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Construction

SUMMER/FALL 2013

TODAY

Painting the
Town Green
with Sustainable
Development



B. Pietrini & Sons is proud to announce the purchase of two new loopbelt conveyors, which will be added to their fleet. The conveyors have a length of 130' and can be transported without special permitting, which is currently required of other manufacturers belts. These belts can discharge 8 cu. yds. per minute or 480 cu. yds. per hour of concrete, mulch, sand, stone, and any other products that can be moved with a conveyor. These machines will be available on a rental basis.



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Notes FROM THE PUBLISHER



If you've been reading *Construction Today* throughout the past year you may have noticed I've written a lot about change. This is because the world changes daily before our very eyes. Sometimes we recognize change right away, and other times change is so subtle it takes time before we notice. And in other instances, people turn a blind eye to change and pretend that it doesn't exist. But for whatever reasons we choose not to change, I've learned that if you don't avail yourself to change and embrace it, the world will pass you by.

For those of us of a certain age, we have witnessed more technological advancements in our lifetime than throughout the entire history of mankind. Consequently, the competitive environments in which you conduct business are not places to stand with your feet in cement. As much as we love our concrete contractor members, all of us have to keep moving forward to avoid having the ground harden beneath you. And although, on occasion, I've been accused of being a stick-in-the-mud, I don't allow myself to get stuck in the mud. This applies to the General Building Contractors Association as well.

So after 24 years and 94 editions of *Construction Today*, our crackerjack team decided this venerable publication needed a facelift to bring us current with the times, and as a result of this initiative, you now have in your hands the new and improved GBCA magazine. From cover to content, there's very little resemblance to your grandfather's *Construction Today*.

We're introducing a fresh, modern, streamlined look that we think is more visually appealing and easier to read, with enhanced photo images, better graphics, more advertisers and other noticeable improvements. We hope you will like the changes as much as we do—and if you don't, you may well be one of those people who don't readily accept change. Think of the first cell phone you owned as compared to the model you carry around today. It's still a device that makes phone calls, but it's also sleeker, more stylish and has the capacity to communicate a lot more information in new and better ways.

At GBCA, we're dialed in like today's latest version of the smart phone, communicating information to you in a more sophisticated, comprehensive, intelligent and user-friendly manner. So don't be afraid to test out the new model—if you're not bowled over right away, hopefully, in time, you'll learn to love us. And oh by the way, we have some great features for you in this edition. Enjoy!

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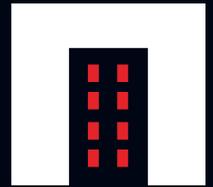
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*Cover; pages 10, 11 photo credit:
Penn Facilities & Real Estate Services*

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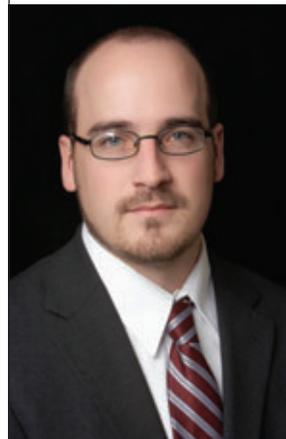
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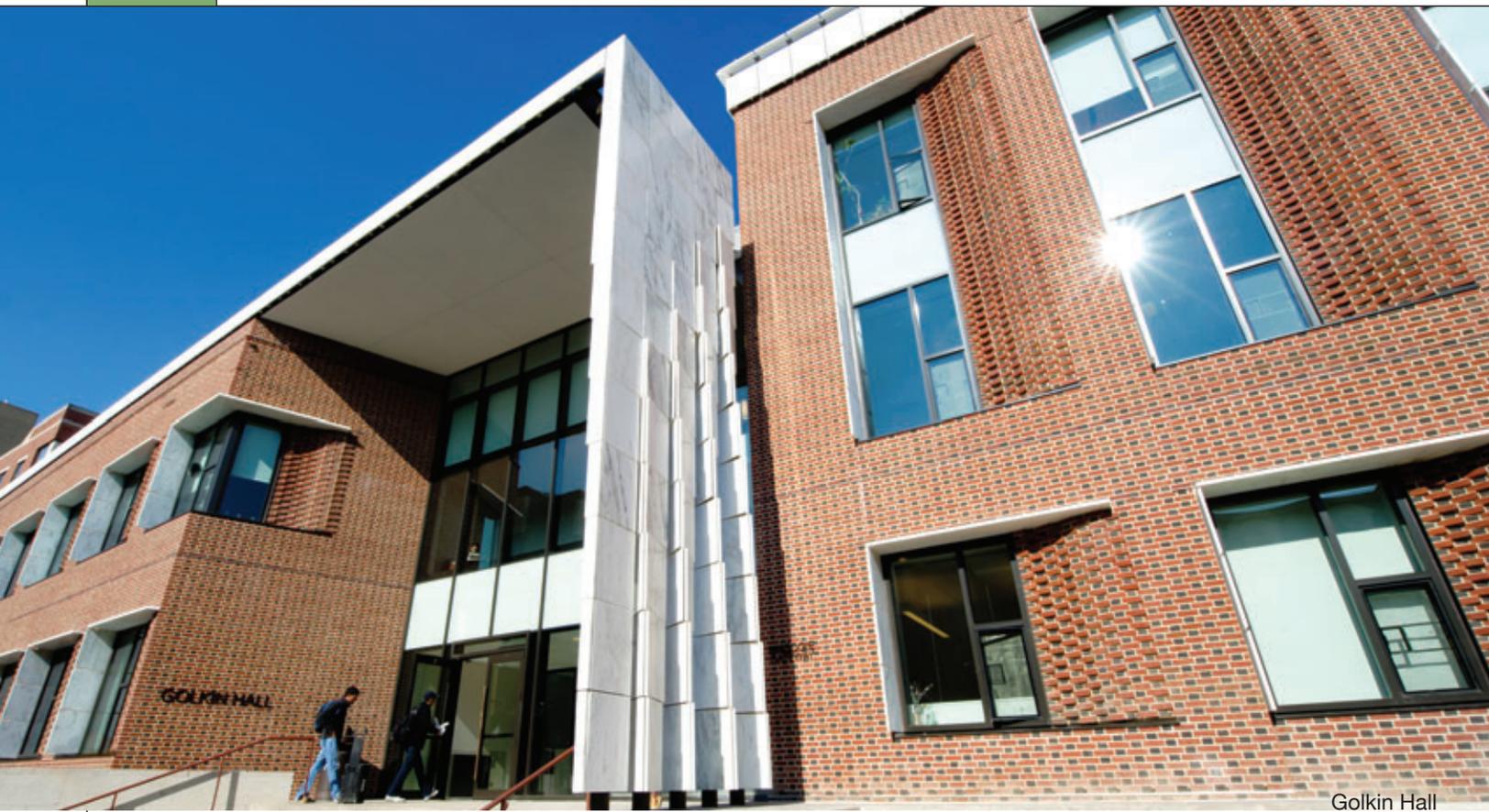


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Golkin Hall

Painting the Town Green with Sustainable Development

By Melissa Wyatt, GBCA

In a world with a green version for everything, GBCA wanted to take a closer look at sustainable design and how it is defined. In doing so, we were overwhelmed by what has been accomplished throughout the Philadelphia area and, in Part One of this two part series, we will examine the many projects under way. The initial installment will take a close look at the University of Pennsylvania, a leader in sustainability and green practices. In Part Two, we will learn about the many initiatives spearheaded by the City of Philadelphia.

Part One: Penn is LEEDING the Way

Who better to start the conversation than local green guru Dan Garofalo, a LEED accredited architect, the University of Pennsylvania's (Penn) Environmental Sustainability Director, and a founding member and Chairman of the Board of Directors of the Delaware Valley Green Building Council.

Starting with the basics, we needed to understand how to define the word 'sustainable'. Garofalo chose to cite the definition created by friend Muscoe Martin:

The word sustainable has roots in the Latin *subtenir*, meaning 'to hold up' or 'to support from below.' A community must be supported from below—by its inhabitants, present and future. Certain places, through the peculiar combination of physical, cultural, and perhaps spiritual characteristics, inspire people to care for their community. These are the places where sustainability has the best chance of taking hold.

Taking into account this definition, you can see why it fits Penn so well. With the size of the community and its extraordinary resources, if Penn can't get sustainability right, who can?

Garofalo explains that Penn has set a standard for their sustainable projects, all of which include the following traits:

- Penn projects promote health, by reducing or eliminating toxins in the environment. For example, smoking has been banned in their buildings and in Penn Park, their new public recreation area at the east end of campus.



Penn Park



Pan Rain Garden

- Penn projects focus on energy conservation. The emissions from energy use have the greatest environmental impact on Penn's campus, which is one of the reasons they are working hard to implement conservation habits among students, staff, and faculty, and integrate energy saving technologies into their renovations and new projects. Last year the University issued a \$300M+ bond for capital investments, most of which will be applied to projects with a strong energy reduction component.
- The Penn community likes to teach, research, learn, study, and live in daylight. Bringing abundant daylight into interior spaces is a hallmark of a sustainable project. In addition to reducing the cost and excess heat generated by artificial lights, daylight improves human performance, health, and well-being in a number of ways.
- Green projects have an educational component: they are not only green in function, but they also demonstrate green design in an expository way. Penn tries to make it apparent why their buildings are green. Many of Penn's buildings showcase their energy-saving strategies such as daylight harvesting, and others overtly promote green operations such as recycling, composting, and green cleaning practices. Their goal is to encourage building occupants to engage in green practices long after construction has come to an end.

