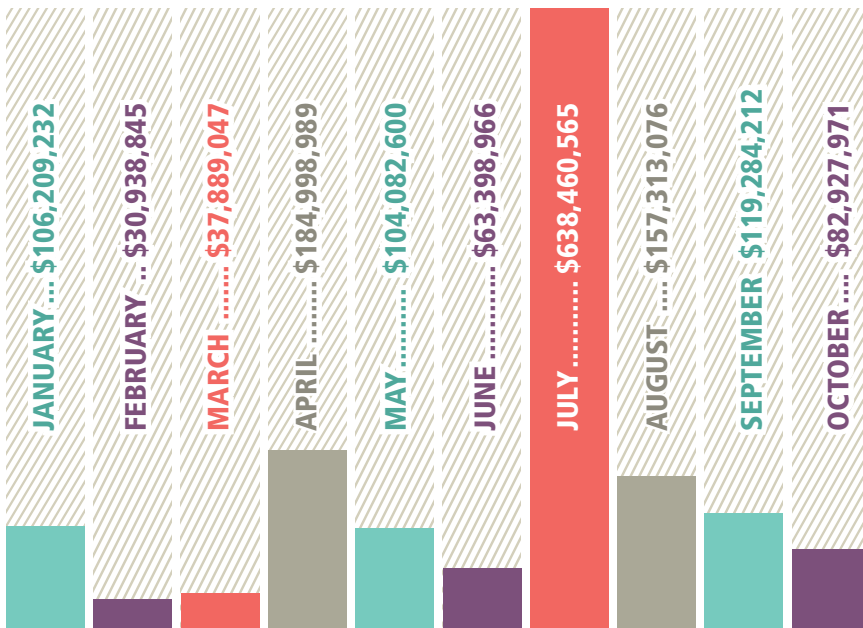
The single-largest contract, \$13,974,338, went to Grace Pacific LLC for runway and taxiway work at Lihue Airport on Kauai.

T. Iida Contracting Ltd. landed

three contracts totaling \$18,953,000 that involve Palolo Valley Homes, a DOT facility in Pearl City and work at Waianae High School for the DOE.

Ralph S. Inouye Co. Ltd. landed two jobs worth a total of \$13,867,100 for a renovation project at McKinley High School and for repairs to the Kennedy Theater at the University of Hawaii at Manoa.

2016 AGENCY CONTRACTS



Awards By Agency

DOE	\$42,431,363
DOT	24,502,613
HPHA	7,542,275
UH	5,567,000
DAGS	2,152,000
DOD	391,242
DPWHI	341,478
Total	\$82,927,971

Awards By Area

Oahu	\$47,865,960
Kauai	19,896,380
Hawaii	14,728,656
Maui	436,975
Total	\$82,927,971

OCTOBER (Awards are rounded up to the nearest dollar.)

Oahu

Ralph S. Inouye Co. Ltd.	\$8,375,600
Mckinley High School, Renovation of Building W	
Nan Inc.	7,176,795
Kalani High School, Girls Athletic Locker Room Building	
T. Iida Contracting Ltd.	6,688,000
Palolo Valley Homes Modernization, Phase 3	
T. Iida Contracting Ltd.	6,277,000
Commercial Driver's License and Motorcycle License Testing Facility Examination Site and Office Renovation Beneath Interstate Route H-1, Pearl City Viaduct	
T. Iida Contracting Ltd.	5,988,000
Waianae High School, Architectural Barrier Removal	
Ralph S. Inouye Co. Ltd.	5,491,500
Kennedy Theater, General Repairs and Code Compliance, University of Hawaii at Manoa	
Brian's Contracting Inc.	2,152,000
Washington Place - Health, Safety and Preservation Improvements	

All Maintenance & Repair	1,078,000
Salt Lake Elementary School, Building E, Renovate Classrooms	
Kawika's Painting & Waterproofing Inc.	854,275
Masonry Stabilization and Repairs at Spencer House	
Close Construction Inc.	705,404
Keolu Elementary School, Building C, Structural Repairs	
Allied Pacific Builders Inc.	620,700
Radford High School, Miscellaneous R&M FY 2009-2011	
Molina Engineering Ltd.	554,444
Ilima Intermediate School, Building F, Replace AC	
Prometheus Construction	391,242
Diamond Head Crater, M-Tunnel Repairs	
Site Engineering Inc.	339,500
Webbing Elementary School, Miscellaneous R&M FY 2014	
Site Engineering Inc.	319,500
Pearl City High School, Playcourt Accessible Parking	

Henry's Equipment Rental & Sales Inc.	278,000
Kamaile Elementary School, Building G, Install Fire Hydrant and Fire Lane	
CC Engineering & Construction Inc.	265,600
Pohakea Elementary School, Miscellaneous R&M FY 2010-11	
A's Mechanical & Builders Inc.	200,000
Ewa Beach Elementary School, Building I, Replace Grease Trap	
Color Dynamics Inc.	75,500
Phase I and Phase II Parking Structures, Structural and Miscellaneous Repairs, Phase 1 Diamond Head End, 4th-floor Guardrail Replacement, UH-Manoa	
Henry's Equipment Rental & Sales Inc.	34,900
Wahiawa Storefront School Campus, Replace Waterlines	
Maui	
Castaway Construction & Restoration LLC	436,975
Maui High School, Building Q, Replace Gym Floor	

Hawaii

Isemoto Contracting Co. Ltd.	10,666,478
Kona waena Middle School, PE/Locker Shower Building, Kealahou	
Jas. W. Glover Ltd.	3,720,700
Keaau-Pahoa Road, Shoulder Lane Conversion Phase 2, Shower Drive Intersection Improvements, Puna	
Elcco Inc.	341,478
Aupuni Center Security Surveillance System, Waiakea	

Kauai

Grace Pacific LLC	13,974,338
Runway 3-21 and Taxiway B Rehabilitation at Lihue Airport	
Kauai Builders Ltd.	3,496,467
Kapaa High School, Science Facilities Upgrade	
Shioi Construction Inc. dba Creative Partition Systems	1,895,000
Kilauea Elementary School, Renovation of Building B	
GP Roadway Solutions Inc.	530,575
Guardrail and Shoulder Improvements at Various Locations, Kuhio Highway, Route 56 (M.P.3.70), Kuhio Highway, Route 560 (M.P. 6.25), Lihue and Hanalei	

LOW BIDS

The companies below submitted the low bids in October for the work detailed. Submitting the lowest bid is not a guarantee of being awarded the job. However, it is a strong indication of future work, and subcontractors can plan accordingly.

Oahu

Nan Inc.	\$3,923,200
Leihoku Elementary School, Waianae & Nanakuli Complexes, Heat Abatement, Phase 1B	
Arita/Poulson General Contracting	3,705,965
Waialua Complex, Waialua High & Intermediate School, Heat Abatement, Phase 1B	
CC Engineering & Construction Inc.	2,960,800
Nanakuli Elementary School, Waianae & Nanakuli Complexes, Heat Abatement, Phase 1B	
Kiewit Infrastructure West	2,086,139
Aiea Kai Place And Way: 8-Inch Mains	
CC Engineering & Construction Inc.	2,042,000
Ewa Beach Elementary School, Campbell and Kapolei Complexes, Heat Abatement, Phase 1B	
Ameritech Slope Constructors Inc.	1,924,677
Hanauma Bay Nature Preserve, Rockfall Mitigation Measures, Phase 3	
Close Construction Inc.	1,723,032
Aliamanu Middle School, ADA Transition Plan	
HBM Acquisitions LLC	1,048,160
Kamaile Academy, Campbell and Kapolei Complexes, Heat Abatement, Phase 1B	
Elite Pacific Construction Inc.	998,000
Castle High School, Bldg. BB, A/C-5 ACU/PACU	
HBM Acquisitions LLC	803,070
Waimalu Elementary School, Aiea and Radford Complexes, Heat Abatement, Phase 1B	
Integrated Construction Inc.	567,700
Fire Hydrant Installations at Aiea and Kaimuki	
All Maintenance & Repair	405,000
Pearl City Highlands Elementary School, Miscellaneous R&M FY 2014	
MJ Construction Co.	402,700
Makalapa Elementary School, Miscellaneous R&M FY 2014	
International Roofing & Building Construction	279,800
Aiea High School, Building C & I Reroof	
Cushnie Construction Co. Inc.	227,300
Kilauea Elementary School, Building A, Replace Waterline	
Certified Construction Inc.	218,000
Wahiawa Middle School, Building B Reroof	

OCTOBER'S TOP 10 CONTRACTORS

1) T. Iida Contracting Ltd. (3)	\$18,953,000
2) Grace Pacific LLC (1)	13,974,338
3) Ralph S. Inouye Co. Ltd. (2).....	13,867,100
4) Isemoto Contracting Co. Ltd. (1)	10,666,478
5) Nan Inc. (1)	7,176,795
6) Jas. W. Glover Ltd. (1).....	3,720,700
7) Kauai Builders Ltd. (1)	3,496,467
8) Brian's Contracting Inc. (1).....	2,152,000
9) Shioi Construction Inc. dba Creative Partition Systems (1).....	1,895,000
10) All Maintenance & Repair (1).....	1,078,000

Information is summarized from the Contractors Awarded section of *BIDService Weekly*, compiled by Research Editor Alfonso R. Rivera.

Road Builders Corp.	214,000
Moanalua Middle School, Miscellaneous R&M FY 2008-FY 2010	
DYC Electrical Services	140,345
Stevenson Middle School, Bldg. A, Replace AC Electrical Panels and Feeders	
Pacific Star Roofing	115,898
Hahaione Elementary School, Building D and G Reroof	
Economy Plumbing & Sheetmetal Inc.	105,625
Roosevelt High School, Girls Locker Room, Reroute Water Line	
Society Contracting LLC	103,000
Hawaii School for the Deaf and Blind, Miscellaneous Carpentry and Floor Repairs to Cottage	
Tory's Roofing & Waterproofing Inc.	85,678
Central District Office Annex, Reroof Main Building	
Amethyst Builders LLC	72,800
Campbell High School, Building A, Replace Termite Damaged Wall	
Paradise Landscape Maintenance Inc.	40,192
Mailli Elementary School, Bldg. G, Repair Grounds	
Pacific Isles Equipment Rentals Inc.	20,000
Kawananakoa Middle School, Bldg. C, Install Ramp	
Peterson Bros. Construction Inc.	13,996
Roosevelt High School, Repair Asphalt Driveway	

Maui

Arisumi Brothers Inc.	7,089,467
Molokai Baseyard Facility	
HI Built LLC	3,791,120
Baldwin Avenue Pavement Rehabilitation, Phase 2, Haliimaile Road to Hana Highway, Makawao	
Hawaiian Dredging Construction Co. Inc.	2,437,000
CW EPA CD Sewer Rehabilitation at Lahaina, Wailuku and Spreckelsville	
Hawaiian Dredging Construction Co. Inc.	2,383,000
Hawaiian Homes WWPS Force Main Replacement Project, Waiehu	
Hawaiian Dredging Construction Co. Inc.	1,991,000
Piilani Highway Landslide Repairs at Nuanualoa Gulch	
Hawaiian Dredging Construction Co. Inc.	1,876,000
Waiakoa Drainageway Repair at South Kihei Road, Wailuku	

Kiewit Infrastructure Group	1,538,200
Central Maui Landfill 2016 Gas Collection and Control System Improvements	
Ke Nui Construction LLC	1,232,200
Waiopai Bridge Repairs	
Castaway Construction & Restoration LLC	1,231,255
Kalana O Maui Building, Fire Sprinkler, Phase II	
Commercial Roofing & Waterproofing HI Inc.	910,000
Molokai High School, Building O, Various Roof Repairs, Molokai	
Maui Kupuno Builders LLC	481,629
Upcountry District Resurfacing, FY 2016	
Maui Kupuno Builders LLC	416,094
Lahaina Civic Center, North Parking Lot Repair	
Kamoku Contracting LLC	368,220
Molokai Parks Fencing Improvements, Molokai	
Site Engineering Inc.	105,700
Mitchell Pauole Center, ADA Parking, Molokai	
E&B Construction	25,500
IWS & Cesspool Closures at Various Park Facilities	

Hawaii

Arita/Poulson General Contracting	4,090,535
Kealahou Complex, Kahakai Elementary School, Heat Abatement, Phase 1B, Kailua-Kona	
Kiewit Infrastructure West	3,502,770
Mamalaha Highway Drainage Improvements, Vicinity of Puuwaawaa Ranch Road, North Kona	
Shioi Construction Inc.	2,474,200
Kekaha Elementary School, Waimea Canyon Middle School, Waimea High School, Waialua, Waimea and Kealahou Complexes, Heat Abatement, Phase 1A and 1B	
Stan's Contracting Inc.	247,300
Waimea Elementary School, Miscellaneous R&M FY 2013 (Architectural)	
Heartwood Pacific LLC	185,000
Waimea Elementary and Middle School, Miscellaneous R&M FY 2010, Kamuela	
Kauai	
International Roofing & Building Construction	268,480
Kapaa High School, D Reroof and Replace Soffits	




TOP
PROJECTS
OF 2016

Another Good Year

Current projects highlight the
value of infrastructure
construction

BY BRETT ALEXANDER-ESTES



The City's hefty \$179 million sewer project linking the obsolete Kaneohe treatment facility to Kailua's involved a large-scale mechanized tunneling operation unlike any undertaken previously. Here a boring machine beam is hoisted from the Kaneohe shaft.

PHOTO COURTESY
CITY AND COUNTY OF HONOLULU

New infrastructure is part and parcel of the \$103.4 million October sale of Kapolei West's 514 acres by the James Campbell Company to China Oceanwide Holdings Ltd.

