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# 2021 AGC officers, board

## Curt Gimmestad President

Curt Gimmestad, vice president of industry engagement at Absher Construction Co., started with the company as a project engineer in 1993. Gimmestad has served the AGC in many capacities, including first vice president in 2019, an association trustee, and an instructor and executive board member for the Education Foundation. He also is a member of the Association for Learning Environments and the Capital Advisory Review Board's Project Review Committee.



Gimmestad

## Dawn Stephens First Vice President

Dawn Stephens is the CFO of Charter Construction, where she oversees financial processes and operations. Her career as a finance professional spans more than 25 years at several construction and real estate firms. In 2006, Stephens joined Harbor Properties as corporate controller and later became CFO. She is active in Commercial Real Estate Women, is past president of the Puget Sound Chapter of the Construction Financial Managers Association, and serves on several committees benefiting the Fred Hutchinson Cancer Research Center.



Stephens

## Glyn Slattery Second Vice President

Glyn Slattery is the western region vice president and project executive for Lydig Construction. He holds a bachelor's degree from the University of Washington in building construction/construction management and a master's from the University of Colorado in civil engineering/construction management. Slattery has been an active leader in the AGC throughout his career, is a past board member and won the AGC of Washington's Contractor of the Year award. In 2014, he collaborated with the city of Seattle to improve communications, teamwork and efficiency. His input and participation resulted in a more engaging and harmonious project environment.



Slattery

## Grace Pizzey Secretary/Treasurer

Grace Pizzey is the vice president at Holaday-Parks in Seattle and has served as AGCW's secretary/treasurer for the past year. With a bachelor's degree in economics from Colorado College, she brings 25 years of experience in financial and business management including executive leadership, board membership, financial reporting, legal representation, personnel development, budgeting, risk management/mitigation and human resources.



Pizzey

## Board members

- John Huntley, Mills Electric Co.
- John Salinas, Salinas Construction
- JB Gibson, Clise Properties
- Sean Hilt, Turner Construction Co.
- Bryan Kelley, Howard S. Wright, a Balfour Beatty company
- Patrick McQueen, Lease Crutcher Lewis
- Matt Osborne, Osborne Construction Co.
- Lindsay Watkins, Ahlers Cressman & Sleight
- Brad Neudorfer, Howard S. Wright, a Balfour Beatty company
- Linda Womack, Minority Business Development Agency

## District representatives

- Jeff Tiegs, Lincoln Construction (Southern District)
- Chris Lang, Fisher Construction Group (Northern District)
- Ross Pouley, RAP Consulting (Seattle District)
- Tanya Davis, Western Ranch Buildings (Central District)

# Why 2021 may make contractors nostalgic for 2020

By **STEPHEN E. SANDHERR**  
AGC of America

Many of us were eager to see 2020 come to a close and welcome in the new year. There are many reasons to expect 2021 will be a more uplifting year, thanks in large part to the growing availability of coronavirus vaccines, yet there are also reasons why this year could prove challenging for the construction industry. Namely, the industry is facing a lot of difficult economic headwinds at the same time the political climate is taking a turn for the more challenging.



Sandherr

On the economic side, each year we survey our member firms on their expectations for labor and market conditions for the coming business year. According to the results of this 2021 Construction Hiring and Business Outlook, contractors expect the market for most types of construction to shrink in 2021 as the pandemic undermines demand for projects. The net reading — the percentage of respondents who expect the available dollar value of projects to shrink compared to the percentage who expect it to expand — is negative for 13 of the 16 categories of projects included in the survey.

Contractors are most pessimistic about the market for retail construction, which has a net reading of negative 64%. They are similarly concerned about the markets for lodging and private office construction, which both have a net reading of

negative 58%; higher education construction, which has a net reading of negative 40%; public buildings, with a net of negative 38%; and K-12 school construction, which has a net reading of negative 27%.

Among the three market segments with a positive net reading, two — warehouse construction and the construction of clinics, testing facilities and medical labs — track closely with the few segments of the economy to benefit from the impacts of the coronavirus.

One reason so many construction firms expect demand for construction to shrink is the high number of projects that have been delayed or canceled. Fifty-nine percent of firms report they had projects scheduled to start in 2020 that have been postponed until 2021 and 44% report they had projects canceled in 2020 that have not been rescheduled. Eighteen percent of firms report that projects scheduled to start between January and June 2021 have been delayed. And 8% report projects scheduled to start in the first half of the year have been canceled.

As a result, few firms expect the industry will recover to pre-pandemic levels any time soon. Only one-third of firms report business has already matched or exceeded year-ago levels, while 12% of firms expect demand to return to pre-pandemic levels within the next six months. More than half — 55% — report they do not expect their firms' volume to return to pre-pandemic levels for more than six months or are unsure when their business will recover.

The pessimistic outlook means relatively few firms plan to expand their headcount in 2021.