So what impact has this had on new construction? Garofalo said, "Green design is the new black, as far as I'm concerned—the new best way of doing things. Just a few years ago, design and construction firms were trying to carve out a market niche by providing sustainability services, but the days when sustainability services were considered an extra service are long gone. A design firm

that doesn't understand sustainable practices won't survive in today's market."

How does sustainable design impact the cost of these projects? "At Penn, we haven't seen any upcharges from our design consultants or contractors for green design. Our standard for new construction is LEED Silver, and we're considering moving up to Gold as a standard because most of our projects hit that level without any special effort or premium costs," replied Garofalo.

The sustainable development projects at Penn have served as examples to the entire nation on how to build green. One example is Golkin Hall, the new law school administration and classroom building designed by Kennedy Violich Architects and is LEED Gold certified. The use of daylight and transparency throughout the building, as well as placement of roof gardens adjacent to student study spaces is thoughtful and sophisticated—a beautiful addition to Penn's Law School campus.

A number of equally beautiful and sustainable campus buildings include:

- KlingStubbins's addition to the Steinberg Dietrich Hall
- The new Singh Nanotechnology Center by Penn faculty architect Marion Weiss
- Joe's Café in the undergraduate Wharton Building by local firm Voith & Mactavish
- Weiss Pavilion, the fitness and study center built into the north façade of the Franklin Field, by architect Stacy Jones
- The new Music Building by Boston architect Ann Beha
- Similow Translation Research Center, a new state-of-the-art research building by internationally known architect Rafael Vignoli

Exceptional design on Penn's campus is not limited to buildings. Penn Park, the 23-acre public park adjacent to the Schuylkill Expressway is a great example of a sustainable landscape, featuring advanced storm water management compliant with the Philadelphia Water Department's standards, high efficiency lighting and over 600 new native and adapted trees.

Shoemaker Green, designed by local landscape architect Andropogon Associates, presented a different kind of challenge: transforming the setting of a half dozen aging tennis courts into a welcoming new public forecourt for the historic Palestra gymnasium and recently renovated Hutchinson Recreation Facility. The project was identified from the outset as a pilot for the Sustainable Sites Initiatives (SITES), and was conceived and carried out with ecological sensitivity as a central theme. The new SITES certification was created in 2009 to promote sustainable development and land management practices, and encompasses issues such as energy conservation, reducing greenhouse gas emissions, mitigating the urban heat island effect, controlling invasive species, managing storm water and improving the quality of regional runoff, and promoting healthy ecosystems and biodiversity.

Shoemaker Green's 2.7 acres incorporates high efficiency "dark sky" lighting, a combined 20,000 gallon cistern and rain garden system to filter, store, and reuse storm water on site, native grasses and understory plants chosen to resist drought and urban stress, and 103 new native and adapted trees to provide shade and beauty for the Penn community and visitors.

Industries Embracing Green Practices

"I am by no means an authority on industries across the area that are embracing green design and practices," says Garofalo, "but I can tell you some success stories from personal experience and familiarity."

"The organization that has done the most to green our city in the last decade is the Philadelphia Water Department. If you look at the region from an ecological standpoint, improving the conditions of our rivers and streams has the biggest impact. By every measure—species diversification, pollutant analysis, clarity and 'swimability', macro invertebrate populations, and health of its riparian edges—Philadelphia's rivers and streams have been dramatically improved by investments that the Water Department has made. You don't need a chemistry set to see the difference: just go down to the Wissahickon or Schuylkill and look in the water. Protecting our water sources for future generations and cleaning the rivers is the most critical aspect of our regional environmental health."

Garofalo also points out that recycling and composting efforts have grown dramatically in Philadelphia and are having a significant impact on reducing landfill waste. The creation of a variety of new organics recycling centers and composters have provided institutions like Penn an affordable and technologically-sophisticated solution to disposing of organics—to such a degree that this fall Penn is planning their first zero-waste Homecoming Picnic. Penn also buys compost from local composters to make compost tea, an organic and environmentally benign soil amendment and pest control strategy that is applied to campus lawns.

Penn is also one of the first institutions in the region to use a BiobiN, a proprietary system for clean, odor-free, on-site storage of organics. The technology is basically a ventilated dumpster that can accommodate several tons of food waste before being removed to an off-site composting center. The system at Penn's Moravian Court was set up using an innovative City-funded sustainability grant managed by Niche Recycling. The BiobiN is shared by a half dozen independent restaurants as well as one of Penn's food courts, "and in the two years of operation, the system has performed flawlessly," Garofalo proudly adds.

Areas for Opportunity

"Philadelphia has a lot of challenges in pursuing sustainability," Garofalo points out, "but I have a lot of confidence in Philadelphia's ability to overcome them. One strength of our City is the revitalized and highly competent city agencies and institutions that are focused on sustainability: the City Planning Commission, Parks and Recreation, the Water Department, the Office of Utilities and Transportation, and many others. These agencies are working to keep sustainability as an important focus for future construction projects in the City, which will make it easier for developers, designers, and builders to incorporate sustainable elements into their work."

One example is the City's new energy disclosure law for commercial properties, which will provide more transparency for tenants and owners, allowing them to more easily compare the efficiency and operating costs of properties—a real incentive to improving energy performance and for investing in energy conservation. Part Two of our sustainability series will cover this in greater detail.

"Many of the city's major non-profit institutions are engaging in sustainability," says Garofalo. "Penn is only one among many universities, colleges, and schools that are working every day to reduce resource consumption and improve efficiency." The efforts of cultural institutions such as the Philadelphia Zoo and the art museums—the LEED Platinum Barnes Foundation built by GBCA member L. F. Driscoll is a good example—are also on

board. Philadelphia's service non-profits and philanthropies—the Pew Foundation, the Community Design Collaborative, Project HOME to name a few—all recognize the importance of sustainability.

The private sector is increasingly in step with the movement towards more sustainable development. “I think that the 35 or so tours being planned by the Delaware Valley Green Building Council as part of this fall's GreenBuild Conference hosted in Philadelphia will showcase sustainable design and planning across our region,” proclaimed Garofalo. “Visitors will see an extraordinary level of commitment, from major developers and corporations to individual homebuilders, all across our region.”

“The big innovations that I anticipate seeing in the next five years are not in new buildings, although I know that we'll see our share of extraordinary designs in the coming years,” he commented. “I see thoughtful, creative open space development integrated with improved transportation networks as one area that Philadelphia will see some big changes.”

There is still much room for improvement within the City. Garofalo points out that there are large sections of the City that are underpopulated and underutilized. New strategies for dealing with abandoned urban land will lead to substantial growth of sustainable urban agriculture and local food production. Large areas of north Philadelphia and the waterfronts will present opportunities for development, increasing economic activity and greater health for the city. “It's in these areas that I think public/private partnerships can be extraordinarily successful in revitalization efforts,” says Garofalo. “We have the know-how in Philly, and we have the right leadership in place. I can't wait to see what we accomplish.”

Part Two of our look at sustainable design will appear in the Winter 2014 issue of Construction Today. CT



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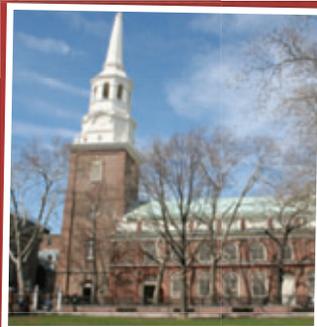
Christ Church Philadelphia and Neighborhood House



The Founders of the Country worshipped here. George Washington, Betsy Ross and Benjamin Franklin, to name a few. The Episcopal Church in America was established here when they

broke away from the Church of England as the new Country was founded. The Neighborhood House was the only gathering place in the area for the nearby immigrant populations in the late 19th century

When the Sanctuary needed to be restored and fire protection added, followed by the restoration and ADA adds to Neighborhood House, Haverstick-Borthwick Company was chosen to make it happen.



Some of the Awards to Date:
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Sanctuary - 2008
Neighborhood House - 2010
Philadelphia Preservation Alliance
Preservation Achievement Grand
Jury Award
Sanctuary - 2008
Neighborhood House - 2011