"Site preparation and grading work for the \$23 million in Kapolei West roadway and drainage improvements is currently underway," says Steve Kelly, James Campbell Company vice president. On Nov. 21, Kelly said the bulk of the infrastructure construction work is expected to be bid in the next 45 days, with infrastructure construction to begin in January.

China Oceanwide reportedly plans to develop Kapolei West as an open-space themed community adjoining the company's two other recent purchases in Ko Olina.

The project highlights infrastructure's vital role in Island construction and comes as the industry looks to a peak performance in the coming year.

"Construction has accelerated over the past year and will approach its cyclical peak over the next," says the September Hawaii Construction Forecast by the Economic Research Organization at the University of Hawaii. "Jobs and income are now growing at double-digit rates, driven by strength across all major sub-sectors and, increasingly, all counties."

Kapolei West's development schedule hasn't yet been released. But like its new roadways, the year's Top Projects—which are huge, dynamic and worth billions of dollars in aggregate—are vital to Island construction and will likely lead the industry into increasingly positive territory going forward.



Steve Kelly



HART Hoopili station TCCR building with shoring
PHOTO COURTESY JUSTIN BARFIELD/NAN INC.

Infrastructure

Hawaii's new high-rises attract the eye, but new transportation systems and sewer lines attract capital investment.



Kirk Caldwell

Since 1976, says Mayor Kirk Caldwell, "the state has spent almost \$300 million on infrastructure in Kakaako," a testament to infrastructure's power to spark new construction and for its selection as this year's leading sector.

HART

According to many experts, Hawaii's leading infrastructure project in 2016 is the Honolulu Authority for Rapid Transportation.

"Elevated transit continues to dominate the skyline of West Oahu and our public discourse," says Jason DeMarco, architect at Ferraro Choi And Associates Ltd.



Jason DeMarco

In August, the federal government informed HART that despite funding shortfalls, the line must continue as planned from its fully

and sewer lines attract capital investment. Since 1976, says Mayor Kirk Caldwell, "the state has spent almost \$300 million on infrastructure in Kakaako," a testament to infrastructure's power to spark new construction and for its selection as this year's leading sector.



The Rail Operations Center has received LEED Silver certification. PHOTO COURTESY HART

funded stop at Middle Street or risk losing the government's share of the project. Currently, the line is expected to begin operating in early 2022 with a final estimated cost of \$8 billion to \$10 billion.



Justin Barfield

Nan Inc.'s \$56 million HART contract covers construction at three stations: the University of Hawaii West Oahu, East Kapolei and Hoopili. Justin Barfield, Nan public involvement manager, says that at UH West Oahu and East Kapolei stations, Nan is focusing on site and foundation work for two UHWO buildings plus drilled shaft prep and installation.

HART at Halftime

Bill Brennan, HART director of communications, says that upon securing funding, the Middle Street to Ala Moana Center design-build contract will likely be awarded in 2018.

As of November, Honolulu's 20-mile rail project has completed:

- 10-plus miles of the guideway
- 452 guideway support columns, representing 100 percent of the columns for both the West Oahu Farrington Highway section (283) and the Kamehameha Highway Guideway section (169)
- 495 drilled shafts, representing 100 percent of the shafts for both WOFH (309) and KHG (186)
- Four train cars

"The state has spent almost \$300 million on infrastructure in Kakaako."

—MAYOR KIRK CALDWELL

At Hoopili, Barfield says, Nan has devised an ingenious solution to one deadline challenge. "When putting up our shoring for the platform box girder at the Hoopili station, we created an 80-foot span above the area where the Train Control and Communication Room building is being constructed," he says. "This allowed Nan to work concurrently on the TCCR building at ground level and the platform box girder approximately 25 feet above it" in time for HART to conduct tests on the trains.

Many of those tests will involve work by Watts Constructors LLC, whose \$36.25 million subcontract to Ansaldo Honolulu JV extends for the duration of the project.

"Watts is responsible for the construction of Traction Electrification (systems to power the trains) for 16 traction power stations," says Gennaro Di Nola, Watts Constructors general manager. "The first section at Waipahu is critical to perform dynamic



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Hawaiian Dredging is GC on the Kahului Airport ConRAC.
PHOTO COURTESY HAWAIIAN DREDGING

testing—checking the functionality of the train cars—as it is a completely automated, driverless train.”

Di Nola says traction electrification is complete on seven miles of elevated guideway. “The guideway section and four stations



Gennaro Di Nola

from Aloha Stadium to Middle Street were awarded last week,” he says.

Says Bill Brennan, HART director of communications: “As of this moment, HART has an active procurement for the final four-plus miles of guideway and the eight stations that cover the area between the Middle Street station and the Ala Moana Center station.” Brennan adds that HART has put the solicitation on hold. “A ballpark



Bill Brennan

forecast for the awarding of that design-build contract, should funding become available, would be 2018,” he says.

Going forward, “the rail transit project will continue to provide construction opportunities both for the rail and in related projects along the rail line,” says Emile C. Alano, Architects Hawaii Ltd. vice president and chief operating officer.



Emile C. Alano

Citing studies by Hawaii economist Paul Brewbaker, Caldwell says HART will attract approximately \$20 billion in transit-oriented development over the next 30 to 40 years.

ConRACs (HNL and OGG)

Hawaii’s new consolidated rental car facilities (ConRACs) at Honolulu International and Kahului Airports are both high-tech behemoths that will expedite travel in and out of the Islands.

HNL’s ConRAC—five levels, approximately 1.7 million square feet, housing more than 2,200 parking stalls and targeting LEED Silver certification—is under contract to Watts Constructors for \$314 million.

“The Watts team began installation of Best Management Practices stormwater control measures and perimeter fencing for the Step ‘a’ portion of the site—the eastern, Diamond Head

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half—in mid-October,” says Di Nola.

“During December, we also plan to place a few test piles,” he says, “but the true work of constructing piles and foundations is currently slated to begin in January.”

Hawaiian Dredging Construction Co. Inc. is GC on Maui’s four-level, approximately 1.9-million-square-foot, \$340 million ConRAC, also aiming for LEED Silver.

Both ConRACS are part of the state’s \$2.7 billion airport modernization program that will expand and upgrade travel facilities throughout the Islands.

HNL Taxilanes G&L

The widening of Honolulu International Airport’s G&L Taxilanes

are also part of the state’s airport modernization program. Hawaiian Dredging's Heavy Division has completed the main



Chad Uyehara

portion of the project, which will make it possible “for larger aircraft to access the inter-island terminal area in anticipation of the upcoming inter-island terminal expansion,” says Chad Uyehara, Hawaiian Dredging project superintendent.

Hawaiian Dredging’s remaining major task is to install a concrete cover over the existing Manuwai

Canal, which will be supported by 58 ea drilled shaft foundations. “This work will be done while dewatering one half of the Manuwai Canal at a time, which we are presently doing,” Uyehara says.

Canal, which will be supported by 58 ea drilled shaft foundations. “This work will be done while dewatering one half of the Manuwai Canal at a time, which we are presently doing,” Uyehara says.



Joint Traffic Management Center
PHOTO COURTESY OF WATTS CONSTRUCTORS

“The rail transit project will continue to provide construction opportunities both for the rail and in related projects along the rail line.”

—EMILE C. ALANO

Joint Traffic Management Center

The \$53 million, three-story, 56,000-square-foot traffic operations and administrative facility in downtown Honolulu will house multiple city and state agencies. Watts Constructors is general contractor on the project, which is slated to receive LEED Silver certification.

“As an essential services facility, the JTMC incorporates high redundancy to ensure continued operations in event of both natural and man-made incidents which could disrupt operations,” says Di Nola. “Additionally, the facility incorporates significant data and telecommunications systems necessary for communications and

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Sand Island Savings

“As far as our work that was sub-contracted to us by CBI Services, Power & Industrial invested much time in modeling the (digester) sludge and hot water piping in Revit,” says Kurt Hara, Hawaiian Dredging Sand Island Bioconversion Facility project manager.

The Revit piping model:

- Helped identify interferences and engineering discrepancies
- Expedited CBI’s review and approval of the piping routing
- Once approved, P&I detailed and ordered ductile iron pipe spools fabricated in the shop, minimizing fabrication in the field

“If done accurately and properly planned with field makeup for installation tolerances, shop fabrication can save time and money,” says Hara. “We were fortunate to realize time and cost savings.”

Hawaiian Dredging completed the Sand Island Bioconversion Facility in October.
PHOTO COURTESY HAWAIIAN DREDGING



control of traffic management and public safety systems.” The project is expected to wrap in June 2017.

Sand Island Bioconversion Facility

In October, Hawaiian Dredging completed construction on Honolulu City and County's second giant

egg-shaped sewage digester at the Sand Island Wastewater Treatment Plant. During the facility’s dedication, Caldwell said the second digester adds a critical layer of redundancy to the first, and will support Hawaii’s growing resident and visitor populations.

“We are building \$5.9 billion worth of sewers between now and 2035,” he says.

Says Caldwell: “Without that second digester, every hotel—the Ritz Carlton, the timeshare for the Hilton, the other projects we have—would not be allowed because they wouldn’t have the capacity to treat it.”

Kaneohe-Kailua Gravity Sewer

In June, Honolulu City and County’s largest sewer project, the \$179.4 million gravity sewer tunnel, linked the obsolete Kaneohe treatment plant to Kailua’s treatment facility, concluding Phase 1 of the project.

Robert J. Kroning “A large-scale mechanized tunneling operation like this has never been undertaken in Hawaii,” says Robert J. Kroning, Honolulu City and County Department of Design and Construction director. Kroning says the gravity flow tunnel, unlike a force main system, does not require power in order to operate. “This means lower



Robert J. Kroning

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“A large scale mechanized tunneling operation like this has never been undertaken in Hawaii,” says City and County of Honolulu Department of Design and Construction Director Robert J. Kroning of the Kaneohe-Kailua Gravity Sewer, who says the project contractor proposed two value engineering proposals for the Tunnel Influent Pump Station to reduce cost and shorten schedule:

Below Grade Structure

The existing slurry wall was utilized as a structural element in the final structure, thereby:

- Reducing the amount of concrete required
 - Eliminating much of the mass concrete (and special provisions required)
 - Increasing the facility’s usable area
- Switching to a two-way slab eliminated the extra formwork and time required for concrete beams and girders in the slabs.

Above Grade Structure

Moving to precast elements:

- Slightly increased cost but created significant time savings on the critical path of the project
- Reduces the construction footprint on-site as many of the structural elements will be cast off-site in a controlled environment and then erected on site just-in-time.

“All of the material excavated from the tunnel was reused as construction materials across the island,” says Mike Young, Bowers + Kubota KK Tunnel CM Team project director. “The underground technology of tunnel boring machine (TBM) mining chosen to construct this tunnel minimized impact to the public.”

Says Kroning: “Many of the unique challenges faced by this project will enhance the planning, design, and delivery of future tunnel programs in the state. Specifics learned on our hard rock excavation process regarding geotechnical conditions, production rates, and logistical challenges will be transferable to any follow-on project.”

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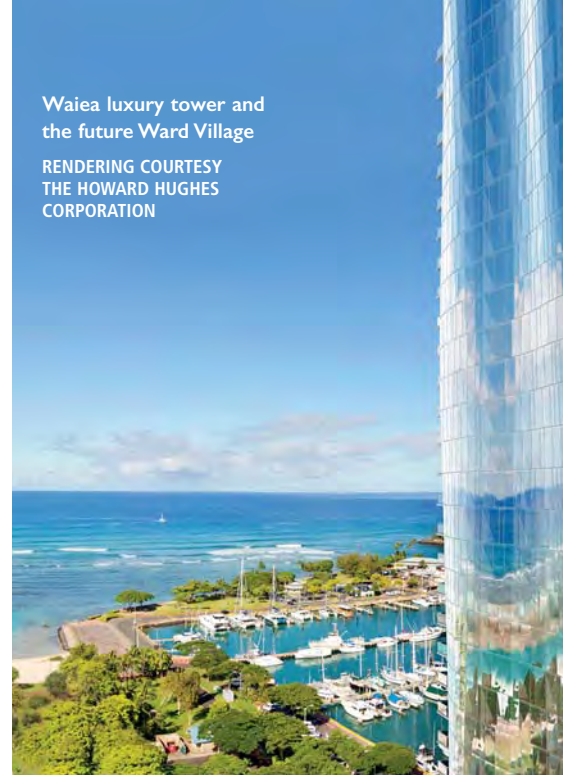


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Keauhou Place jobsite in June



Waiea luxury tower and the future Ward Village

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energy consumption, less chance of failure in extreme weather events, and lower long-term cost,” he says, as well as wet-weather surge storage to avoid future spills.

Hensel Phelps is general contractor

on the project’s \$149.4 million Phase II, which is upgrading Kailua’s facility by building a tunnel influent pump station (TIPS), a new mini-Kailua influent pump station (mini-KIPS) and headworks. Phase III is budgeted at \$21 million.

“Raw sewage commissioning is expected to occur by the 2010 EPA/ City and County of Honolulu consent decree deadline of 30 June 2018,” says Kroning. “Remaining contract activities will be complete by the end of 2018.”

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Residential

Residential construction is infrastructure's complementary leg: Both work in tandem to move the state and the building industry forward.

Like HART, Hawaii's housing shortage dominates the news, and the year's top residential projects indicate the future shape of residential construction in Hawaii.