Only 35% of firms report they plan to add staff this year. Meanwhile, 24% plan to decrease their headcount this year and 41% expect to make no changes in staff size. This is in marked contrast to 2020, when 80% of contractors reported they planned to expand headcount.

The pandemic is also undermining construction productivity. Contractors have made significant changes to the way they schedule, staff and manage projects as they protect workers and local communities from the spread of the coronavirus. These measures have helped the industry avoid the kind of outbreaks that crippled so many other sectors of the economy. But 64% of contractors report these changes mean projects are taking longer to complete than originally anticipated. And 54% of firms report that the cost of completing projects has been higher than expected.

If our outlook holds true, 2021 will be a challenging year economically for the construction industry. At the same time, this year will also present a number of political challenges for the industry. Notably, within the first several days of his administration, President Biden issued a flurry of executive orders that offer key insights into the new administration's regulatory posture.

Some of these new orders, including measures to protect the legal status of people covered by the "dreamers" and Temporary Protected Status programs, should help address workforce shortages. Others, such as the termination of the Keystone XL pipeline project, show that when it comes to siding between infrastructure and construction jobs

or a progressive agenda, the president sides with the progressives.

One of the first regulations to expect from the Biden administration is an OSHA emergency temporary standard for coronavirus safety, something the president called for in those initial executive orders. On the possible plus side, this new order will give contractors greater certainty about the steps they need to implement to protect workers. The big if, however, is whether the administration will craft common sense safety measures, or use the pretense of coronavirus safety to undermine economic activity by imposing unreasonable requirements, like the use of scarce respirators on job sites.

The new administration is also likely to roll back some of the Trump administration measures that were designed to streamline and accelerate environmental reviews. This includes stopping the prior administration's efforts to reform the National Environmental Protection Act review process and possibly seeking to rewrite the Waters of the United States regulation. These regulatory rollbacks would very likely extend the federal review process for many types of infrastructure projects and undermine the president's desire to rapidly rebuild the economy.

As much as we are glad to put 2020 in the rearview mirror, the industry still faces a number of challenges this year. However, our members pay us to help solve problems. That is why we are working hard to convert challenges into opportunities for our members. We will do that by fighting for new infrastructure funding and urging Washington, D.C., officials to backfill deplet-

## Pandemic puts a twist in AGCW's annual meeting

By **JOURNAL STAFF**

COVID-19 was a dominate factor in the workplace in 2020 and continues to be this year, as the AGC of Washington on Friday went virtual with its annual meeting and gave it a new name: annual celebration.

If this year's lineup of AGC officers and board members looks familiar, you're right, it's basically the same group as 2020. The AGC decided to keep the group in place due to the pandemic, following the lead of other AGC chapters, in "hopes of 2021 returning to a more normal leadership opportunity for the volunteer leaders."

Friday's online event was led by AGC of America CEO Steve Sandherr and AGC of Washington President Curt Gimmestad, who covered where the industry is at and where it's going in the next year, nationally and locally.

There also were presentations from representatives of the new Seattle Kraken hockey team on their philanthropy and Climate Pledge Arena's environmentally friendly construction. The lineup included Everett Fitzhugh, who is the team's play-by-play announcer and the first African-American NHL broadcaster.

The AGC also celebrated the accomplishments of its DBE members, with Patrick Hughes of Hughes Group making a presentation.

ed state and local construction budgets. We will do that by educating the Biden administration on the economic damage many of its expected new regulations will cost. And we will do that by continuing to provide the kind of programming and resources members need to keep innovating, improving and succeeding.

*Stephen Sandherr is CEO of the Associated General Contractors of America.*

# What's on the horizon for the local construction industry?

By **JOURNAL STAFF**

The DJC caught up with Curt Gimmestad, the returning AGC of Washington president, to find out what's happening in the local construction industry. Gimmestad is vice president of industry engagement for Puyallup-based general contractor Absher Construction and was one of the presenters at Friday's online celebration.



Gimmestad

**Q: How do you feel about a second term as AGC president?**

**A:** I am really looking forward to a second year and opportunity help lead the organization and the construction industry coming out of COVID. One of the positives of social distancing and limited in-person meetings was being able to participate in more industry meetings and conversations. That allowed me to

hear more of what challenges we are facing and the good work we as a construction industry have accomplished and continue to work on.

I am, though, looking forward to quickly getting back to in-person meetings and industry functions to continue the dialogue, and getting back to the true interaction connection you get when sitting at the same table.

**Q: How did the pandemic change AGC board meetings?**

**A:** I would anticipate that we were probably no different than many business entities and associations. We adapted pretty quickly to the web platforms to carry on with business, in fact our AGC of Washington annual meeting/celebration is virtual this year.

The downside to these virtual meetings is the lack of really good connectivity on the personal side of business. Fortunately for the board coming into 2020 and now into 2021, we all had been spending time in meetings and events in 2019. Maybe we convinced ourselves again that it is good to move through chair

positions in these types of organizations.