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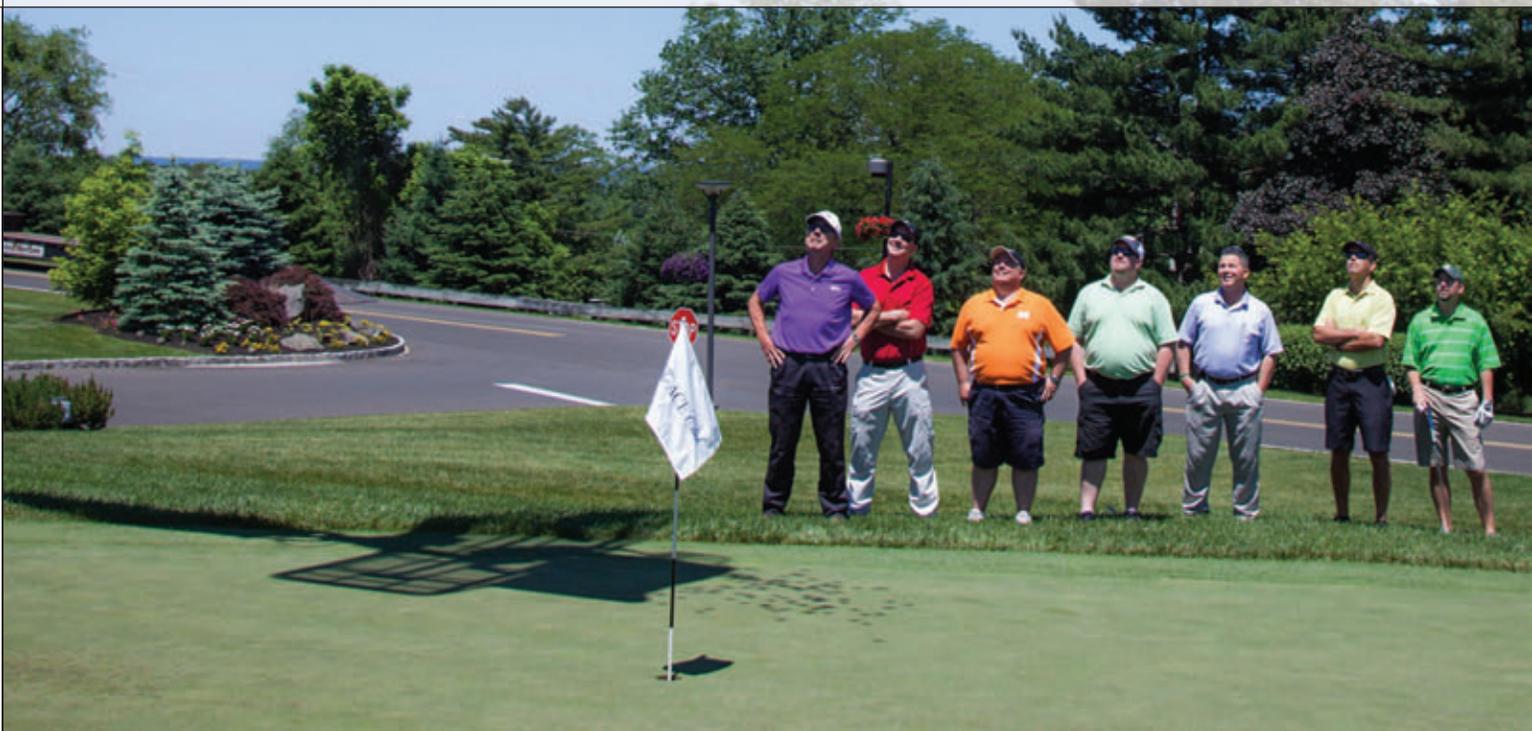


Annual Golf Outing

Members hit the links on June 4th for the GBCA's Annual Golf Outing.

Special thanks to our many sponsors who made this day a success:

Ball Drop Sponsor: Rosenberg & Parker; **Crane Sponsor:** United Rentals; **Hole in One Sponsor:** Lansdale Chrysler Jeep; **Halfway House Sponsor:** Mercedes-Benz of Fort Washington; **Hole Sponsors:** Bendcardino Excavating, Firsttrust Bank, Gilbane Building Company, Kempf Company, Liberty Mutual, Maxim Crane Rental, O'Donnell & Naccarato, Old Philadelphia Associates, Oliver Fire Protection & Security, R. R. Pucci & Associates, S. R. Wodjak and Associates, Safeguard Group, Shepherd Agency, Susanin Widman & Brennan, Textura, The Graham Company, Torcon, Inc., Winroc-SPI



The ACE Club in Lafayette Hills, one of the top ranked golf courses in Philadelphia, served as the location for this year's outing. Our golfers enjoyed a challenging day on the course, and with a combination of skill and mulligans, the participants made it through all 18 holes with the following individuals and teams finishing on top:

Longest Drive

Frank Bardonaro

Closest To Pin

Jim Gannon

1st Place Team – Gross (60)

Central Salvage

Carl Mason

Jeff Lazarus

Hal Peskin

Rob Freudenheim

2nd Place Team – Gross (61)

Maxim Crane

Frank Bardonaro

Mike Tierney

Jim Dolente

Jim Dolente, Jr.

3rd Place Team – Gross (63)

D. M. Sabia Co.

Nick Sabia

Dave Crawford

John Dickinson

Mark Cannon

1st Place Team – Net (52)

Oliver Fire Protection

Brian McGettigan

Dave McFarland

Steve Milliken

Meg Moss

2nd Place Team – Net (56.4)

Limbach

Sherry McCarty

Mike Strugllar

Mike McIlhenny

Dave Gehring

3rd Place Team – Net (56.5)

USI

Fran McGinely

Phil Remig

Tony Rizzo

Mark Rizzo



The Granary Hard Hat Tour

One of the year's most anticipated hard hat tours lived up to its billing



Main entrance



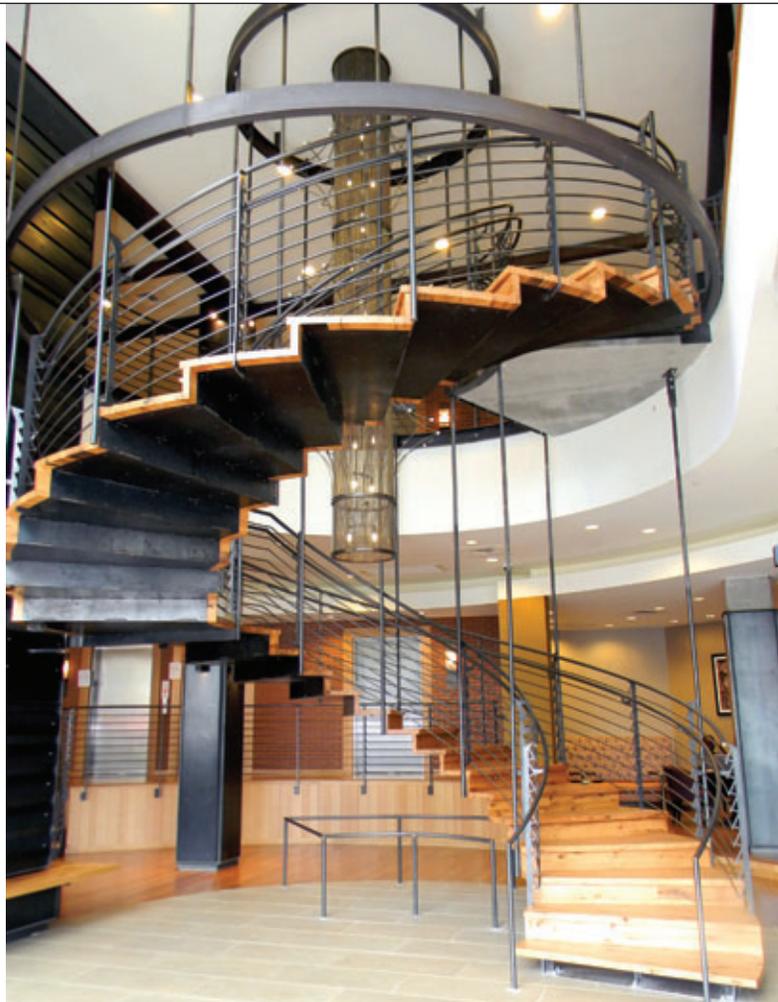
Guests learn about the construction of this elaborate staircase.



View from penthouse



Al Rosa discusses finishes used in the units.



Spiral staircase in center of entrance.

On June 27th the Construction Leadership Council along with members and friends of GBCA took a behind-the-scenes look at Pearl Properties' newest apartment complex, The Granary. Located in the City's burgeoning Spring Garden section, this 300,000 square foot, 9 story, 229-unit apartment building breathes new life into a historically industrial area and compliments the newly constructed Barnes Foundation just across the street. The property sits in the shadows of the iconic concrete structure built in 1925 by the Reading Company as a grain elevator, which will be repurposed in the near future to accommodate an additional 25 apartments.

The tour was led by Al Rosa, VP of Field Operations from the project's general contracting firm Canuso Jordan, led the tour. GBCA members took in the open design of the building's two-story lobby, highlighted by a dramatic sweeping spiral metal staircase with a stone fireplace at its base. The stairs float to a mezzanine, connecting the lobby to the building's amenity and gathering spaces which include a lobby lounge, state-of-the-art fitness center, library and music room, business center, clubroom with catering kitchen and roof top terrace. The building also offers underground parking with 150 spaces and auto parking lift technology. The amenities



Guests in the raw mezzanine space



Fitness Center



Gears from the original granary re-purposed as artwork in the elevator lobbies.



Gathering space on the mezzanine floor.



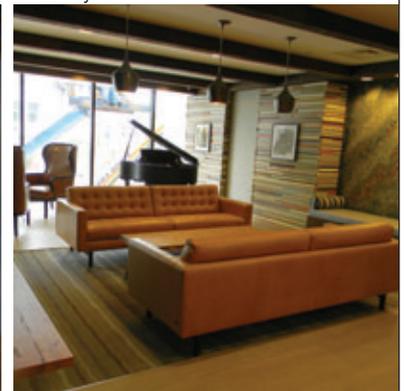
Business Center off of the main lobby.



Clubroom area with big screen television and fireplace.



Sample unit kitchen and dining area.



Music Room on mezzanine level.

extend beyond the front door into the 20,000 square feet of retail space to include national retailer Unleashed by Petco and a pizza shop by one of Philadelphia's favorite restaurateurs, Marc Vetri.

GBCA members were toured through several sample units in addition to the unfinished penthouse spaces with sweeping views of the City skyline and Ben Franklin Parkway. The apartments artistically blend modern and industrial finishes to create welcoming loft space for residents. The concrete walls and ceilings are warmed with bamboo flooring, open-shelved kitchens cabinets, and other modern touches including granite countertops and stainless steel appliances. Several floor plans include balconies and penthouse units on the 9th floor come complete with private terraces.