Kapolei Lofts

Jon Wallenstrom, president of Kapolei Lofts developer Forest City Hawaii, says the new residential community "leads by example with sustainability and housing affordability in mind. The final block of Kapolei Lofts was recently completed, making for a total of 499 residential rental units, ranging from one- to three-bedroom apartments."

The complex, which includes a private clubhouse, cyber café with complimentary Wi-Fi, self-service pet spa and professional on-site management team, is adjacent to shopping malls, schools, dining and a regional transportation hub, and may serve as a template for future TOD development.

Hoopili

Acquired by D.R. Horton in 2006, the master-planned 11,750-unit residential community surmounted years of court battles and broke ground in September.

Along with Koa Ridge, Hoopili may be one of the last new residential developments on Oahu that will offer stand-alone single-family homes.

The mixed-use complex, which will feature light commercial as well as residential areas, dovetails with the improved commute promised by HART and is slated for construction over the next 20 to 25 years.

Keauhou Place

Stanford Carr's rental development in Kaakako will offer more than 200 affordable units and retail space in a tower and low-rise complex when it wraps in late 2017 or early 2018. Many other new 2016 affordable rental towers in Kakaako likewise feature substantial retail centers at their base.

Waiea

A striking Kakaako tower that features a curving glass curtain wall, Waiea's first residents picked up the keys to their units in November. Designed for a high-end market, the condominium's currently available units range in price from \$4.3 million to \$36 million. The Howard Hughes



Race Randle

Corporation project is the first of HHC's scheduled 20 residential towers in Hughes' future master-planned community of Ward Village. "The towers and all of Ward Village shows what proper urban core development can mean for Hawaii," says Race Randle, HHC's senior development director. "As you look at Kakaako and its long-term potential, the successful efforts of all of us in the region—the Hawaii Community Development Authority, Kamehameha Schools, the Office of Hawaiian Affairs, The Howard Hughes Corporation, and others—will attract new investment capital.

"Similar to the investment you have seen in West Oahu from Ewa to Hoopili, UH West Oahu campus and Kapolei to Ko Olina, as the reality of the redevelopment of our island's urban core becomes more evident, there will be greater confidence in the market for this type of mixed-use development." 🏠



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The High Life

From their lofty perches inside the cabs of towering cranes, operators revel in the excitement—and danger—of their jobs

BY DAVE DONDONEAU

Did you hear there is a new state bird? It's called the "tower crane."

Go ahead, laugh (please), but the fact is anyone who has driven down Ala Moana Boulevard or tried to get to Fort DeRussy and other parts of Waikiki knows whereof we speak.

You can't help but look to the sky and see the long, arcing steel yellow arms of the giant cranes working high above the condos and hotels.

Twenty-five tower cranes dotted the Honolulu/Waikiki skyline in 2015, believed to be the most in use at one time on Oahu. Currently, there are 12 in use on Oahu and three on Maui.

So, what makes them tick? Who would climb up there to run those things? How do they get up there? Are those people crazy?

A Long Climb

All are legitimate questions that tower crane operators have heard before and tend to smile at. And those are also just a few of the questions *Building Industry Hawaii* asked veteran crane operators about life on the job.

"I love it," says Mike Warner, who is currently manning a 130-foot tower crane (13 floors high) at the Kailua Wastewater Treatment Plant. "The highest I've worked is over 500 feet on the Hilton project last year. Loved it. I only had to climb five floors to get in the cab for that one. Most of the time you don't have to climb from the bottom all the way up because the crane is linked to the building.

"On a clear day here (near the Kaneohe Marine Base), I can see all



the way from Chinaman's Hat and beyond to Makapuu Lookout. When I was working on the Hilton I could see Haleakala on Maui."

Warner has been working as a tower crane operator the past few years after starting as a tower crane mechanic. Prior, he was part of a civilian team that built and tested torpedoes for the U.S. military.

"I've had some unusual jobs," he says. "My wife actually helped me find this one. It's really a good deal."

Being a tower operator can be a beautiful, dangerous and boring job.

Then it is lunch hour.

Yes, life changes that quick up top, so most operators stay in their high-rise cabs the entire 8- to 12-hour shifts, and sometimes longer.

Bathroom breaks?

That's why they bring up five-gallon buckets.

"Some operators will bring up microwaves, tint the windows or bring curtains so nobody can see in because you feel like you're on display," says Angela Chinen, a longtime tower crane operator and an instructor for

Operating Engineers, Local 3 JAC. "I've seen cabs really tricked out. You make it comfortable for yourself up there. I would get so bored at the end of shifts sometimes I'd bring my knitting.

"I used to ask people to come up and visit, see what it's like," she adds. "Some would come, some wouldn't dare."

Warner likes visitors, too. While working above the Hilton he brought his 11-year-old son up so he could admire the view.

"If he wanted to do this when he gets older I'd say go for it," Warner says. "You watch and help him climb up, but it wasn't from the bottom. He was safe. There are dangers when you're doing this. You have to be really precise with your movements with the guys below when you're moving things. Or, if it's a lightning storm, I won't go up or near this thing. If I'm caught in one during a storm I won't come down. I'll just stay up there where I'm grounded and enjoy the show.

"I think what surprised me when I



Mike Warner and son Mikey



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Q&A: ANGELA CHINEN, tower crane instructor at Operating Engineers Local 3

Does pay vary between tower crane operators and mobile crane operators?

“A tower crane operator who gets dispatched today will have an hourly rate of \$43.05, and a generous benefit package. Mobile crane operators are dispatched at a slightly lower rate depending on the capacity of the crane, but can make that up with long boom lengths which are paid at a premium. Many good operators negotiate higher wages with their employers, and for tower cranes, they often negotiate ‘climb time.’”

What is the biggest safety feature on a tower crane people may be surprised to learn about?

“The joy-stick controls have a feature called the ‘Dead Man,’ which will cause all operations to stop if the heat from the hand is not present. If someone should have a heart attack while operating, the function(s) he/she were controlling will stop, preventing damage and injury to those on the ground.”

How high was the tallest tower crane you worked on?

“The highest crane I was in was about 425 feet. We don’t climb up from the bottom every day. There will be a crossover usually where the crane is tied back to the building.”

Do operators “trick out” the cabs?

“Of course! Curtains, reading materials, microwave, etc.”

What is the most nerve-wracking part?

“Erecting and dismantling. Also, when they add tower sections to make the crane taller—that is the most nerve-wracking. Critical lifts (lifting something that is 75 percent of what the load chart says you can pick up at that radius) can be tough. Or when you hear alarms go off in the crane because you’re reaching your capacity.”

Is it as dangerous as it looks?

“Yes! Having well-trained operators who understand the importance of safety can make things much safer.”

first started was how it sways in the wind. You can really feel it when it blows up there. It’ll freak you out.”

Safety First

There are 61 licensed tower crane operators in Hawaii who are members of Local 3. Dennis Piatek, branch manager at Western Pacific Crane & Equipment, says he got into the crane industry four years ago by working on the tower cranes.



Dennis Piatek

“Some of the cranes will take 45 minutes to climb to the top,” he says. “Each tower section is about 16- to 20-feet long. There is a tapered ladder to climb up. Given it takes so long, most operators carry a backup with them to hold their lunch and

drinks. They can also hoist their bag to the top using the hook.

“The scariest thing is when you have to walk out (on the horizontal arm). You’ve got your safety harness but you’re on a small beam. It’s worse than climbing up. After the first time I did it, it was kind of like, ‘Now you’re one of us.’ It’s not for everybody.”

Warner and Chinen both say a good operator can negotiate higher wages and climb time with companies vying for their services.

“Not all operators are created equal,” Warner says. “You have to practice your skills and you have to have someone who will let you get time in the seat. I’ve been

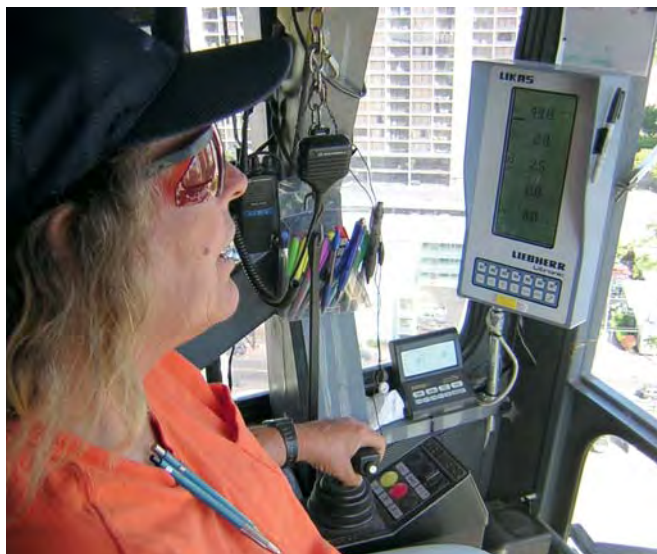




there, so I'll help people out who want to try it.

"People should know there are a lot of safety precautions that we take. We inspect the equipment every day," Warner says. "Before any critical lift where you're near capacity there is a meeting with the operator and the guys on the ground so everyone is on the same page for every move."

"Communication is big part of it because these things can tip over. It hasn't happened in Hawaii, and I think that's a credit to how serious everyone takes it." 🏠



Being alone in a crane cab all day can be stressful. "You make it comfortable for yourself up there," Angela Chinen says.



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RIGHT MAN, RIGHT PLACE

With a jaw-dropping penchant for helping others, 2017 President Evan Fujimoto turns his attention to building the 65,000 homes Hawaii will soon need

BY DAVE DONDONEAU
PHOTOS BY NATHALIE WALKER

The first time Evan Fujimoto was asked to be part of the New Hope Hawaii Kai Medical Mission team traveling to Nepal he didn't really know what to expect.

It was 2008, and other members were physicians, nurses, pharmacists or had some medical background.

"It was a team of 10 and I got trained on the job to help out," Fujimoto says. "The mission is to administer drugs, provide wound care and just help the locals. I thought it would be a good experience. Word got out that we were there and you wouldn't believe how long the lines to get help were. We saw over 600 people and I was put on the dental team. We'd hand out toothbrushes, taught them dental care ... by the second day I was doing tooth extractions. There were so many that needed help it had to be done."

Those who know Fujimoto aren't surprised that he wasn't afraid to jump in and get his hands dirty, or that he continues to work with an orphanage in Indonesia that a friend started.

Helping, leading, getting things done ... it's in Fujimoto's DNA.

Taking the Reins

Fujimoto, president of Graham Builders and a 1983 graduate of the

University of Hawaii, takes over as president of the Building Industry Association of Hawaii at its installation banquet on Dec. 7. He succeeds 2016 president Craig Washofsky of Servco Home and Appliance Distribution.

"It's some big shoes to fill following Craig," Fujimoto says. "I'm not sure 'excited' is the right word, (laughs), but we've got a lot of pressing issues on the plate, so it will be a challenge and an honor."

Fujimoto's tempered enthusiasm stems from what he already knows lays ahead.

Pulling teeth in Nepal? Simple stuff compared to the tasks facing the BIA in 2017.

There's the never-ending push to get enough houses built for all levels of income to meet supply and demand, and there are two huge legislative issues on the docket that will influence homeowners and builders for years to come and define his tenure.

One issue is to fight the fire department's proposal for mandatory fire sprinkler systems for new single-family and two-family dwellings. The other is to change or end a current law allowing waiver of building permits in agricultural areas in flood zones.

"If the ag law isn't repealed by July 31 the National Flood Insurance Program that underwrites all the flood

coverage in the state says it will pull out of Hawaii," Fujimoto says. "That means everyone who currently has flood insurance will have their policy revoked. It's a big thing.

"Bills are proposed and made with good intent, but our job is to let lawmakers know the effects. It happens. Mandating fire sprinklers for single-family homes puts an extreme financial burden on everybody because these systems are not cheap. On average, adding them will cost \$15,000 on the low end, and up to \$50,000. A lot of the costs are from the water meter changes that have to be made. We were just looking at a chart this morning on Maui where if you have to upgrade from a 5/8 meter to a one-inch meter there is a \$70,000 charge for that.

"So, how are you going to force that upon people? It would just kill our industry."

If the bill passes, for example, Fujimoto says all 11,750 Hoopili homes being built would need the sprinkler systems.

"We're not against fire sprinklers if it were a reasonable cost because people would see the benefits," he says. "We just don't think it should be mandated. It should be each homeowner's choice."

As for the ag law, Fujimoto cited

structures in the hill area near Kunia where some property owners used the light regulations for building B&Bs and full structures where the initial intent of the bill, he says, was to help farmers get through red tape more easily.

“The ultimatum from the flood insurance group is real,” he says. “It’s a big thing that has to be taken care of by July 31 or we will lose all flood insurance in the state.”

Leadership Qualities

Fujimoto’s office at Graham Builders is more workman-like than presidential.

There’s no huge leather chair to lean back on and it is a fairly cramped cubbyhole with a desk covered in papers, a few photos on the wall and the centerpiece being his drafting station where he looks over blueprints and designs.

Like Fujimoto, the office is understated yet highly efficient.

“It works just fine for me,” he says. “This (draft station) is where I spend most of my time. It’s what I love to do.”

Fujimoto joined Graham builders in 1993 and is an architect at heart. A father of five and married for 27 years, he started in the construction industry with the help of his cousin’s husband while he was a student at UH and though he left after graduation to work for Mobil in Tokyo (where he met his wife, Ayako), he returned home and to his construction roots.

“What’s great about this building we’re in is that my boss (Danny Graham) grew up in the house behind it, so his family has never really left the property,” he says. “We don’t have a huge staff, we subcontract out a lot of our work, but we do well. The key for any good leader is to surround yourself with good people. You’re only as good as the people you work with, and that’s one thing I’m looking forward to with the BIA—they’re really a great group.”