Dawn Stephens, Grace Pizzey and I were looking towards advancing our golf games together and we were looking forward to more of Glyn Slattery's awesome smoked salmon. We all look forward to getting back together as we hope all of this settles down quickly; and I don't like the term "new normal."

For me, the positive to the meeting "change" allowed for more interaction and engagement in more AGC committee meetings. It has also allowed us to be more engaged with our AGC Inland Chapter partners and I have seen more coordination of industry stakeholders from the entire state via web platform meetings. I would suspect that we will see more meetings in some hybrid form of "all in person" meetings moving forward. I have mentioned to many that Zoom is now synonymous with web meetings as Kleenex is to tissue and we have replaced the iconic phrase "you've got mail" with "you're

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# On the horizon

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Continued from page 3

still on mute.”

**Q: Outside of the pandemic, what challenges are facing the construction industry?**

**A:** Wow, challenges facing the construction industry? A question with many facets but certainly managing challenges, planning and mitigating to ensure some kind of consistency in your business plan is something I think the construction industry does well. We have to or we don't survive, it feels like. So, what are we dealing with:

- **Burdensome environmental regulatory requirements.** I don't talk to anyone who does not care about the environment and the great place we call the Pacific Northwest. I recall growing up watching a commercial where a Native American stood in a field on a slope and the camera shows him crying and pans back showing garbage everywhere. The lesson then was we need to take better care of our environment, it made an impression on me.

Today's discussions feel like we have done nothing over the last 40 to 50 years. There are bills encapsulating carbon fees, others that want to eliminate the use of fossil fuels to heat your house and ultimately eliminate the use of natural gas altogether. At one time it was the clean energy source. These measures drive up costs of construction, cost of development and the cost of housing.

There is a court-ordered mandate to replace culverts to support fish runs and passage. A positive to a natural resource

but the length of time to go through permitting baffles one sometimes when we have good intentions but a slow process to implement our good intentions.

I know as contractors we are ready to sit down and quickly put plans in place to mitigate risk of the construction so we can get through permitting and environmental reviews and at the end of the day make a difference. We must also realize that those who have built their careers in an industry only to have it decided it is not viable are not going to recoup the lost opportunity and income by starting a new career, unless they may have just started in that career.

- **Tax burden regulation.** There were significant tax increases impacting business coming out of the last legislative budget cycle and looking at bills being considered this year, it often feels relentless. We are seeing some bills to relieve the tax implications associated with grants and PPP loans that were put in place to help us get through COVID, these are positive. There is also a bill being discussed to provide some B&O tax relief.

Those are good but then you see bills that want to increase other funding sources and where you believe you make up some ground, it may just play out that you don't.

The increases in the employer unemployment tax burden now to be levied to businesses coming out of the layoffs of 2020 are staggering and for many contractors and businesses in general I can see being a significant impact. Many will not

be able to withstand or it will impact how many employees they bring back.

Directly related to COVID and a significant impact to many is the cost of implementing COVID protocols along with the increased time (costs) to get the work done. Many contracts have language that says these costs cannot be recouped from the owner. We suspect some contracting entities will recoup COVID costs where others are being told “no” — and for smaller contracting businesses who are being told “no” they cannot recoup those costs, which can be the difference in survival or not. There is a bill being introduced (SB 5333 Fair Compensation for COVID) we hope passes, providing some opportunity for relief.

- **Workforce.** This has been talked about a lot for many years as the aging trade workforce begins to retire out; the industry needs to replace that experienced workforce before the mentoring knowledge goes away. The positive in workforce development is the increased emphasis and education of our younger generations, including those coming through the K-12 system, to realize that construction is and can be a great rewarding career choice and a great financially rewarding career choice.

This last year the AGC of Washington Education Foundation introduced their Core Plus for Construction, a program to be introduced to high schools throughout the state and approved by OSPI in March 2020. Core Plus is a 1,080-hour construction program that prepares students for

the high-demand jobs of construction. Despite COVID we are rolling out the program and working with the schools, their teachers and counselors to get them up to speed on the curriculum and what the construction industry can provide to their students. This program offers the student access to credit options in science, mathematics and English language arts.

Out of all the challenges, there are many who come together and find solutions, that is always encouraging.

**Q: Any other challenges?**

**A:** Growth management. As we see the state population grow, our growth management plans are evolving and it sometimes feels like it is constant change. We know that there is a push to slow, if not try to eliminate growth, in rural areas for the sake of increased density in regional growth centers spread throughout the region. In my town of Puyallup, there are two regional growth centers and with the prescribed/projected density intended for these areas, it could conceivably double the size of Puyallup. I just read a bill the other day on growth management that tells the municipalities to incorporate into their comprehensive plans at least six net dwelling units per acre for areas zoned for housing.

The varied plans help some contracting entities but hurt others, the challenge is to stay on top of which way the wind blows to make and implement a good business and strategic plan to move forward.