GBCA congratulates the many member companies that participated in the construction of this magnificent addition to Philadelphia including: Amquip Crane, Belcher Roofing Company, Madison Concrete Construction, Majek Fire Protection, M. Schnoll & Sons, and Richard Burns Company.

Contractor's Corner

NAME: David E. Panichi
TITLE: Chairman/CEO
AGE: 57
COMPANY, CITY: T.N. Ward Company, Ardmore, PA / Atlantic City NJ
YEARS IN FIELD: 35 years
EDUCATION: Temple University
BIRTHPLACE: Delaware County, PA
CITY OF RESIDENCE: Media, PA
FAMILY: My wife Kimberly and five children: Lindsay, Erik, Melanie, Adam, and Molly
FIRST JOB: Unloading trucks for Pathmark.
RANDOM FACT ABOUT YOURSELF: I was "All Catholic" in football.

What is your business motto? The three legged stool...the owner, architect and contractor working together as one makes for a successful project.

When did you first become interested in your career path? Working with my father as a masonry contractor.

What is the most rewarding aspect of your job? Least rewarding? Exceeding expectations is the most rewarding aspect of my job. The least rewarding aspect is when we just meet expectations.

What is your biggest daily challenge? Solving day-to-day problems while trying to keep all parties happy.

How do you inspire your employees? I empower them by letting them make their own decisions.

How do you keep your competitive edge in today's market? We continue to



competitively bid in the public sector. We feel that if you can be successful there, you can be successful anywhere.

What goal are you currently striving to achieve? To let the market know that T.N. Ward Company IS something special.

What projects are you currently working on? *Gwynedd Mercy University, Gwynedd Valley, PA*—New 55,000 SF academic building for the School of Business and Education

Harrah's Meeting Center, Atlantic City, NJ—New 300,000 SF conference center

SugarHouse Casino, Philadelphia, PA—Additions and renovations to casino floor

Presby's Inspired Life Wynnefield Place, Philadelphia, PA—New 48 unit apartment building

Baker's Centre Retail Development, Philadelphia, PA—New 283,000 SF retail development including *Shoprite, Ross, Family Dollar and Restaurant Depot*

Osteria Restaurant, Moorestown Mall, NJ—New construction

What is your life motto? It's not how you handle things in good times; it's how you handle them when faced with adversity.

What's the most important lesson you've learned in life? Never stop trying and do it with a smile.

What is your biggest regret (professional or personal)? Not finishing college.

What award or honor are you most proud of? All awards are important to me and T.N. Ward Company.

What word or phrase best describes you? Disease to please.

What would be your first choice for a new career? Car dealership owner or real estate developer.

Favorite way to spend your free time? I enjoy looking at properties and spending time with good friends and family.

Favorite vacation spot? Hands down, Ocean City, New Jersey is my favorite spot.

Book that has inspired you most? "Who Moved my Cheese" by Spencer Johnson, M.D.— I suggest everyone read it!

What kind of car do you drive? My choice of cars depends upon the conditions...SUV for bad weather...convertible for good weather...sports car for the track! **CT**

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The Daily Huddle: The Key to Safe and Winning Job Sites

By: Bill Burke, Madison Risk Group



Football season has arrived and Americans once again have weekend schedules filled with Friday night high school games, Saturday college contests and, of course, the NFL on Sunday, Monday and now Thursday nights.

After watching a game one Sunday evening I began to consider how football has many similarities to the construction industry—specifically construction safety.

In football, at any level, the most successful teams are those that communicate clearly and often.

The trend in the NFL right now is the ‘no huddle’ offense, which essentially denies the defense time to substitute and communicate effectively. This leaves teams exposed to mistakes which results in missed assignments and ultimately, the offense scoring points. The ‘no huddle’ offense depends on effective communication among the entire offense via hand signals and code.

I am not convinced the construction industry is ready for that...so I prefer the old style, which includes the huddle. In construction safety, effective communication is the key to avoiding accidents and injuries—and the daily huddle is the solution to effective communication.

Over the years, companies have realized the significant value of safety training including safety orientation, site specific training, OSHA courses and tool box talks. These methods enable companies to inform employees of on-the-job hazards and protective measures by outlining the risks and clearly demonstrating to employees how to protect themselves. Now, it's time to adapt the value of the daily huddle.

The Power in Pre-Game Huddle

Whenever I visit job sites, particularly in the early morning, I see workers milling around, gradually making their way to their respective work areas. Once they arrive, it's business as usual and they begin their tasks.

There is little coordination.

There is little communication between leaders.

There is little communication between workers.

Occasionally, a supervisor may stop by and engage an employee in conversation, but employees and supervisors largely don't communicate until break time.

Can you imagine the disasters that could ensue if coaches and players didn't talk until halftime?

Safety concerns relevant to each crew's work as well as other contractors working in the area should all be discussed prior to starting the work day.

The daily huddle—a 5 to 10 minute meeting—should be completed on every job site, by every crew leader...every day. It is invaluable to work flow, productivity and most important, employee health and safety. Consider the accidents that have occurred over the last few years in. How many could have been avoided with a simple 5 or 10 minute meeting?

Changing the Game: Collective Responsibility

We have all heard owners and employers say that safety is everyone's responsibility. But how is this concept deployed?

The daily huddle allows everyone to be involved and opens the door for bottom-up communication. It provides a daily venue for team members to discuss project concerns, safety issues and general work flow, voice concerns and even provide assistance to other employees including management. Your employees are your greatest asset. What better way than a daily huddle to tap into the experience of your assets? It allows the message to come from the worker, not management.

The daily huddle has multiple other benefits beyond opening the lines of communication:

Job Fitness: Your workers have varying habits after the work day ends. The daily huddle is a useful tool to assess each crew member's fitness for duty that day. This may not on its face, be a major problem, but it's a reality.

Injury Assessment: Use the huddle to ensure there were no injuries that occurred on site the day before. The huddle leader should ask the crew: “Were there any accidents, injuries or near misses that occurred yesterday?” If there were, the daily huddle provides a highly effective platform to discuss the cause(s) and identify preventive measures. An essential method of accident



investigation is to ask all parties involved what they believe caused an accident and what they think could be done to prevent a reoccurrence.

Hands-on Training: For example, let's say the work for the day requires an employee to be exposed to a fall greater than 6ft. The daily huddle is the perfect time to make sure that he or she knows how to properly wear their harness, as well as any other fall protection issues/concerns.

How to Kick-off the Huddle

Contractors with effective safety programs are implementing the daily huddle and have formalized these meetings.

Here's what you need to begin an effective daily safety huddle:

Consistency: Take time for the huddle every day—no excuses—and start day one of every project. Make these huddles a value within your organization. Beliefs and habits change, values do not.

Supervisor Buy-In: Supervisors must believe in the power of the huddles and make them informative and relevant. Project managers should participate as well.

Documentation: Employees and supervisors put a higher value on tasks that are measured and rewarded.

If any of the above mentioned elements are missing, the daily huddle program will fail.

Don't wait for an accident or hazard to occur before responding to it. Change the game with these proactive and preventative daily measures that will pay big dividends on your sites immediately. **CT**

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Development Costs: How Can Cities Encourage Real Estate Investment?

A Study of Philadelphia Development Costs

By Peter Angelides & Adam Ozimek, Econsult Solutions, Inc.

It is well-known and well-documented that Philadelphia's cost of development is among the highest in the U.S., and rents and prices in the city are well below the average for comparable large cities that also have high construction costs. However, the causes and consequences of these high development costs and the benefits (in the form of increased investment and building) that could be obtained from making the real estate market more competitive are less understood.

Cities similar to Philadelphia have a strong interest in making the environment for investing and building as attractive as possible.

Our approach addresses the development cost issue by examining Philadelphia's real estate market from an economic perspective. Real estate market outcomes, as with all markets, are determined by supply and demand. The quantity of any specific type of building development (in square footage), and its market price are the result of suppliers and demanders negotiating in the geographic market.

For any given level of demand, reducing the costs of supply (production) will generate additional investment and development. Although we believe the factors that depress demand are ultimately the most important long term enemies of development and capital investment, there are various efforts underway to address those issues.

Our analysis focuses on the supply-side, or production-side factors of real estate development. To understand where there is the most room for improvement, our study looked at the available data and considered what steps the City of Philadelphia and local stakeholders could take today to improve the market environment for real estate development.

Changes in construction costs and the supply-side of real estate development will undoubtedly lead to increased business, and more jobs in both construction and other industries that 'move in' to the new spaces.

What causes high construction costs?

Site acquisition and preparation, financing, materials, labor, the entitlement process, regulation, and taxes are the main drivers of high construction costs. While some of these factors are on par with other communities, others are higher in Philadelphia, which collectively makes construction more expensive than in cities with comparable rents. Figure 1 shows a measure of overall construction costs for comparison cities indexed to Philadelphia. New York is approximately 16% more expensive and Boston and Chicago are approximately on par with Philadelphia while all other cities are significantly less expensive. In contrast, Class A office rents per square foot in New York are between \$45.97 and \$74.01, and in Boston and Chicago are \$38.01 and \$47.61 respectively. On the other hand, rents in Philadelphia are \$26.63. Atlanta, which has rents that are similar to Philadelphia's at \$26.80, has construction costs that are 77.6% of Philadelphia's.