When a friend asked Fujimoto to help out at the BIA as secretary a few years ago, he reluctantly agreed. Once in, he decided to continue the path to presidency.

Gladys Quinto Marrone, CEO of the BIA-Hawaii, says one of Fujimoto’s strengths is that he listens to people’s concerns and ideas.

“I’ve called Evan ‘The Renaissance Man’ as he is well-read, extremely



creative, grows spicy chilis, cures his own bacon and runs a successful company,” Marrone says. “He is a well-rounded leader and a thoughtful and supportive person.”

So supportive, in fact, that he still Facebooks with students who attend the orphanage in Indonesia where the kids go to school six days a week. “Most aren’t really orphans but either the teachers don’t show up or they have no school in the area, so we give them a place to learn and live. There’s one girl who started four years ago and she’s 17 and in college now. We Facebook all the time. It’s what the kids do nowadays.”

Tackling Cost Issues

Fujimoto has other goals for the BIA during his tenure. His biggest push, he says, will be to get the government to look at ways to streamline the permitting process to help meet the need to build 65,000 homes statewide over the next decade.

The lack of supply not only raises home prices, he says, but affects quality of life.

“The average person doesn’t quite understand beyond the price issues,” he says. “Homes impact the quality of life. When you don’t have housing in the urban core and you have to live far away and you’re commuting—you see the traffic problems we have. People will spend four hours of their day every day going to and from work in traffic. They need two to three jobs to afford a mortgage. What happens to young kids when they don’t see you and you don’t see them because you’re always out of the house working? So there are social impacts to this. It also means you have a lot of multigenerational households—two, three, sometimes four generations under one roof.”

There is no light at the end of the tunnel on this yet, he says, and much of the burden for long-range planning is shouldered by developers. He says that by the time shovel is put to dirt at the Koa Ridge development, the first \$140,000 for each home will go to upfront costs to cover all the entitlement expenses.

“Crazy, right?” he says.

Fujimoto wants to look at more efficient urban development and



redevelopment. “When you leave Mililani for the North Shore there is no need to see houses,” he says. “Let areas like that be, and build smarter.”

He wants the public to become more aware of what the BIA does and have people look to the organization as a tool and to understand it is not just a special-interest group.

He also wants the BIA to help the public understand the benefits of transit-oriented communities.

“When you say Pearl City, Aiea, Halawa and Waipahu, these are geographic neighborhoods and communities you don’t think of as destinations,” Fujimoto says. “But when you look at large cities that have well-developed transit systems, each station becomes a hub of activity for retail, entertainment, eating out as well as residential development. If you live in town, how many people think of going to eat in Waipahu? If you live there maybe, but if you can hop a train and be there in 30 minutes you might just do it.”

Fulfilling Needs

Too often, Fujimoto says, bosses have an idea of what they want to do and how it should be done. His experience at Graham has taught him to listen to those around you and hear what they’re saying.

That, he says, makes a good leader.

“You have to try to really understand people and where they are coming from,” he says. “It is important as a leader to have goals, objectives, vision, but that needs to be built on by being able to do things from a lot of different perspectives and getting input from the people around you and surrounding yourself with good people and giving credit where it is due.

“Typically, you’re only as good as the team you can build and that’s really important, so you have to really listen well and analyze what they are saying. That, for me, is what works.”

The mission of the BIA is to be the voice of the construction industry. Fujimoto says the BIA in 2017 will undergo new initiatives to help the public better understand the organization and what it does.

“My message to the public would be ‘our industry is about fulfilling needs,’ ” Fujimoto says. “When you look at any society there are certain key components of a society or a human’s essential needs: food, clothing, shelter. A home is more than shelter. It’s where we raise our families, happy memories are made. That’s why this is important.” 🏠

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Dave Dondoneau is a freelance reporter based in Honolulu. Reach him at writingbydd@gmail.com.



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TOP PRIORITY: Increasing Housing Production

Plans for 2017 also target fire sprinklers and boosting membership

BY PRISCILLA PÉREZ BILLIG

Ranking Hawaii's housing shortage at the "code-red" stage, the Building Industry Association of Hawaii is actively pushing the increase of housing supply at all price points to the top of its major initiatives.

"It's really impacting individuals and families beyond the financial strains associated with housing affordability," says Evan Fujimoto, 2017 BIA-Hawaii president-elect and Graham Builders Inc. president.

Two of Hawaii's leading economic analysts—Carl Bonham, executive director of the University of Hawaii Economic Research Organization and professor of economics, and Luis P. Salaveria, Hawaii Department of Business, Economic Development and Tourism director—tout the benefits of increasing housing production, saying it creates jobs and economic growth,

which lead to social and economic stability.

"It's simple supply and demand—low housing supply and high demand equates to high prices," says Gladys Marrone, BIA-Hawaii CEO and chief legal advocate. "But to support more housing, we also need to invest in infrastructure, especially along the future rail route where higher density homes are anticipated."

To this end, Dean Uchida, deputy manager/project management at SSFM International Inc., says BIA-Hawaii worked with Gov. David Ige's office this year on introducing legislation that created an Infrastructure Capacity Building Revolving Fund. The Ige



Gladys Marrone

administration used the original BIA-Hawaii bill to create a similar bill administered by the Hawaii Housing Finance and Development Corporation.

The bill was signed into law as Act 132, SLH 2016. The fund is slated for regional infrastructure improvements to support future growth.

Issues on BIA-Hawaii's 2017 agenda include what its leadership considers overreaching government regulations. A recent study by the National Association of Home Builders (NAHB) shows that, on average, government regulations account for 24.3 percent of the final price of a new single-family home. The cost of regulation in the price of a new home is rising more than twice as fast as the average American's ability to pay for it.

Marrone says one way to curb regulations driving up building costs is to make the residential fire sprinklers mandate optional for the homeowner—an issue BIA-Hawaii will bring before the 2017 legislature.

"We are not against public safety,



Evan Fujimoto



Dean Uchida



and we're not even against fire sprinklers, just the mandating of them," Marrone says. "Our members who build new homes adhere to current building code requirements, utilize technology and fire-retardant building materials to build homes that are safer than ever."

In 2012, BIA-Hawaii advocated for Act 83, which prohibits any county from mandating residential fire sprinklers in all new one- and two-family residences. This law is scheduled to sunset on June 30, 2017.

In the 2018 International Residential Codes, a proposed code change, if approved, will require fire sprinkler systems to be installed throughout homes whenever a new addition is built to an existing one- and two-family dwelling or townhouse.

"The mandatory fire sprinklers could add between \$18,000 to over \$42,000 to a new home in Hawaii," says Curt Kiriu, BIA board member, NAHB state representative for Hawaii and CK Independent Living



Curt Kiriu

Builders founder. He notes that as an island state, water resources on every island are limited, and a mandated code proposal would impact more than just the cost of a house.

"The new law allowing ADUs is one solution to our housing shortage crisis that BIA-Hawaii has strongly supported," Marrone says. "These homes, if detached, are reviewed as a new single-family home. How affordable would it be if the owner were required to install a \$30,000 sprinkler

system on an 800-square-foot home? It would certainly be a deterrent to building an ADU."

Marrone adds that, to date, 30 states removed the sprinkler standard from their building codes or legislatively prohibited a mandate at either the state or local levels. "Let's continue to keep sprinklers optional for the homeowner here in Hawaii," she says.

Fujimoto cites BIA-Hawaii as instrumental in passing a new law that exempted most single-family homes from the State Historic Preservation Division law that required historical review for all homes 50 years or older.

"This law was placing an undue burden on builders and homeowners alike to comply with superfluous rules that shouldn't have been applied to homes based solely on their age and not their historic value," he says. "Exempting single-family homes helped speed up the permitting process and that has been a major plus for all builders."

Fujimoto adds that BIA-Hawaii is also focusing on ways to grow membership, expand offerings for its trade shows such as Remodel It Right and the Home Building and Remodeling Show, as well as develop new educational offerings through the Construction Training Center of the Pacific.

"BIA-Hawaii is embarking on new marketing initiatives that will help the public better understand our mission and create renewed interest and awareness in what we do as an association," Fujimoto says. "Every Hawaii resident should know that we work very hard on their behalf to ensure housing will be available and as affordable as possible for current and future generations." 🏠

Building Industry Impacts

EVAN FUJIMOTO: One of BIA-Hawaii's most important functions is keeping a watchful eye on government and policymakers so that proposed rules, regulations and codes will not adversely impact our industry and homeowners, who are the ones who ultimately have to pay for all these regulations.

DEAN UCHIDA: BIA-Hawaii presents opportunities for our firm to meet other firms from different segments of the development industry that we may not meet on a regular basis. It also provides a platform for our staff to get involved in issues that impact our industry.

CURT KIRIU: BIA-Hawaii has paved educational and networking pathways to succeed in business possible by partnering with NAHB. The educational courses that NAHB offers have been tremendous for me both from an educational and networking prospective. The decision and commitment I made to attend the Certified Aging-in-Place Specialist course has made more of an impact to my business than any other business decision. It has sculptured my business structure in a way I could not have fathomed when I first started my business. It has given me a career lifestyle that I am passionate about.



BIA STAFF



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CEO



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Barbara Nishikawa,
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Sassy Mae Sumulong-
Belza, Administrative
Assistant



Karen Winpenny,
Events and Marketing
Director

62 YEARS LATER

BIA, from charter to champion

Before statehood and the boom that would follow, a group of 10 visionaries formed what is now BIA-Hawaii to promote the state's building and construction industries.

The new association affiliated with the National Association of Home Builders (NAHB), among the nation's largest and most influential trade associations. Robert M. Kaya became the first president.

Others who signed the original charter in 1955 included William Blackfield, Bert Kanzaki, Earl Kato, Ward Kegin, Robert Kuniyuki, James Lai, Melvin Muraoka, Richard Sato and Kenneth Shioi.

Today, members of BIA include developers, general contractors, specialty contractors, suppliers, Realtors, architects, financial institutions and others devoted to Hawaii's building industry.

While chairing the Hawaii Jobs Summit in 2004, Congressman Neil Abercrombie brought together community groups, government agencies

and construction trades to address the need for construction workers. The BIA responded by committing to build its \$8.3 million Construction Training Center of the Pacific.

One of two key teams driving the project was chaired by then-President John Cheung. Members of his building committee included James Watanabe, Robert Armstrong, Kenneth Choate, Alan Shintani, Kip Kamoto, Paul Silen and Rodney Yamamoto.

The capital campaign was led by 1992 president, Robert Armstrong. Members included Watanabe, Choate, Mary Flood, Cheung, Audrey Hidano, Scotty Anderson and Karen Nakamura.

Opened in 2009, the center continues to provide training to sustain a skilled workforce capable of serving the building and construction industries, while BIA-Hawaii continues to champion advocacy, education and community outreach programs that will "enhance the quality of life for the people of Hawaii."



Craig Washofsky, Gladys Marrone, Mayor Kirk Caldwell, Sen. Jill Tokuda, Dean Uchida, Carl Bonham, Councilwoman Ann Kobayashi, Evan Fujimoto, Councilmember-Elect Derek S.K. Kawakami

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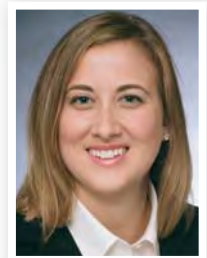
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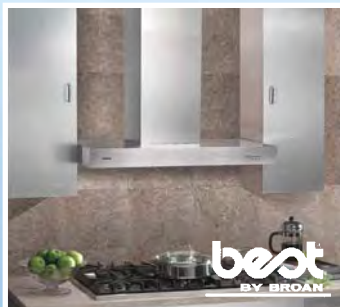
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Protecting jobsite assets

Most construction sites lack security to dissuade theft or vandalism

BY PRISCILLA PÉREZ BILLIG

MINIMIZE LOSS

- Use fencing (metal or plastic).
- Use large containers, pieces of equipment or jersey barriers to reduce the size of ingress points and channel vehicle traffic.
- Stretch out heavy equipment at the end of the workday so as to block off driveways or any perimeter points.
- Keep all employee personal vehicles parked off the construction site or contained in an area where parking can be monitored.
- Control ingress and egress to project site after normal business hours.
- Update lists of company names and individuals.
- Inform the guard company of any terminated subcontractor or vendor.
- Install an inexpensive CCTV system.
- Install motion-detecting spotlights in areas around the perimeter.
- The use of regular lights is always helpful when a guard is posted on-site.

SOURCE: JAN-GUARD HAWAII INC.

The annual cost of construction equipment theft ranges from about \$300 million to \$1 billion across the U.S., according to the most recent “Theft Report” published by the National Insurance Crime Bureau and the National Equipment Register for 2014.

That estimate does not include the cost of losses from business interruption such as short-term rental costs, project delay penalties and wasted workforce and management time.

By frequency of loss, the report suggests, theft is a greater problem than any other type of equipment risk. It also points out that theft is normally based on value and mobility.

Most construction sites suffer from a lack a perimeter security, says Andrew Lanning, co-founder of Integrated Security Technologies, who adds that this makes entry to a construction location relatively simple for criminals whose intent is to commit acts of vandalism or theft of materials, tools and equipment. Some may be inside jobs—hand tools, equipment, supplies, fixtures, copper and brass that have simply gone missing.

“There is also a liability for workers who may come on site to do their job and surprise a would-be

criminal during a criminal act,” Lanning says. “Another problem is that construction work is fluid and sites typically change as a project matures, making placement and relocation of protection equipment an ongoing process that requires time and budget consideration.”