Figure 1: Estimated Total Costs Associated with Residential and Commercial Construction in Comparison Cities, Indexed to Philadelphia

Figure 2: Estimated Material Costs Associated with Residential and Commercial Construction in Comparison Cities

COMPARISON CITIES	% OF PHILADELPHIA COSTS	RENTS PER S.F.	COMPARISON CITIES	% OF PHILADELPHIA COSTS
Atlanta	77.6	\$26.80	Atlanta	98.1
Baltimore	82.1	\$23.42	Baltimore	100.3
Boston	103.4	\$47.61	Boston	102.3
Chicago	102.6	\$38.01	Chicago	99.2
Cleveland	86.9	\$22.01	Cleveland	98.0
Columbus	83.3	\$19.00	Columbus	97.9
Detroit	90.7	\$21.10	Detroit	97.5
New York	116.4	\$45.97– \$74.01	New York	104.9
Pittsburgh	89.3	\$22.96	Pittsburgh	99.2
Washington	86.4	\$59.58	Washington	102.5
US	88.0	\$38.69	US	100.1

Source: ESI (2013), Cushman Wakefield (Q1 2008, Q1 2012)

Source: RS Means (2012), ESI (2013)

Site issues — Several site issues potentially contribute to high costs. The logistical difficulties of building on small lots, such as narrow streets, drive up construction costs. Site assembly might be difficult because of multiple small lots and often unclear titles, and there may also be brownfield impairment.

Material costs — Material costs are set in a national market. Therefore, material costs are not a significant determinant of differences in construction costs.

Financing — Financing itself is generally not more difficult in Philadelphia than elsewhere as long as the underlying financial metrics match the performance in other cities. However, higher costs harm the financial performance of construction projects, make obtaining financing more difficult.

Labor — An important driver of construction costs is high labor costs. Again, the data show that the cost of labor in Philadelphia is more consistent with high cost cities. Boston and Chicago are closest to Philadelphia, while labor costs in Atlanta are 58.4% of Philadelphia’s. The US overall is 76.4% of Philadelphia.

Entitlement process — The entitlements process has been partially reformed recently in Philadelphia, but it is too early to tell if approval will become easier or faster.

Regulations — Regulations serve as additional drivers of high costs. Philadelphia has historically been known to have antiquated regulations. For example, until recently, all plumbing for commercial buildings had to be cast iron despite the industry long having moved on to PVC. While Philadelphia has now repealed this regulation, it remains an example of rules that create inefficiency.

Taxes — There are a variety of poorly structured and overly burdensome taxes that increase development costs in Philadelphia. This includes the sales and gross receipts tax, the net income tax, and the transfer tax which adversely affect direct construction costs and real estate investment profits.

Figure 3: Estimated Labor Costs Associated with Residential and Commercial Construction in Comparison Cities

COMPARISON CITIES	% OF PHILADELPHIA COSTS
Atlanta	58.4
Baltimore	64.7
Boston	104.5
Chicago	106.1
Cleveland	76.2
Columbus	43.5
Detroit	84.1
New York	127.5
Pittsburgh	79.9
Washington	70.9
US	76.4

Source: RS Means (2012), ESI (2013)

Why is this a problem?

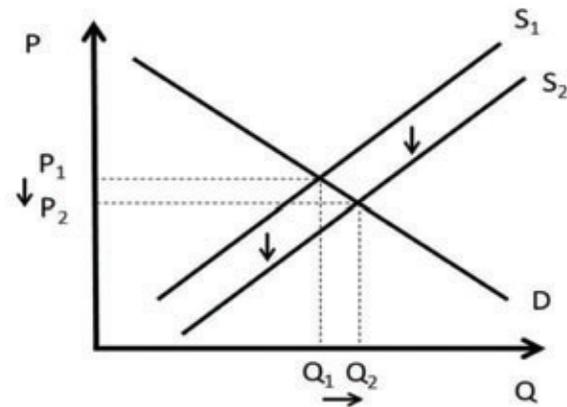
Ultimately, less real estate development means fewer construction jobs, and therefore a lower tax base. In cities where tax bases are lower (due to fewer businesses, lower income levels, and lower levels of economic activity), tax rates will have to be higher to achieve the same level of revenue. This will further reduce the tax base and economic competitiveness of the city. Additionally, building stock which is not renewed or brought up to standards regularly deteriorates and becomes obsolete, making less viable commercial and residential space which in turn is less competitive than newer stock in other locations. This leads to lower rents and a lower tax base.

Finally, these elements contribute to the decline in residential population and employment. More expensive building space means that businesses from law firms to pharmacies have to face higher operating costs. Many industries compete with companies in other nearby areas without Philadelphia's low real estate supply, which puts them at a competitive disadvantage. This further erodes tax bases and discourages real estate development.

Figure 4: Supply and Demand Theory

The economics of lowering construction costs (holding demand constant)

Basic economic theory of supply and demand suggests that if supply is increased, prices will go down. The figure below shows the impact of an increase in the supply of real estate, as the supply curve shifts downward, reflecting willingness to supply a higher square footage of office space at any given market price.



Possible ways to reduce construction costs

When focusing solely on the supply-side of development and construction costs, the results of our study suggest several cost reduction actions that will spur real estate investment and construction: reducing taxes, speeding-up the entitlement process, simplifying the building code, and lowering labor costs.

What kinds of gains are possible with a drop in construction costs?

Looking at the available supply of real estate in Philadelphia, we estimated the impacts of decreases in development costs. For a decrease of 15%, we estimated that multifamily residential construction would see approximately 11.9 million square feet of additional construction. Office space would increase by 4.7 million square feet, the equivalent of four Comcast Centers.¹

¹The Comcast Center is a commercial building located in Center City Philadelphia. It is a 58-story tower and is the tallest building in Philadelphia.

Figure 5: Possible Construction Gains Resulting from a 15% Decrease in Development Costs

	EXISTING STOCK (000 OF S.F.)			NEW DEVELOPMENT (000 OF S.F.)		
	Central Philadelphia	Rest of City	All Philadelphia	Central Philadelphia	Rest of City	All Philadelphia
Hotel	11,112	2,464	13,576	783	174	957
Industrial	6,218	106,387	112,605	438	7,500	7,939
Multifamily	45,662	122,634	168,296	3,219	8,646	11,865
Office	57,094	9,976	67,070	4,025	703	4,728
Retail	22,776	62,064	84,840	1,606	4,376	5,981
TOTAL	142,862			10,072	21,399	31,470

Source: RS Means (2012), ESI (2013)

Figure 6: Possible Job Creation Resulting from a 15% Decrease in Development Costs, in Philadelphia

	New Development (000 S.F.)	Percent of Space to New Workers	Square foot per worker	Employment Increase
Hotel	957	50%	1,000	479
Industrial	7,939	50%	1,000	3,969
Office	4,728	50%	250	9,457
Retail	5,981	50%	500	5,981
TOTAL	7.3			19,886

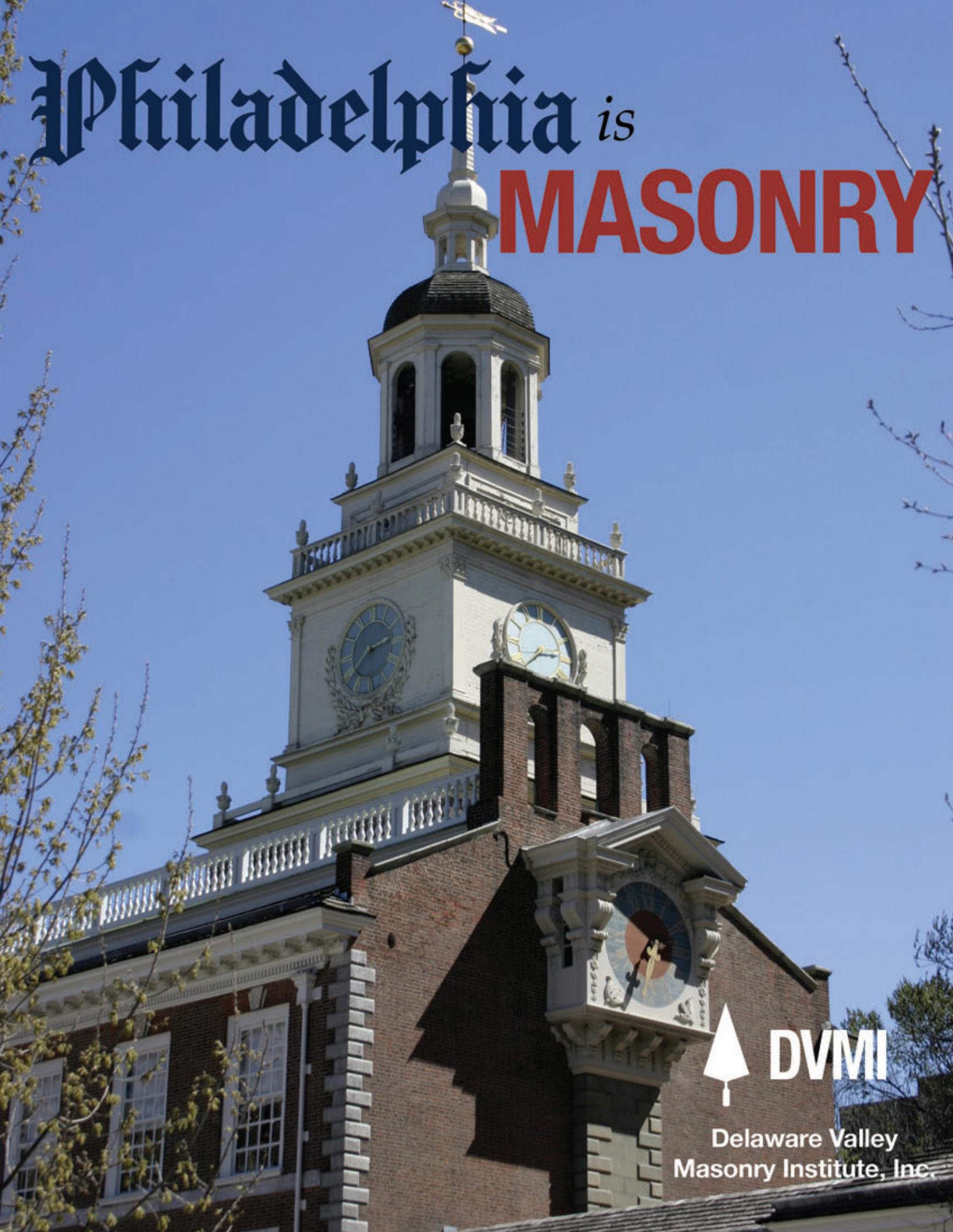
Source: ESI (2013)

What does this mean in terms of jobs?