High-tech or Low?

Security experts offer solutions from high-tech sensors to low-tech alarms and guards. Topping the list is risk analysis and asset protection as key knowledge requirements.

“I believe that an integrated approach to security, safety, training and operations can yield the greatest value in many instances,” says Lanning. “As an example, a surveillance camera that is deployed for perimeter alarm verification, could also be used to monitor site safety practices such as railings in place or operational requirements such as material dropped off. Both good and bad OSHA safety practices may also be observed, recorded and used for worker training or behavioral remediation.”

Lanning recommends that sensors be located to detect unauthorized entry at the perimeter of a construction site, and communications should be enabled to notify responders of a perimeter breach. “Perimeter detection systems should employ a means of visually or audibly verifying the perimeter event such as a dog or a person in addition to gathering more immediate evidence



Andrew Lanning

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about the potential threat," he says.

Rick Osborne, vice president of Pacific Security Integrations, says the simplest security item is the alarm system for site trailers and tool sheds. For these temporary structures, he suggests the installation of wireless alarm systems using broadband lines or land-based telephone lines for connectivity to police and fire.

**“Most construction sites suffer from a lack a perimeter security”
—Andrew Lanning**

“Camera systems need to be more sophisticated as they need to be placed for optimum coverage of the yard and there isn’t always available power or connectivity for them,” Osborne says. “You also will want special analytics and the ability to send immediate notifications in your cameras so you

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are alerted when there is movement at undesirable times and you can notify police. Without this, you might simply have video of the person stealing your things, but they are still gone.”



Rick Osborne

Osborne recommends wireless and/or solar systems that use an on-board storage medium, built-in cellular modem or wireless connection to the trailer Wi-Fi. The on-board analytics can survey property and know the difference between an animal and a person and send the designated person or guard service an email with the video of the situation.

“Site electronic security requires both an effective alarm system to cover enclosed areas such as jobsite trailers or tool sheds, plus a somewhat sophisticated camera system to cover open areas,” says Osborne.

All contract and in-house security guards working in the building industry licensed by the state must undergo classroom training, FBI fingerprinting and a background check to obtain a mandatory guard license before working anywhere in the state.

“In providing site security for construction projects we try to assign guards that are on the mature side and display a more introverted type of personality and who are okay with working alone most of the time,” says Frank Commendador, owner of Jan-Guard Hawaii Inc.



**“Every new construction project has its own potential security issues.”
—Frank Commendador**

Commendador notes that a vital element in maintaining superior service is providing comprehensive supervision, repetitive training and constantly trying to find ways to motivate Jan-Guard Hawaii’s rank-and-file.



Frank Commendador

“We concentrate on our operations management team which is on duty 24 hours per day, seven days per week,” Commendador says. “The

team members are in touch constantly with our field personnel around the clock. We employ the assistance of electronic devices and software such as 365, Valiant and Fleetmatic—scheduling and monitoring systems.”

Commendador points out that division dispatchers and road supervisors are strategically placed in the field to make hourly contact with guards and perform random site visits throughout the night and day.

“Every new construction project has its own potential security issues,” he says. “We usually work with the project manager of each construction site to identify the exposed areas from a safety and security standpoint. We try to reduce the likelihood of theft by being vigilant with our documentation of any and all incidents and discrepancies we discover while on shift.”

The American Society for Industrial Security has established standards for physical asset protection. The elements of their framework include design, implementation, monitoring, evaluation, maintenance and replacement of physical protection systems.

“Knowledge of all of these elements should be considered necessary during the lifecycle of a construction project,” Lanning says. 🏠

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Got Your Tools and Equipment Covered?

Insurers can tailor policies to suit Hawaii contractors' needs

BY DAVID PUTNAM

Tool and equipment insurance is considered to be an essential part of a builder's policy. Without ample coverage, should anything be lost, stolen or damaged, a contractor would be left unable to complete their work.

Hawaii insurers say policies can be tailored to suit a builder's needs. And, like any other kind of coverage, it's important to know you're insured correctly.

"Equipment and tools should be covered for the replacement cost or actual cash



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value (depreciated value), depending on how they have them insured with their insurance company,” says Joe Zbin of Insurance Associates Inc.



Joe Zbin

“At the end of the day you will want to have enough coverage to replace the item and get back to work. Depending on the type of equipment or tools, this can be done by purchasing a used item to replace it or purchasing a new item.”

Lance K. Kishimoto, manager of commercial underwriting at First Insurance Company of Hawaii Ltd., agrees.



Lance Kishimoto

“The simple answer would be to insure to value,” he says.

“If I paid \$50,000 for a forklift, I would want to insure it based on \$50,000. A twist on that would be if the insured wants to pay less, so decides to insure it for less. So, as the insured, the question is whether or not I’m willing to take that chance to underinsure. That is where an insured should seek guidance from their agent.”

Kishimoto says

contractors often overlook having their tools and equipment insured. “Perhaps it’s because they didn’t realize coverage was available,” he says. “Or perhaps they knew about it but didn’t think it was worth the premium. In the same way people insure their homes and their cars, contractors should consider insuring the tools and equipment that help pay their bills.

“I think that for the most part, and rightfully so, contractors are more

larger equipment, it’s more vandalism than theft. I believe that is attributed to being on an island. Where are you going to go with a stolen excavator?”

He adds that overall, tool and equipment loss “is not a widespread problem here in Hawaii. But if it were to occur, theft or loss of tools and equipment could pose a major problem for an insured. For example, an excavation contractor that has his only bobcat stolen would be out of work until he is able to buy a new

“Contractors often overlook having their tools and equipment insured.”

—Lance Kishimoto

concerned with getting their general liability policy in place so they can get on job sites, and their workers’ compensation set up so their employees are covered.”

Zbin points out that this type of coverage is offered as “flexible policies where a contractor can take care of all of their property insurance needs, including office equipment, open/reporting builders’ risk coverage, and even buildings.”

The main culprits leading to insurance claims, Zbin says, are theft and fire.

Kishimoto says that “from what I’ve seen, vandalism and theft seem to be the most frequent types of claims.

For

one. Insuring that piece of equipment would provide peace of mind.”

That peace of mind is worth its weight in gold. “You should be able to insure as much equipment and tools as you have,” Zbin says. “Theft can be a problem, especial on remote jobsites without security. Small, unsecured tools can be easily stolen and we even see large items like an excavator disappear from time to time.”

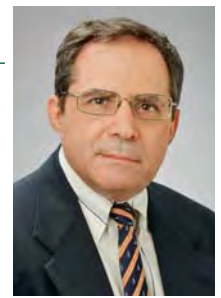
What can be done to minimize the premiums on contractors insurance covering tools and equipment?

“The short-long answer is that insurance is basically risk assessment,” Kishimoto says. “Simply put, assess the risk and price accordingly. Obviously there are pricing guidelines and restrictions, but for the most part, pricing reflects the risk. The more risky, the more expensive. The less risky and/or the more experienced the contractor, the less expensive.”

And to make a claim process go more smoothly, keep receipts of tools, along with photographs. Report any stolen or lost equipment to police and keep the crime report number handy for the claims handler.

“Minimize claims,” Zbin says, “take the extra steps to secure equipment when leaving a jobsite, having security fences or cameras can help deter thieves. Keep an updated list of equipment including the value and update it with your company annually.” 🏠





Identifying and Protecting Against Cyber Risks

BY SCOTT BATTERMAN

When construction companies assess their risks and insurance needs, they often do not consider cyber risks. After all, they are not in high technology, and they don't have large databases of consumer information to be concerned about. But, like every business, they face risks.

Every business that uses e-mail or the internet is at risk from malware, ransomware and phishing attacks. One of my clients suffered a significant loss of data when one of its employees clicked on a link in an e-mail, and large parts of their database were encrypted. This resulted in a loss of information needed for litigation, as well as inconvenience and lost productivity.

Every contractor and supplier needs to consider its risks in this area. Once a breach has occurred, it is too late. There are numerous consequences, including the requirement of notifying every person whose data has been compromised, as required by Chapter 487N of the Hawaii Revised Statutes.

Every company that has a significant amount of data, or a well-used public website, should conduct a security risk assessment. While you may have great confidence in your IT personnel, they may not be aware of emerging threats, or the resources to deal with them. An outside vendor with specific expertise in this area should be retained.

Guard the Data

The first thing a security risk assessment will do is consider what high-risk or high-value data a company holds:

- Personal identifiable information and, in particular, Social Security numbers for its employees. This may include more than employees. Social Security numbers can act as tax identification information for sole proprietor subcontractors, and as information on guarantors in credit management files.
- E-mail addresses can be valuable for "phishing" efforts.
- Intellectual property.
- Plans and specifications for crucial infrastructure, such as water treatment facilities, refineries, utilities and government buildings.

Protecting Access

The next step is to identify the sources of risk. The largest source of risk are your own employees. Every employee with access to data and to e-mail systems must be properly trained, and that training must be continuous, as new employees are hired.

It is not just employees; anyone who has access to your system can be a risk. Some companies permit access to

their systems by vendors and subcontractors, as part of ongoing projects.

Take Action

The third step is to implement procedures to protect your company and your data. Again, employee training is vital. Other steps may include:

- Technical steps such as improved firewall and encryption of data.
- Review of data retention and destruction policies, to see what information can safely be discarded and destroyed.
- Compartmentalization of access to data. Persons who do not need access to the data as part of their duties should not have that access; and any outside companies that are permitted access should be screened to ensure that they also have high levels of security.
- Ensuring that back-up procedures are in place to preserve data, and that the backed-up data is itself properly secured.

Review Your Insurance

Finally, a company should review its insurance coverage. Standard Comprehensive General Liability policies may not cover claims, as courts have interpreted "property damage" to be limited to physical damage to tangible property. Archaic language in property damage policy has also resulted in companies denying claims resulting from ransomware and malware. Many commercial crime policies similarly focus on tangible property.

In addition, many standard policies now contain specific exclusions for "software losses" and data loss. Many courts have upheld this language, leaving the insured without a defense when a claim is made, or recovery for direct losses.

To fill in the gap, many insurance companies are now offering a variety of cyber insurance policies that provide a defense for "electronic data liability" claims, and for direct losses from corrupted or lost data. This is a new area, and standardized language is not yet common, so each policy needs to be carefully reviewed with an insurance professional to determine whether it provides the type of coverage that your company needs at a competitive price. 🏠

Scott Batterman is an active trial attorney with the Clay Chapman Iwamura Pulice & Nervell firm specializing in construction litigation, contract preparation and project arbitration and mediation. Connect with him at sib@paclawteam.com or 535-8400.

Who Will Be **EXEMPT** From Overtime?

HR experts clarify the FLSA overtime rule, while implementation this month is postponed

BY DAVID PUTNAM



Builders should apply the “three-way test” when determining who is exempt from overtime pay under imminent revised guidelines of the Fair Labor Standards Act, which sets minimum wage, overtime pay, recordkeeping and child labor standards for full- and part-time workers.

The temporarily postponed overtime rule which was scheduled to take effect



Donna Jones

Dec. 1, will double the minimum exempt salary limit from \$23,660 to \$47,476.

Concerning which employees qualify for exempt status, however, Donna Jones, client human resources manager at ProService Hawaii, and Shani Silva, manager at ALTRES Industrial, say that “to qualify and not be paid overtime regardless of the number of hours worked,” a worker should meet three criteria:

1. Salary basis test: Must be paid on salary basis (no change to weekly wages based on quality or quantity of work);

2. Duties test: Must meet the duties test (outlined above); and

3. Salary level test: Must be paid the salary minimum.

Jones and Silva detail a couple of

key points for contractors, developers, subcontractors, engineers and architects to consider when classifying employees:

How do the new FLSA rules affect construction workers?

SILVA: The FLSA rules aren’t expected to majorly impact construction workers in our state, as most are paid on an hourly basis and subject to overtime pay. However, supervisors and project managers who are paid on a salary basis, and classified as “exempt” from overtime, may be affected.

The most significant change (proposed under) the new overtime rules is that the minimum salary threshold



Shani Silva

for “white collar exemptions” would be more than doubled to \$913 per week. While the standard “duties tests” have not changed, the Final Rule amends the salary basis test to allow employers to use nondiscretionary bonuses and incentive payments/commissions to satisfy up to 10 percent of the new standard salary level. In addition, the new rule also increases the annual compensation requirement needed to exempt the special class of workers known as

highly-compensated employees from \$100,000 to \$134,004.

From our experience, employees who currently qualify as exempt from overtime pay are generally paid within the range of these new guidelines. Keeping in mind that automatic salary threshold increases will occur every three years beginning on Jan. 1, 2020, and the fact that job duties can change, business owners are keen to review FLSA guidelines and employee classifications regularly.

JONES: The new rule has to do with the EAP exemptions (executive, administrative and professional). Only staff that falls under these exemptions will be affected by the new rule.

The executive exemption, also known as the supervisor exemption, covers staff who have primary duties in management, supervise at least two people and have the ability to hire or fire staff—or if they are not final decision-maker, their opinions are given particular weight in the final decision. This exemption covers supervisors who are in a supervisor-only capacity. As an example within the construction industry, if a supervisor is working and performing the same work as the staff, the exemption would not apply.

The administrative exemption is for staff that performs office or non-manual work related to the business of the company or the company’s customers. ... The professional exemption

would cover staff that works in a field requiring a higher degree of learning. For instance, an engineer or architect would be eligible for the professional exemption.

What key factors do contractors need to know to be in compliance?

SILVA: A common misperception is that paying an employee on a salary basis exempts them from overtime pay. Under FLSA guidelines, a white-collar employee must generally meet three criteria: salary basis test, salary level test and duties test. In addition, since an employee's exemption status is determined on a workweek basis, the standard salary level is not prorated for part-time employees.

Since salaried status and exempt status are separate under FLSA, employees paid on a salary basis may still be eligible for overtime pay. Accurate, daily records must be kept for all overtime-eligible workers, whether paid on a salaried or hourly basis.

JONES: Misclassifying workers is easy to do and when it occurs, there is a significant risk of owing back wages to the affected employees. To reduce the risk of misclassification, an employer should carefully analyze the duties performed by the employee before making a determination of exempt status.

Costly Distinctions

Silva also points to the recent addition to the FLSA regulations from the U.S. Department of Labor titled "Employee Rights Under the Fair Labor Standard Act," which all employers are required to post.

"Some workers are incorrectly classified as 'independent contractors' when they should actually be treated as 'employees' under the FLSA," Silva says.

"This is an important distinction because employees, unless exempt, are entitled to minimum wage and overtime pay protections, subject to federal and state taxes and covered by other applicable employment laws. Incorrectly classifying workers can subject an employer to audits and hefty fines." 🏠

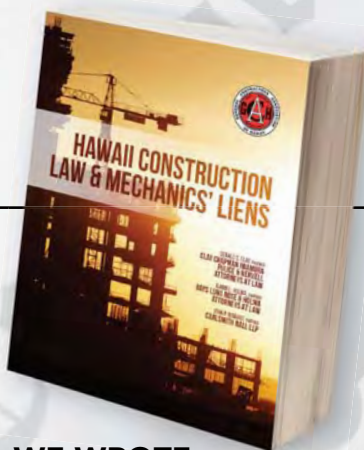
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LABOR CRISIS LOOMS ON GUAM

Construction boom hindered by pending shortage of foreign workers

BY MAR-VIC CAGURANGAN

As 2016 comes to an end, the number of H-2B visa workers on Guam may fall below 100, according to Greg Massey, administrator of the Guam Department of Labor's Alien Labor Processing and Certification Division. In the worst-case scenario, he warns, the number may even drop to zero.

While Guam may be familiar with labor shortages, this year has been particularly challenging for the island that is largely dependent on foreign manpower. The H-2B program allows companies who meet regulatory requirements to bring foreign nationals to the United States to fill temporary nonagricultural jobs. However, the U.S. Citizenship and Immigration Services' recent denials of H-2B visa petitions and renewal applications are taking their toll on Guam's construction industry, where jobs are mostly filled with Asian workers.

According to Guam labor officials, 99.9 percent of the new H-2B petitions and applications for renewal filed by

local businesses have been rejected by the USCIS since January. At least 19 employers have had 515 worker applications denied, and 34 employers have 1,866 positions pending possible denial through the request-for-evidence process.

Amid several construction projects either in progress or shovel-ready, some companies are forced to put operations on hold as a result of the visa crisis that forced them to send home their foreign workers. The predicament has prompted the Guam Contractors Association, along with 11 companies, to lodge a lawsuit against the USCIS. The case was filed

with the District Court of Guam in October.

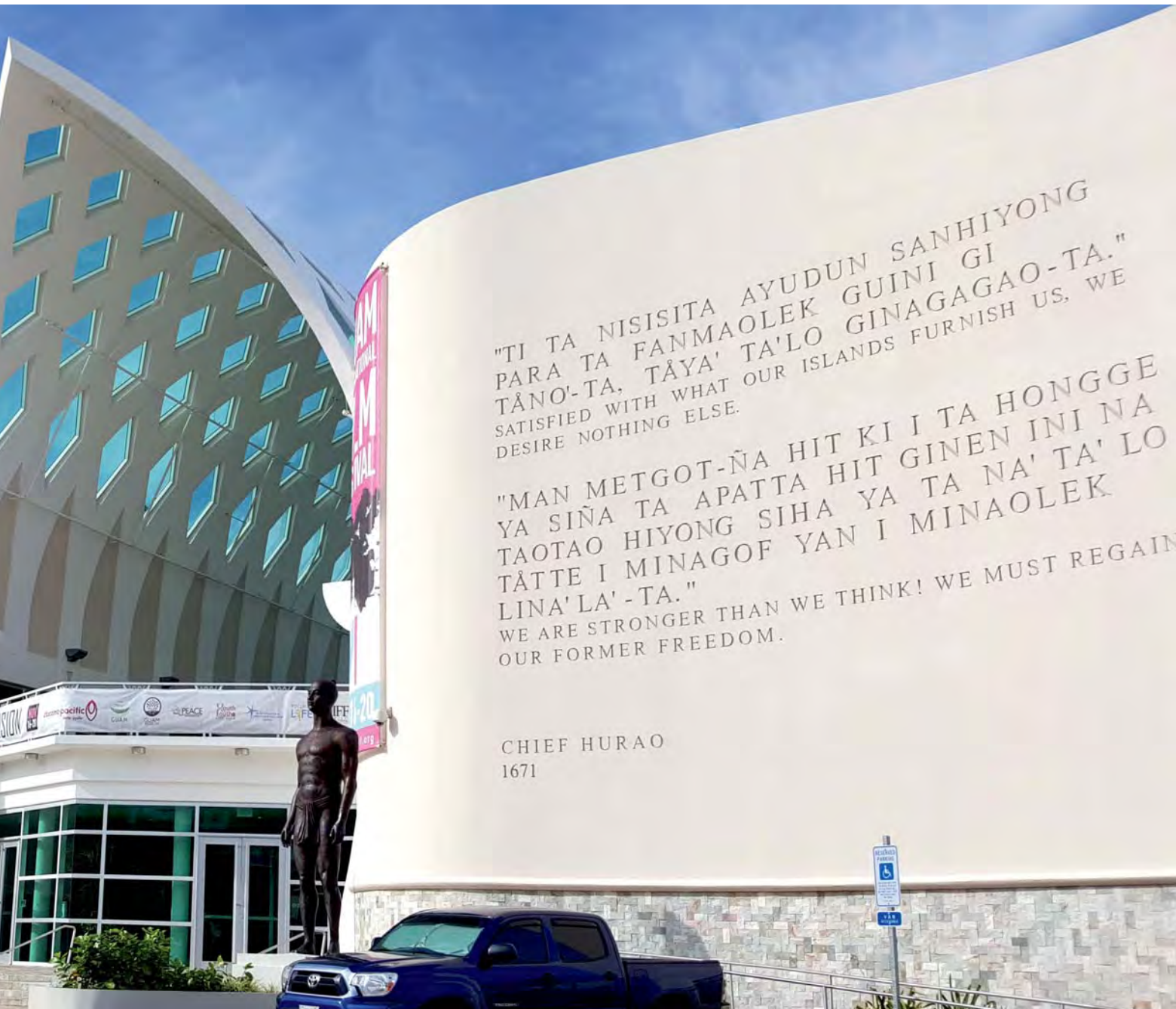
Ongoing Projects

Despite the manpower black hole, some projects remain on track—even if construction companies have to make do with limited pool of local workers.

At the Guam Community College, ProPacific Builders continues its work on the \$4.5 million renovation of a vocational technology building. The project is scheduled to be completed in December 2017.

The renovation of the two-story Building 100 is the first in a series





The Antonio "Tony" Palomo Guam Museum and Chamorro Educational Facility

of projects under GCC's expansion plans funded by U.S. Department of Agriculture and the GCC Capital Improvement Fund.

GCC President Mary Okada says the college has secured funding for the second project: the renovation and expansion of Building 300.

In the private sector, construction continues in the tourist district of Tumon, where PHR Ken Micronesia is building a \$150 million luxury hotel. The 340-room Tsubaki Tower, overlooking Tumon Bay, will rise on a 96,000-square-meter property next to Hotel Nikko Guam, which is also

owned by Ken Corp.

Tomoyuki Haneda, PHR Ken Micronesia director of planning and development, says the project is expected to be completed in October 2018 with a grand opening scheduled for 2019.

Keystone Pacific Realty Corp.'s townhouse development is also in progress in the capital village of Hagatna. The building will rise on a C-zoned vacant lot at the corner of Agana Shopping Center. The project consists of a two-story, 10-unit multifamily residential building. The townhouse complex includes support

amenities, storage spaces and two parking spaces per unit, according to the conditional land use application submitted to the Guam Land Use Commission by Keystone Pacific.

In the commercial district of Tamuning, 5M Construction Corp. has completed the skeletal structure of CAM 5 Real Estate's \$6 million building, the second component of the Camacho Landmark Center which is targeted for completion in May next year.

The 21,000-square-foot two-story building, designed by RIM Architects, will include 14 commercial spaces on each floor. The facility at the corner of

Chalan San Antonio and Marine Corps Drive will be rented to retail businesses with the second floor for healthcare clinics, corporate and professional offices as well as financial services.

Michael Camacho, president of CAM 5 Real Estate, says the new project takes the company closer to the completion of its master plan for the busiest traffic intersection on island.

Completed

The Guam museum, officially named Antonio “Tony” Palomo Guam Museum and Chamorro Educational Facility, opened on Nov. 4 after several delays. In the old Skinner Plaza near the Dulce Nombre de Maria Cathedral Basilica in Hagatna, the \$27 million museum was built through funds collected from the Hotel Occupancy Tax bonds.

The three-story museum includes a mezzanine, café, outdoor activity area, theater, bookstore and atrium. The facility includes 1,400 square feet of display area on the first floor and



The 340-room Tsubaki Tower overlooking Tumon Bay

million); improvement of the northern wastewater treatment plant \$21 million); and improvement of monitoring system for the northern aquifer (\$3.7 million).

For the southern villages, the Department of Public Works is scheduled to advertise in January the bidding for a \$2.9 million project to replace an aging bridge that connects Merizo and Inarajan.

“DPW is anticipating that pending final environmental clearances,” says DPW Director Glenn Leon Guerrero. The federally funded project, which will replace the existing Ajayan

into a multipurpose facility for break-bulk cargo, sand and aggregate and vehicles. The project, estimated to cost \$20 million, partly funded by the U.S. Department of Transportation with a local match from the government. Port officials say the project is expected to begin “within a year” once the PAG has the local matching funds through bond financing.

The Guam International Airport Authority has identified the priority projects, for which it will use the \$5.8 million grant awarded by the Federal Aviation Administration in October.

These projects include the construction of a third-floor corridor for arriving passengers, separating them from departing passengers in the current concourse area; architectural/engineering design for a new Aircraft Rescue and Fire Fighting crash barn to replace the current 40-year-old facility; and design work to rehabilitate apron and ramp area among others.

Stalled

The Pago Bay Marina Resort, a \$100 million development proposed by Guam Wanfang, remains locked in a court battle. Southern residents are asking the court to annul the height variance approval granted by the Guam Land Use Commission to the developer. The project on the beachside of Ordot Chalan Pago consists of a 15-floor tower and a 14-floor tower, with a total of 304 condominium units.

Another stalled job is the reconstruction of Simon Sanchez High School and renovation of other Guam Department of Education schools. The project, worth \$100 million, is pending appeal at the Office of Public Accountability. Participating bidders are challenging the awarding of contract to Guam Education Financing Foundation, which bid \$73 million for the job. 🏠



Keystone Pacific Realty is planning a townhouse development.

a 6,300-square-foot main exhibition area on the second floor. It is designed by Architects Lagaña + Cristobal LLC and built by Inland Builders. The project was inceptioned in 2006, and construction began in 2013.

In the Pipeline

Several government projects currently are awaiting solicitation. The Guam Waterworks Authority is drafting the solicitation for its water and water treatment projects worth \$55.30 million funded by the Department of Defense.

The projects include the construction and refurbishment of the sewer line in northern Guam, which supports Andersen Air Force Base and the site of the new Marine Corps base (\$30

Bridge, is a component of the Guam Transportation Plan 2030.

By the end of December, the Guam Economic Development Authority is expected to open bidding on the renovation of the Guam Memorial Hospital’s labor and maternity ward. The \$9.2 million project is funded through a loan recently approved by the U.S. Department of Agriculture.

“GEDA officials have to submit final closing documents, which will be completed in the next 30 days. With the funding they can begin the procurement process,” according to a statement from the governor’s office.

Also underway is the rehabilitation of the Port Authority of Guam’s Hotel Wharf, which will be converted

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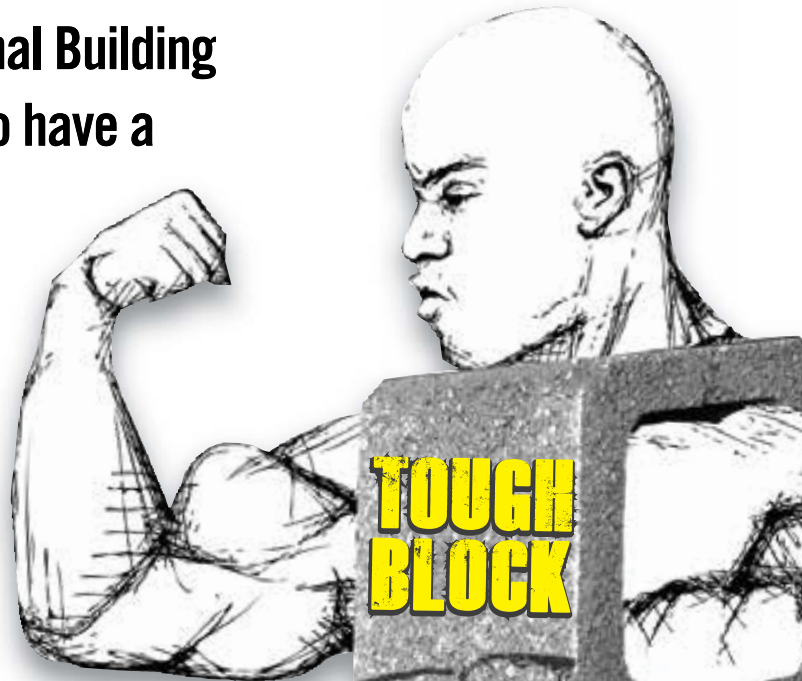
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Nan Inc. JV Begins New MCBH Clinic

Caddell-Nan Joint Venture began work on the Naval Medical and Dental Replacement Clinic at Marine Corps Base Hawaii in November.