While the most direct impact of reducing development costs would lead to general increases in commercial and residential construction, the new activity resulting from additional investment would create new jobs and increase the city’s tax base. We estimated that with a 15% decrease in development costs, Philadelphia could foresee having nearly 20,000 new jobs within the next several years, on top of any natural changes from other forces. This new activity is solely for direct employment, and does not take into account indirect and induced job creation that results from increased economic output in standard economic impact modeling methodology.² **CT**

²ESI uses standard input-output modeling methodology to determine economic impacts of investments in a given geography.

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Emergency Management and Business Continuity Planning Strategies for Contractors

By Cal Beyer, Murray Securus

It is often said that experience is an excellent teacher. This is as true for businesses as it is for people. This adage does not mean your company has to learn difficult lessons only from your own experiences. Your company can learn valuable lessons from the unfortunate experiences of others. Such is the case with emergency preparedness, disaster response and business continuity.

After the hurricane trifecta of Katrina, Rita and Wilma ravaged the Gulf of Mexico Coast in 2005, my professional career increasingly shifted to helping contractors improve their emergency preparedness, disaster response, business continuity

and crisis management plans. Since the spring of 2006 I have conducted countless workshops within the construction industry. In addition, I co-developed a continuing education training course, presented webinars, published articles and compiled a lessons-learned document to help contractors better prepare their companies for a variety of emergencies that commonly disrupt company and project operations. It has been gratifying to help businesses prepare for foreseeable emergencies and unexpected business disruptions and to have both lessons learned and success stories to share with other companies.

Impact and Legacy of Hurricane Sandy

In late October of 2012 a significant portion of the eastern seaboard was affected by Hurricane Sandy that made landfall in New Jersey on October 29th. Parts of the Mid-Atlantic and Northeast regions sustained damage ranging from major to catastrophic in scope and scale. On the one year anniversary of Hurricane Sandy, it was appropriate to look back on the damage caused and celebrate the recovery already achieved or underway. Although there are areas that are still rebuilding, in many ways the resilience of the region has proven to be “stronger than the storm.”

It is also timely to look ahead to future threats with a proactive mindset, armed with prior knowledge and experience. It is my hope that the greatest legacy of Hurricane Sandy will be the renewed focus that businesses invest in emergency preparedness and continuity planning. The prolonged power outages in the aftermath of Hurricane Sandy demonstrated the need to consider how to leverage available technology to allow businesses to operate from virtual and remote locations.

A Call to Action for Emergency Preparedness and Business Continuity

This article is a call to action for all contractors and suppliers to develop or revise your company’s emergency preparedness and business continuity plans. It involves identifying your company’s vulnerabilities and prioritizing corrective actions to further protect your company’s human and financial resources. Such a process can positively affect the vitality, viability and even the survivability of your business.

Emergency preparedness and business continuity plans are a hallmark of a well-managed organization. Within the construction industry there are several factors that make emergency preparedness and business continuity plans essential. Chief among these factors are the following: growing dependence upon technology, interdependencies with other contractors, suppliers and professional business partners, as well as the ever-present threat of natural disasters, man-made emergencies and technological disruptions.

Over the past several years there are signs of improving levels of preparedness, planning, and execution of plans, protocols and practices among many businesses. Unfortunately, despite more resources being available to develop simple but effective preparedness, response and recovery plans, there are many companies that have not successfully undertaken this crucial business function.

Emergency Preparedness and Business Continuity Planning Process

The emergency preparedness and business continuity planning and development process does not have to be cumbersome or bureaucratic. Companies can develop a functional plan expediently if they deploy a team-based approach of staff from each major business function or operating division. Exhibit 1 summarizes the emergency preparedness and business continuity plan development process.

This exhibit highlights the key steps to be followed, guiding questions for each step and operational factors to consider in developing the plan. The operational factors listed include helpful hints based on common oversights or gaps observed in plan reviews or post-storm debriefings with customer companies. A set of useful Emergency Preparedness and Business Continuity Resources are listed below.

EMERGENCY PREPAREDNESS AND BUSINESS CONTINUITY RESOURCES

- 1 Business Continuity Plan Overview**—Outline of basic business continuity plan process and resources (<http://www.ready.gov/business/implementation/continuity>).
- 2 Business Continuity Planning Suite. Federal Emergency Management Administration (FEMA).** Ready.gov website (<http://www.ready.gov/business-continuity-planning-suite>). This is free downloadable software in a ZIP file. The tool consists of a business continuity plan (BCP) training guide, automated BCP and disaster recovery plan (DRP) generators, and a self-directed exercise for testing an implemented BCP.
- 3 Emergency Preparedness and Disaster Response for Contractors.** Building Profits (Sept/Oct 2006). Construction Financial Management Association (CFMA).
- 4 OSHA’s Hurricane eMatrix** (www.osha.gov/SLTC/etools/hurricane/index.html). Overview of the safety and health practices recommended and required for in the aftermath of a major storm.
- 5 Prepare My Business** (<http://www.preparemybusiness.org/>) Modular planning templates developed by the Small Business Administration (SBA).
- 6 Zero Disruptions: Preparing for Unexpected Business Interruptions and Protecting Your Assets.** Building Profits (Sept/Oct 2011). Construction Financial Management Association (CFMA).

Exhibit 1: Emergency Preparedness and Business Continuity Plan Development Process

Step #	Key Step	Guiding Questions	Operational Factors to Consider
1	Identify the company’s vulnerability to foreseeable emergencies or disruptions evaluating both probability and severity of emergencies and disruptions.	What unique aspects of your geographic location, physical building, company operations, and interdependencies with suppliers increase vulnerability to emergencies and disruptions?	Common “Achilles’ Heels”: <ul style="list-style-type: none"> • Power outage • IT system outage • Telecom or internet network disruption
2	Determine what key business operations, functions, processes and systems are most likely to be impacted by major foreseeable emergencies or disruptions.	How can you reach key internal and external stakeholders if your business is disrupted?	Maintain updated primary and backup contact information for all employees and key stakeholders and develop portal/network to communicate with employees and stakeholders.
3	Prioritize the critical business processes in each functional area of the company that must be maintained in an emergency.	What key systems and business records are vital to operating the company from a remote location?	Pre-plan offsite “safekeeping” of blank checks, passwords and authentication key fobs for remote banking system access.
4	Assess the current state of vulnerability to these critical businesses processes to the foreseeable emergencies.	What is the cost of a “down day”, “down week” or the cost of relocating to a new facility?	Does your company purchase Business Income Interruption and Extra Expense insurance coverage?
5	Evaluate the company’s existing degree of prevention and readiness to respond to and recover from foreseeable emergencies.	Does the company have uninterrupted power supply to safely shut down the IT system and an emergency generator to maintain at least basic business functions?	Identify immediate actions to take in responding to power outages to ensure the adequacy of data backups.
6	Develop a plan with actionable steps to improve the degree of prevention and readiness to respond and recover.	Does your company have a hosted backup solution for key software and vital data systems?	Data backup and off-site storage are no longer sufficient alone as the need for and availability of data recovery solutions enables quicker resumption of service.
7	Communicate the plan and conduct tests/drills on the plan to ensure the organization is prepared in case of an emergency or disruption.	Does the company have a systematic way to track software upgrades and new databases created since the last test that may not being backed-up?	Is your company proactively addressing cyber-risk and focusing on proactive prevention of data privacy and the detection of malware and other system security threats?

Recommended Insurance and Risk Management Review

It is important to recognize that not all losses sustained in an emergency or disaster will be insurable. A well crafted insurance program and proper pre- and post-emergency risk management processes can maximize recovery on insurance claims. A risk management best practice is to solicit a professional assessment of your company’s insurance and contractual risk from insurance professionals specializing in the construction industry.

It is recommended to focus this insurance and risk management assessment to understand how your current coverage will respond to various loss and claim scenarios. This exercise will help minimize surprises by identifying possible coverage gaps

and the need for increased limits. Moreover, this process will help you determine how to document assets on a pre-loss basis and expenses incurred on a post-loss basis to maximize insurance recovery in an actual loss scenario.

Exhibit 2 summarizes the major representative elements of this insurance and risk management review. The specific assets and operations of each company create a unique risk profile that must be evaluated in its own context. The summary below is therefore not an exhaustive list of all factors to be considered. This list highlights key areas where a comprehensive insurance and risk management review frequently uncover gaps or opportunities to expand protection in the face of changing company operations and exposures to risk.