The new 96,870-square-foot medical and dental clinic will provide Navy Medicine and Marine Forces medical staff a Joint Commission-certified facility for the care of active duty service members, their families and retirees. Many U.S. states require Joint Commission certification and it can facilitate receipt of Medicare and Medicaid reimbursements.

The project, which is incorporating sustainable energy features, will consolidate five separate outdated provider sites into a single, two-story state-of-the-art clinic.

“This facility will bring our base into the 21st century when it comes to medical care,” said Marine Corps Col. Sean Killean, Commanding Officer Marine Corps Base Hawaii.

The facility will provide primary care, physical therapy, optometry, radiology, immunization, occupational health, preventive medicine, audiology, and behavioral health clinics as well as a laboratory, pharmacy and training area. It will also be home to the 3rd Regiment Marine Aid Station; Combat Logistics Battalion-3 and 3rd Radio Battalion medical teams; Base Wing Flight Medicine; and 21st Dental Company.

Naval Facilities Engineering Command (NAVFAC) awarded the \$79,721,831 project, sponsored by the Defense Health Agency (DHA), to Caddell-Nan Joint Venture in August 2016. Construction is scheduled to wrap in December 2018, and following a short medical-equipment outfitting period, the facility will begin seeing patients in April 2019.

U.S. military and Caddell-Nan Joint Venture officers breaking ground on the Naval Medical and Dental Replacement Clinic at Marine Corps Base Hawaii. Second from left: Bob Nanney, Caddell Constructions operations vice president; second from right: Frank Okimoto, Nan Inc. vice president. PHOTO COURTESY PETTY OFFICER 2ND CLASS KATARZYNA KOBILJAK/NAVFAC HAWAII

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Hunt Begins Luxury Texas Project

Hunt Companies Inc., a national property development and management firm whose portfolio includes more than 63,000 units across the U.S. and more than 7,000 units in Hawaii, is currently developing The Mallory Eastside Apartments in Richardson, Texas. The luxury apartment building in the Dallas telecom corridor will be built by Moss & Associates, a Hunt affiliate also active in the Islands.

“The property is uniquely positioned to support the needs of the thousands of new employees moving

featuring a pool with private cabanas. An onsite City of Richardson Art Park will display distinctive works by a noted local artist.

Move-ins are scheduled for early 2017. Pinnacle, another Hunt affiliate, will manage the property.

In Hawaii, Hunt, along with

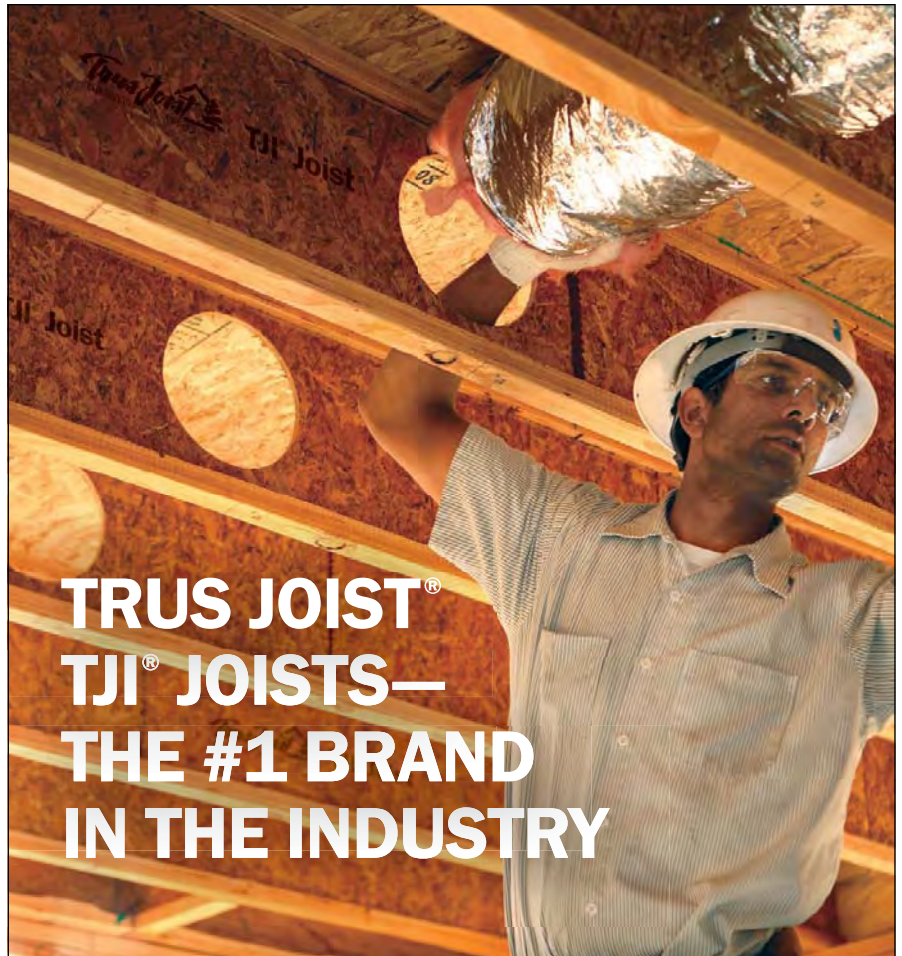
outside partners McCormack Baron Salazar and Vitus Group, in March executed a predevelopment agreement with the Hawaii Public Housing Authority. The agreement provides for the redevelopment of Mayor Wright Homes, an aging Oahu public housing complex.



The Mallory Eastside Apartments by Hunt Companies

to North Dallas,” says Jim Dobbie, Hunt senior vice president and the project developer.

The Mallory includes 281 market-rate units in a mix of one- and two-bedroom apartments and lofts. Apartment amenities include spacious floor plans, luxury finishes, high ceilings and eco-friendly features. Community amenities include a pet park, dog spa and a rooftop sky deck

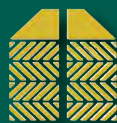


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2016 CANstruction Raises 22,725 Pounds of Food

The American Institute of Architects Honolulu Chapter's 11th annual CANstruction competition, dubbed "Galacti-CAN," raised 22,725 pounds of food for the Hawaii Foodbank.

Hawaii's leading architects, contractors, allied designers, engineering professionals and participating keiki



"We Can Guard the Galaxy Against Hunger," 2016 Jurors' Favorite Award
PHOTO COURTESY AIA HONOLULU

designed and built Galacti-CAN's giant structures from canned food and other packaged goods donated for the event.

The finished structures were on display from Oct. 1 through Oct. 16 at Pearlridge Center's Uptown Center Court. Onlookers voted for their favorite structure by donating one can of food to equal one vote.

The winner of the "People's Choice" award was "Astronaut Ellison S. Onizu-CAN Inspires Us to Dream" by Coffman Engineers with 962 votes (cans). Winners in the juried award categories were:

- Jurors' Favorite: "We Can Guard the Galaxy Against Hunger" by WATG
- Best Use of Labels: "Marvin the Martian Brings the KABOOM on Hunger" by Group 70/Swinerton Builders
- Structural Ingenuity: "Millenium Fal-CAN" by Clifford Planning & Architecture LLC
- Best Meal: "Helping the Planet's



"Astronaut Ellison S. Onizu-CAN Inspires Us to Dream," 2016 People's Choice Award
PHOTO COURTESY AIA HONOLULU

Condition" by Cambria/RAV Productions

- Most Cans: "Astronaut Ellison S. Onizu-CAN Inspires Us to Dream" by Coffman Engineers
- Honorable Mention: "Astronaut Ellison S. Onizu-CAN Inspires Us to Dream" by Coffman Engineers
- Honorable Mention: "Space CANvaders Battle Hunger in Hawaii" by Rider Levett Bucknall
- Team T-shirt Design: "Transformers: Age of CANstruction" by Design Partners/Albert Kobayashi Inc.

Kiewit Completes 10 Miles of Columns for Rail

Honolulu rail transit project contractor Kiewit poured the final column to support the elevated train guideway for the first 10 miles—from Kapolei to Aloha Stadium—of the 20-mile route. It was the last of 452 columns Kiewit has built on the west side of the project for the Honolulu Authority for Rapid Transportation (HART). Crews built 283 columns between Kapolei and Pearl Highlands, and 169 from Pearl Highlands to Aloha Stadium along Kamehameha Highway.

The first completed column in east Kapolei was completed in June 2012.

Also, HART reported in early November that it had received \$55.1 million in general excise and use tax (GET) surcharge revenue for the third quarter of calendar year 2016. The quarterly installment of GET

surcharge revenue covers the months of July, August and September. A total

of \$1.8 billion in surcharge revenue has been made for the rail project.

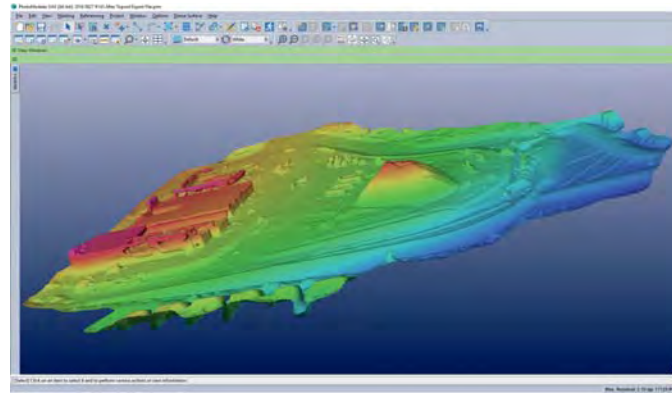


Kiewit crews work on the guideway over Kamehameha Highway. The final column of the first 10 miles of the 20-mile guideway is between the westbound Kamehameha Highway ramp to Moanalua Freeway and the Aloha Stadium entrance ramp.

Drone Software

Eos Systems Inc. introduces new PhotoModeler UAS 2016 software that creates 3D models, measurements and maps from photographs taken with ordinary cameras built-in or mounted on drones. Software includes post-processing kinematics, volume objects, full geographic coordinate systems support, multispectral image support and control-point assist.

www.photomodeler.com



Tower of Light

The WAL-ML-RPS-4XWP60E Mini Light Tower with sealed lead acid batteries from Larson Electronics offers a portable yet easy-to-operate light system capable of illuminating large areas. Adjustable from 7 to 12 feet in height and equipped with eight batteries and four 60 watt LED lamps, the unit will provide 21,600 lumens of illumination while the six 250aH 12V 8D batteries provide operators with up to 12 hours of run time on a single charge.

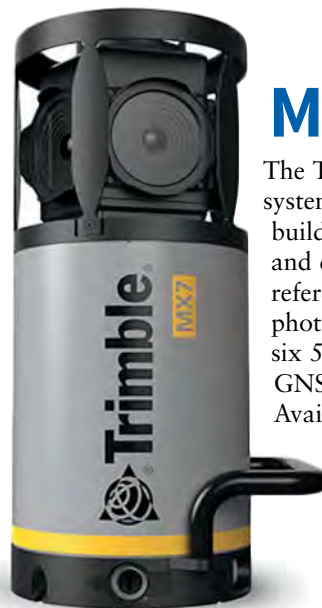
www.larsonelectronics.com



Mobile Mapping

The Trimble MX7 Mobile Mapping Imaging system manages assets such as bridges, buildings, highways and power stations and documents site conditions with geo-referenced images. The vehicle-mounted photogrammetric system is equipped with six 5-megapixel cameras, Trimble Applanix GNSS and inertial geo-referencing modules. Available software offers object positioning, measurement, data layer creation, 3D models and imagery analysis.

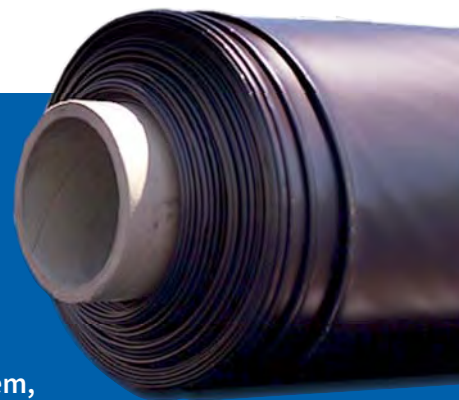
www.construction.trimble.com



Termite Defense

Stego Industries introduces its new termite defense system, Pango Wrap, a physical barrier against Formosan termites and moisture vapor. Pango Wrap reduces or eliminates the use of chemicals for below-slab termite control, saves time and labor costs during construction and earns points under the National Green Building Standard and LEED.

www.stegoindustries.com



Murthy, Nohara Take Key Roles at HART

The Board of Directors of the Honolulu Authority for Rapid Transportation selected **K.N. Murthy** as interim executive director and CEO in late October, and **Glenn Nohara** was named to serve the rest of **Colleen Hanabusa's** term on the HART board.

Murthy, who starts his new job on Dec. 5, has a one-year employment agreement with HART. He replaces **Mike Formby**, who took over at HART after the resignation of **Dan Grabauskas** in August.

Nohara was selected by Mayor **Kirk Caldwell** to serve on the board. His term will expire on June 30, 2021. Hanabusa, who chaired the HART board, resigned to seek a seat in the U.S. House of Representatives.

Nohara chairs the board at Koga Engineering and Construction Inc. and was the company's president and chief operating officer from 1992-2010. He also is on the board of the General Contractors Association of Hawaii.

Murthy is the former executive director for transit project delivery at the Los Angeles County Metropolitan Transportation Authority. He retired in 2014 and founded Murthy Consulting Services. He has managed and implemented multibillion-dollar light rail and heavy rail projects in Los Angeles, San Diego, Phoenix, Dallas/Fort Worth and Atlanta.

Nordic PCL Promotes Betz, Viola

Nordic PCL Construction Inc. has promoted **Mike Betz** to district manager and **Scott Viola** to operations manager.

Betz oversees the day-to-day management of Nordic PCL's business throughout Hawaii, including the direction of activities to achieve district goals, sales and profit objectives, client service and operations. With 24 years



Mike Betz



K.N. Murthy



Glenn Nohara

of construction industry experience, Betz was regional vice president for Charles Pankow Builders Ltd. where he worked for 18 years before joining Nordic PCL in June 2014 as a construction manager. He was promoted to operations manager in August 2015.

Viola is responsible for managing field operations staff, resources and district performance. He is a liaison between the field and district manager. With 22 years of building industry experience, Viola rose from project manager to senior project manager and construction manager. Projects he has managed include the Hyatt Kaanapali Beach Maui, a Hyatt Residence Club; the concrete package for Aulani, A Disney Resort and Spa; two of Marriott's Ko Olina Beach Club projects and The Howard Hughes Corporation's Waiea condominium at Ward Village.



Scott Viola

Four Move Ahead at Architects Hawaii

Architects Hawaii Ltd. in September announced the promotion of four AHL staff members.

Chase Kersten moves from job captain to senior job captain. Kersten has worked with AHL since 2015 and provides services for the government, military and corrections

market segments. He received his master's and bachelor's degrees in architecture from the University of Nevada, Las Vegas.

Kyle Kagawa also transfers from job captain to senior job captain.



Kyle Kagawa
Manoa.

Luisito "Louie" Dela Cruz Jr. has been promoted from senior job captain to construction administrator. Dela Cruz has more than 23 years of experience on retail, commercial and high-rise residential projects, including Symphony Honolulu, Allure Waikiki, Walgreens Keeaumoku, the Kuakini Medical Center renovation and Aulani, A Disney Resort & Spa. He is a graduate of Baguio Colleges Foundation in the Philippines.



Chase Kersten

His recent projects include Town Center of Mililani improvements, Moena Café, Aeo and JN Velocity. Kagawa holds a bachelor's degree in architecture from the University of Hawaii at



Luisito "Louie" Dela Cruz Jr.

Lisa Uyema moves from payroll accountant to project accountant. Uyema supervises JV companies and works directly with consultants to coordinate billings and payments for military, government and state market sectors. She also processes payroll and coordinates human resource workflow.



Lisa Uyema

Lynch Advances at Nan Inc.



Mike Lynch

Nan Inc. has promoted **Mike Lynch** from senior project manager to director of building operations.

In his new position, Lynch will support supervision of building projects by Nan's executive team and will be collaborating closely with the

firm's project managers and engineers.

Hong Joins Redmont

Architect **Chris Hong**, the American Institute of Architects Honolulu



Chris Hong

Chapter's incoming 2017 president, has joined Redmont Architecture's new Hawaii office as vice president.

Previously an associate with G70, Hong specializes in project innovation, rebranding and delivery from schematic design through construction administration. At G70, Hong oversaw commercial, institutional and healthcare projects for First Hawaiian Bank, the University of Hawaii and Kamehameha Schools as well as hospital renovations and freestanding replacement hospitals in collaboration with healthcare facilities.

Hong, also a registered architect in Washington state, received his

bachelor's degree in architecture from California Polytechnic University in San Luis Obispo.

Redmont Architecture is a subsidiary of Redmont Real Estate Group, a commercial real estate firm based in Kakaako that offers a wide range of development services.

Fung Associates Welcomes Mitchell

Danielle Mitchell has joined Fung Associates Inc. as a designer. Mitchell received her bachelor's degree in architecture from Pennsylvania State University and previously was national president of the nonprofit American Institute of Architecture Students (AIAS).

Fung Associates is a Hawaii-based design firm whose service area also includes California, the Pacific Rim and Asia. 🏠



Danielle Mitchell

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Michael Brant, Sarah Love, Tony Borge, Paul Siilen

‘Still Houseless in Honolulu’

The Building Industry Association of Hawaii’s second annual summit on Hawaii’s housing shortage, called “Still Houseless in Honolulu,” was held on Nov. 15 at Dole Cannery. The summit targeted the challenges of having a limited supply of housing at all price points in the islands.



Christine Camp, Gladys Quinto Marrone



Rep. Sylvia Luke, Sen. Jill Tokuda, Joy Kimura



Greg Thielen, Robert Dietz, Kevin Carney



Glenn Kaneshige, Shannon Alivado



Karen Winpenny, A. Kam Napier



Derek Lock, Ryan Harada, Jason Nishikawa



Rick Blangiardi, Dean Uchida, Gov. David Ige, Gladys Quinto Marrone, Craig Washofsky, Evan Fujimoto

BIA-Hawaii Networking

Students and faculty from the Architectural, Engineering and CAD Technologies program at Honolulu Community College mingled with members of the Building Industry Association of Hawaii during Networking Night on Nov. 10 at the HCC campus.



Dean Uchida, Gary Okimoto, Michael Brant, Tony Borge



Sunny Mudd, Warren Ho, Evan Fujimoto, Kane Coyle, Stacy Philippou



Am Deboer, Colton Gorman



Dean Asahina, Norman Takeya



Eddie Racaza, Randall Nakaya, Ron Cabato



Forest Hawkins, Jeannie Yukitomo



Michael P. Ellis, Brenton Liu, Wayne Mathes, Jennifer Szaniszlo



Norman Takeya, Steve Auerbach, Tim Bramsen

BIA-Hawaii Members Meet

Economist Paul Brewbaker was the guest speaker at the Building Industry Association of Hawaii's annual General Membership Meeting and Elections on Nov. 2 at the CTC Pacific. Brewbaker's topic was "Hawaii Construction: Now What?"



Bob Cassett, Miguel Robledo, Gary Okimoto, Beau Nobman



Iris Yasufo, Lili Shintani, Marshall Hickox, Sheldon Ibara, Patrick Gill



Brian Moore, Greg Thielen, Warren Ho



Michael Brant, Karen Berry, Mark Hertel



Guy Mashima, Kathryn Mashima, Cathleen Main



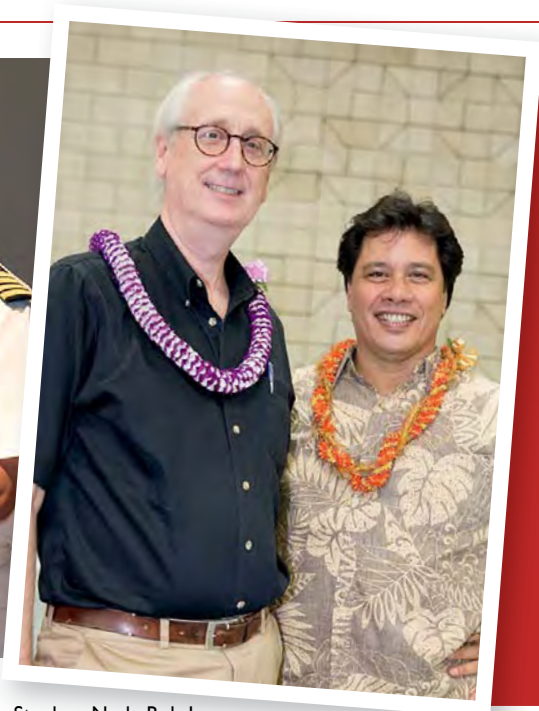
Lianne Lum, Chris Cheung



Paul Brewbaker, Greg Thielen, Dean Uchida, Gladys Quinto Marrone, Evan Fujimoto



Capt. Mike Montreal, NAVPAC Pacific



Stephen Nash, Bob Lazo

Trade Expo Draws Crowd

The 17th annual Pacific Building Trade Expo attracted hundreds of builders, architects, designers, landscape architects, engineers and other AEC professionals to the Hawaii Convention Center on Oct. 26. Nearly 200 vendors exhibited their products and services at the event, which was presented by the Honolulu chapters of the American Institute for Architects (AIA) and the Construction Specifications Institute (CSI), in partnership with HonBlue.



Jerry Gudenau, John Fullmer



Traci Fujioka, Kehau Amorin, Keith Tenney, Jim Wilkinson, Makoto Nakamura



Ricky Tsue, Jocelyn Hirota, Talia Ida, Carey Sawada



Jim Connell, Karen Bills, Jeff Mira



Alex Alexander, Paul Kane, Eriko Tashiro



Joshua Wallwork, Erica Lange



Tom Conchuratt, Jeff Herrmann



Randall Wakumoto, City and County of Honolulu Dept. of Facilities Maintenance



Lisa Guerrero, Naomi Choquette, Carol Westlake



Wayne Kawano, Darren Orr



Matthew Schafka, Lee Jenkerson, Chris Whitehouse, Brian Deer



Kim Conner, Lee Hopkinson, Janel Ring



Tim Waite, Bernie Wonneberger



Tom Lundgren, Lauren Tolentino, Jeff Rapozo



Neal Lebsack, Les Kempers



Marv Metsker, Sarah Robertson, Chris Ayres, Rob Bruce



Ed Maluyo, George Stewart, Kimo Scott



Gary Borseth, Drew Haverland, Dustin Tampon



Gary Okimoto, Miguel Robledo, K'leb Shivers



Scott Startzman, Jeff Brink

Seeing Clearly After the Rain Has Gone: A Sun-Shiny Financial Future

BY GARRETT J. SULLIVAN



“I can see clearly now the rain is gone, I can see all obstacles in my way.” This line from the popular song is analogous to contractors, particularly subcontractors. Most of them can only see clearly as far as their cash will take them going forward and that is the biggest obstacle they face in business.

While subcontractors often come into the business from the field after many years of deep technical experience, they often lack the business experience one needs to be a successful contractor. It is critical in this situation to find someone that can help the new subcontractor set up financial systems to closely monitor the constant need for cash. Usually, subcontractors’ invoices are paid in the 60- to 90-day range, and retention payments often take up to a year.

Given a subcontractor’s cash position is always under attack and that usually they are more of a technician than a business person, here are eight steps to undertake to begin the New Year with a cash-generating improvement plan.

1. Understand your financial statements.

If you are not familiar with reading company financial statements, make a New Year’s resolution to take the time to learn. There are numerous resources, such as the Small Business Administration (SBA), Senior Core of Retired Executives, (SCORE), Hawaii Small Business Development Center (Hawaii SBDC Network) and webinars, many of which are a free service. When you understand financial statements, you are able to make more informed decisions on how to manage your company’s cash flow.

2. Monthly financial statement forecasts.

If you have not already, start to forecast your monthly financial statements. The further out the forecast, the better. If you are not sure when jobs are going to start, call your general contractor or owner and ask. Many subcontractors will say it is just too fluid a situation to prepare these forecasts. While it is true they are fluid, the more you work on them, the more exact they become over time.

3. Know Your Contracts and Your Margins.

Part of the monthly financial statements should include a Work-in-Progress (WIP) statement.

A comprehensive WIP reviewed by you in-depth on a monthly basis yields prospective sources and uses of cash.

4. Develop an Overall Projected Schedule.

As a subcontractor, it is often hard to know when you are going to start a job with a general contractor or owner. Prepare an overall jobs-projected schedule based on your responses from these companies. This schedule will assist you in your upcoming manpower needs and labor cost projections

for your financial statement forecasts. Pay very close attention as labor costs are always the biggest cash drain.

5. Know your overhead.

Overhead is the amount of money you need on a monthly basis to keep your doors open. You should know your exact overhead percentage and dollar amount off the top of your head. Better yet, calculate overhead cost on a monthly, weekly and daily basis. When you have this number readily available, the costs become more real to you and your staff, making it easier to figure out ways to reduce such costs.

6. Forecast your borrowing base.

If the company doesn’t have a revolving line of credit, it is treading in dangerous waters. One long delay on a large invoice could cause the company to run out of cash and when that happens, it’s game over. Take time to figure out the many sources of cash which could be accessed if cash becomes a problem. Better to do it now than when under cash flow pressure by accelerated retention collection, decrease in inventories, sale of under-utilized equipment, loans against company help property, personal loans, new shareholders adding capital to the company, and so forth.

7. Increase your line of credit constantly.

Every year, the firm’s line of credit comes up for renewal. Ideally, it is only being used for very short periods of time. As the year closes out, shine up the financial statements, update the business plan for the next year and request a large increase in your line of credit.

8. Growth requires cash.

How much work is enough? Have you taken the time to sit down and figure out what is the right amount of revenue for your company? If the company grows too fast, remember there will usually be a ten percent of additional revenue in retention. Can the company cash projections support this growth?

Laser attention to cash on a daily basis will help to ease all the obstacles in your way and you can look forward to a bright sun-shiny day. 🏠

Garrett Sullivan is president of Sullivan & Associate Inc., a management consultancy which focuses on the construction industry and is tailored toward leaders who want a reliable, trustworthy partner to help increase profits, streamline operations and influence employees to treat the company like their own. Reach him at GSullivan@SullivanHi.com or 478-2564.



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