Exhibit 2

Insurance Coverage Analysis	Risk Management Review
Determine which assets are insurable vs. not insurable.	Evaluate cost/benefit ratio of uninterrupted power supply and emergency generator systems.
Ensure insurance submission has current valuations for buildings, vehicles and equipment.	Develop detailed contact lists of internal and external resources to help in emergency response and recovery.
Evaluate adequacy of coverages and policy limits.	Understand contractual obligations, including insurance on rental equipment and liquidated damages on projects.
Review coverage exclusions and extensions in current policy and consider requesting endorsements to close identified gaps.	Identify critical suppliers and determine secondary sources for critical materials.
Understand the basis of recovery: Replacement Cost vs. Actual Cash Value.	Request emergency preparedness and business continuity plans from critical business partners and suppliers to understand their level of readiness.
Review the coinsurance clauses on property insurance policies and deductible levels to understand the level of risk being retained.	Develop a checklist of pre-emergency actions to take in the corporate office and at project sites to prepare for impending severe storms.
Understand how Builders Risk applies whether your company purchases coverage or if the owner or General Contractor purchases the coverage.	Determine adequacy of computer backup and address if all mission critical hardware, software and databases are sufficiently backed-up with acceptable recovery.
Consider the need for additional limits for coverages important in recovery from emergencies, such as Debris Removal.	Conduct scenario exercises and simulation drills to understand exposures and to identify vulnerabilities.
Evaluate the need for Business Income & Extra Expense coverage and verify the waiting period known as the restoration period (typically but not always 72 hours).	Assess if segregation of risk is necessary to move parked vehicles and equipment in the event of flooding or other cause of loss.
Consider availability and cost of Off-Premises Power Interruption coverage.	Institute custom job costing codes relating to expenses incurred as a result of a claim to aid in cost recovery.
Determine the need for Contingent Business Interruption coverage for key suppliers subject to named property perils whose disruption would have catastrophic consequences for your company operations.	Provide paper copies and flash drives of all emergency preparedness and business continuity plan materials to key managers to store off-site at home or in vehicle in case company location is inaccessible.

Conclusion

Construction is characterized as a thin margin business and a risk-burdened industry. An emergency preparedness and business continuity plan can help a company protect its human and financial assets. Emergency preparedness and business continuity plans can provide a sustainable competitive advantage for contractors. Proper emergency preparedness and business continuity plans can help contractors respond

better and recover faster to the business challenges posed by unexpected disruptions. This can make the difference between being able to prepare and submit a bid or being shut out due to system shutdown. More dramatically, such plans can be the difference between a business thriving, surviving or failing in the midst of severe circumstances. **CT**

Searching for Truth... in Numbers?

by Gordon C. Manin, MD, MPH, WORKNET Occupational Medicine

Have you ever been on a job site and watched some guy in a suit walk around with the boss, wearing the hard hat from the trailer and wondered who is that joker and what is he doing here?

One of those guys was likely me over the last few months as I sought to get out of the office and see for myself what was going on. I wanted to understand if the information I was exposed to in the business news was media hype, someone else's perception, or reality. Are the numbers telling the real story? What to believe?

The recent recession in the U.S. economy toppled many of the largest companies and has left many consumers and companies weak and vulnerable. Slow recovery is underway but for some, it will take years to recover. There has been high unemployment, mounting government debt service, and uncertainty in the financial markets. Consumers are feeling better but for the most part are stuck in neutral due to no real increase in income, overconsumption and heavy debt loads.

While we sometimes do not realize it, there is good news, and more on the horizon. Energy prices, inflation and interest rates are low. The second quarter 2013 FMI report mentioned that "residential construction is the primary area of growth in our forecast for 2013. Most other sectors are improving over 2012, but at a slower rate primarily caused by the uncertainty in the federal budget. The overall growth rate is forecasted to be 7% as opposed to 1% in 2012."

We do have challenges ahead that can affect economic growth. Higher taxes, damaged personal credit, trade and government restrictions and higher education costs are just a few.

As you can tell I am a "numbers guy" to some degree. In reality, I am an economist, a financial analyst and advisor who does work for executives of construction companies, pensions and foundations. My first client was a general contractor (back in 1984) and I am still proud to wear the mud splattered shoes around the office. In a real sense, people hire me to create plans and build well engineered, safe financial solutions that stand the test of time. Although numbers never leave the paper they are printed on, their influence will determine the projects that come out of the ground, how work gets done and the fortunes for all of those who work in the trades. So how do you make the right decisions? And perhaps, an even bigger question...why take the risk? So I ventured in to the field, armed with a series of tough questions such as:

- What is the current state of doing business?
- What is your outlook?

- What system do you use to ensure profitability?
- What ways do you promote your business?
- How do you see the Cloud?
- How do you view BIM or other CAD tools to "sharpen the pencil"?
- How is field-based technology improving the bottom line?
- What margins do you expect in the near term?
- How will the Affordable Care Act affect you?
- What new regulations ("Green codes", sustainability, tax, and accounting) are costing you money and how are you dealing with it?
- What are your experiences with safety/liability or insurance?
- How do you handle "cyclical" demand or uneven revenue and expenses?
- What best financial management practices have you used successfully?

My first discussion was with a well-respected concrete contractor and I fully expected him to give me all the answers. He started in construction at age 17 and was running a job by age 20. He took a leadership role at 30 and grew a small business into a large one. He said to me "Jimmy, those are the tools you use to do the work and yes, you had to have someone stay on top of the technologies, but you have to know where the money is going. If you take your eye off payroll, the bills, or the work on the site, it won't matter what computer you buy or who the mayor is." He went on to say in today's construction economy, "there is nowhere to hide the numbers. All of the stuff you hear is true, profit margins are a lot less than they were, banks are tight, regulations are tougher but you have to understand this is a cyclical business and you can make it if you don't over extend."

He then said something we all know: be truthful. If you build a reputation as someone who is willing to be held accountable, you build trust. "Even if it results in a problem or two on the job, you will come out ahead in the long run. On the other hand, if you spend your time and energy figuring out ways to cover your behind, you won't have to worry about accountability—but don't expect future work."

I have worked with him for years, helping him preserve his cash through conservative investing outside the business. Now he is re-investing in his business, buying new equipment and bidding on some significant work.

Next I checked in with bonding and insurance folks by visiting an owner of a regional firm. He has worked with some of the best contractors for years and made it simple. "The best guys

and gals don't buy work. They determine what their margins are and stick to it. They keep enough money and wait it out if they have to. If they can't get the bonding or pay the insurance, then they won't get the work anyway." My firm does business succession and exit planning for executives and I asked him how important planning is. He said, "There are quite a few owners who are looking to get back in the game and have 'walking money.' Having a plan reduces uncertainty and helps the insurers and bonding companies buy into the risk. It may be seen as a hassle, but everyone benefits when risk is managed."

My next visit was with a carpentry company and general contractor. You want lively feedback, just visit these guys! "Why are we in this crazy business?" one of the owners responded. She went on, "This business is like a big family, we fight like junkyard dogs and then play golf the next day. Why do we do it? For the juice! This is a hard business but that is the reason it works." As an up and coming business, the owners are dedicated to using Timberline to track work in progress. "It is all about reducing labor drain" one owner said. "You need to manage the relationships and push your people when they need it. Losing one hour a day per person over the course of the job will kill you."

Their businesses also have a well-organized hierarchy to make sure everyone is supervised, constantly working and on task. Managers at every level can report to their superiors, so everyone at every level is constantly monitored. This will also reduce the likelihood of delays, as nothing will slip through the cracks. It is clear these guys have a passion for the business and I am sure this is one of the reasons they will be successful.

Next was a visit to an equipment dealer for a lesson on economics. The executive told me that when housing starts first showed signs of significant improvement, investors bought heavy equipment stock thinking demand was back. In February of 2012 Caterpillar stock was trading at over \$112 a share. But now, stocks of construction equipment are down (Cat traded at \$84 on August 1st), and compared to housing orders, sales of construction equipment are lagging. This is a clear sign of caution in construction companies.

The equipment dealers are seeing machinery that is a few years older but with far fewer hours as an attractive money-saving option. Basically, the used equipment is not as worn out as would be expected.

We traded investment reports, reviewed his money and he reminds me that managing money is not like running a business. "In my business, I can just go out and fix something. With your business, you have to accept that there are forces outside of your control. That is why I have you financial types" he laughed.

So what are the numbers saying? The laws of supply and demand exist in every market (manipulated or not). Numbers have no feelings, families to feed or political views.

The highlights from the financial markets are:

Taxes and costs to conduct business are going up, so plan ahead to ensure that the funds are there when you need them. Don't spend money that you don't have and stay disciplined (sound familiar?).

Keeping your money in the bank is risky because, after inflation and taxes, you are falling behind.

Bond owners beware. We may have seen the turn back up in rates and bond prices can fall just as sharply as stocks. So much for the safety of fixed income. Seeking floating rate loan investments.

U.S. companies are in solid shape and producing higher profits than ever. Many think it is unfair for corporations to thrive as the American people struggle, and I happen to agree. But moralizing over stocks will likely cost you.

With proper risk management, you can be clever and participate in the potential rise in stocks.

Real estate prices are not going to return to all time highs soon, however, there are opportunities within banking and housing investments.

U.S. energy and infrastructure issues are being addressed by new discoveries and the need to rebuild our aging transportation systems. Master limited partnerships and industrial companies may make for good returns.

The odds are better if you don't go it alone. Find an experienced advisor who is focused on the same things that drive your business; service, performance and expense management. (Sounds like good contractor wisdom to me).

Someone once said, "People believe what they want to believe." The question I sought to answer was "is the media smorgasbord, piled high with information, analysis and clever sound bites, truth or fiction? And in either way, how are successful contractors dealing with it?" The problem today is not a lack of information. It is an overwhelming amount of information available at the click of a mouse or touch of a screen. How do you decipher what is important and relevant?

I discovered during my forays onto the yards and job sites that, at the end of the day, fundamental business principals should be the ultimate guide in a world flooded in information noise. The basics like hard work, firm and fair treatment of subs, labor and employees, and face time with clients and minding the numbers is what separates the successful contractors from those who have not survived. We may be seeing the next upward cycle take hold. In the future, just as in the past, the companies who will prosper will be those who listened more inwardly than those that were influenced outwardly. **CT**

Yield Ahead! Compliance Deadlines Approaching for DOT Drivers

by Gordon C. Manin, MD, MPH, WORKNET Occupational Medicine

The Department of Transportation (DOT) made significant changes to the medical examination procedures for Commercial Motor Vehicle* drivers involved in Interstate Commerce** over the past few years. Some of these changes were recently implemented and other changes will become effective shortly. Two of these particular changes will be reviewed in this article.

Abbreviations

CDMC = Federal Commercial Driver Medical Card
CDME = Federal Commercial Driver Medical Examination
FMCSA = Federal Motor Carrier Safety Administration
NRCME = National Registry of Certified Medical Examiners
SDLA = State Driver Licensing Agency
SCDL = State Issued Commercial Driver License

I. The merger of the State Issued Commercial Driver License (SCDL) with the Federal Commercial Driver Medical Examination (CDME)

Starting January 30, 2012 and no later than January 30, 2014, ALL SCDL holders must self-certify the details of their Commercial Motor Vehicle operation to their respective SDLA. Based on the self-certification response, drivers required to have a current CDMC will be required to submit a copy to their SDLA to be included with their driving record. SCDL holders who are required to have a current CDMC and who fail to provide their SDLA with a current CDMC will no longer be permitted to operate a Commercial Motor Vehicle for Interstate Commerce and may lose their SCDL.

Details of The New Rule

On December 1, 2008, the FMCSA published a final rule to include the medical certificate status (i.e. CDME expiration date) as part of the SCDL. The 'new' rule required that a driver provide a current copy of their CDMC to their SDLA, such as PennDOT. The SDLA would then be required to keep track of the CDMC expiration date along with the SCDL expiration date. Prior to this rule, the SDLA did not require drivers to produce their CDMC when obtaining a SCDL. As part of the rule, SDLAs are required to record a driver self-certification form detailing the type of driving performed, whether the driver is required to have a CDMC, and the medical qualification status (i.e. CDMC expiration date and any medical restrictions). If the CDMC were to expire, the SDLA would need to modify their records to show the driver is no longer 'certified' (i.e.

no longer permitted to operate a Commercial Motor Vehicle in Interstate Commerce). The driver's SCDL should then be downgraded, typically within 60 days of expiration of the CDMC. The rule mandated that states begin compliance with these rules by January 30, 2012, requiring that SCDL holders provide respective SDLA with their self-certification status by January 30, 2014.

As a result of the approaching compliance deadline, states have begun to mail their SCDL holders self-certification forms for completion and submission. These changes have been creating anxieties for both SCDL holders and their employers. For example, it is not uncommon for a SCDL holder to receive a short term CDMC (e.g. 1-3 month expiration) if the Medical Examiner requests additional medical information prior to providing a longer expiration date. These anxieties are heightened by the fact that SDLAs will inactivate a driver's SCDL if their CDMC expires. Furthermore, in some states such as Pennsylvania, a driver will be required to repeat the SCDL permit process in order to re-activate their SCDL if the SDLA is not provided with a new CDMC with an extended expiration date within 60 days.

In order to avoid the inefficiencies resulting from the inactivation of the SCDL and the potentially required SCDL re-permitting process, drivers and employers need to be proactive. When a driver is given a CDMC with relatively short expiration (e.g. 1-3 months) pending additional information, both the driver and employer should make note of the expiration date. If the required information has not been provided to the Medical Examiner before the CDMC expiration, the driver and/or employer should contact the Medical Examiner before the expiration date to determine if an extension can be obtained. If attempts are being made to obtain the required information, most Medical Examiners will provide limited additional time to meet requests.

In situations where the additional medical information cannot be obtained in a timely fashion, drivers have another option. The driver can complete a new self-certification form obtained from their respective SDLA. When completing the new self-certification form, the driver should complete the form stating that the driver is an exempted interstate or intrastate driver. With the new certification, the driver will not be permitted to drive a Commercial Motor Vehicle in Interstate Commerce,

but the new certification status will prevent a driver from losing the SCDL if required to go through the re-permitting process. Once the driver has obtained a new CDMC, the driver should once again complete a new self-certification form enabling them to drive a Commercial Motor Vehicle in Interstate Commerce.

II. The National Registry of Certified Medical Examiners (NRCME)

By May 21, 2014 final rules and regulations will permit only Medical Examiners listed on the NRCME to perform CDMEs. Only those Medical Examiners that have completed the required curriculum and testing will be listed on the NRCME. Also, all medical examination results will be required to be reported to the DOT. All Medical Examiners performing CDMEs must comply with these training and reporting rules.

Details of The New Rule

In 2005, as a result of a number of high profile accidents and deaths involving Commercial Motor Vehicles engaged in Interstate Commerce, the United States Congress passed the Safe, Accountable, Flexible, and Efficient Transportation Equity Act: A legacy for Users (SAFETEA-LU). The legislation mandated a number of changes impacting the medical evaluation and approval for Commercial Motor Vehicles involved in Interstate Commerce. One of the major changes was the formation and implementation of the NRCME and the FMCSA was charged with developing the rules and regulations. On December 1, 2008, the proposed rules and regulations were published in the Congressional Federal Register (CFR) for public comment. It took until April 20, 2012 for the final rules and regulations to be published with an implementation date of May 21, 2014.

On May 21, 2014 when the final rules and regulations take full effect, any Medical Examiner performing CDMEs must comply with the training and reporting rules. Medical Examiners may include medical doctors, doctors of osteopathy, physician assistants, nurse practitioners, or chiropractors where their respective state scope of practice rules permit the practitioner to perform the level of examination required by the NRCME. Those wishing to be listed on the NRCME must complete training that includes the physical qualification for drivers as established by the DOT, the physical and mental demands associated with operating a Commercial Motor Vehicle, and the medical advisory criteria prepared by the FMCSA as guidelines to aid the Medical Examiner. Once the required training has been completed, the Medical Examiner must pass a test approved and administered by the FMCSA. Before taking the required test, all Medical Examiners must register with the NRCME. Once the test is passed, periodic retraining must occur every five years and an approved test must be taken and passed every ten years to remain listed on the NRCME. Drivers seeking to operate a Commercial Motor Vehicle in Interstate

Commerce requiring a CDMC must obtain a CDME from a Medical Examiner listed on the NRCME any time after May 21, 2014. Medical Examiners listed on the NRCME can be found by going to the DOT web site at <http://nrcme.fmcsa.dot.gov>.

Also beginning May 21, 2014, all Medical Examiners will be required to comply with certain reporting requirements. The reporting requirements mandate that Medical Examiners transmit via the Internet to the FMCSA at least once every calendar month information regarding every driver examined including the following: Name, Date of Birth, Driver License Number and State, Date of Examination, Exam Outcome, Whether Intrastate Driver Only, and Date the CDMC expires. These reporting requirements are meant, among other things, to limit the ability of a driver to 'doctor shop' if they previously failed a CDME (i.e. driver presents to a second Medical Examiner after being failed by the first Medical Examiner, while not informing the second Medical Examiner of their initial failure).

Finally, the changes listed above have been very slow in coming as a result of the legislative and regulatory process. The intent of these changes is to improve the quality of the medical examinations performed on Commercial Motor Vehicle drivers involved in Interstate Commerce, and to limit the ability of drivers to beat the system when they are medically unfit to drive. Only time will tell if the changes will succeed in accomplishing their intended goals. **CT**

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**See 49 CFR Part 390.5 for a definition of a Commercial Motor Vehicle as it pertains to Federal Commercial Driver Medical Examinations.*

***See 49 CFR Part 390.5 for a definition of Interstate Commerce as it pertains to Federal Commercial Driver Medical Examinations.*

Lankenau Medical Center Master Plan Project

In June 2010 the Lankenau Medical Center began to embark on a campus-wide transformation that is intended to take the Center into the next century. The Master Facilities Expansion and Renovation Project has been designed to provide the safest, most comfortable, most efficient environment for patients, family, staff and physicians. As part of this transformation, the plan entails:

- The relocation of the existing Vivarium to a newly renovated space along with connectivity to the existing Lankenau Institute of Medical Research building via newly constructed bridges and skylights. The project also required the construction of a complete mechanical/electrical penthouse to support its function.
- Improved campus access and parking, including the addition of a 1,306-car parking garage and additional surface parking along with a newly configured rear boulevard.
- The new Heart and Lung Pavilion will offer cardiovascular and pulmonary care, enhanced privacy and convenience, and resources for accelerated translation of scientific research into clinical practice. It will house three inpatient floors, including an ICU, and will be the first dedicated heart and lung facility in the area. The new Pavilion also includes a new bridge to the existing parking garage and a building that will connect the new Pavilion to the existing hospital for continuity.
- A new Energy Services Center in the basement and ground floors of the newly constructed parking structure along with enhanced utility distribution throughout the campus including electrical, fiber optic, steam, chilled water, condensate and fuel oil.
- Demolition of several buildings including the existing Central Utilities Plant to make way for the new Pavilion.

Phase One is well underway with the completed renovation of the MRI/CT Department; the opening of the new Inpatient Dialysis Unit; renovations to the Emergency Department; and the recent openings of the Comprehensive Breast Center and the Annenberg Simulation Center as well as a new Cardiothoracic Intensive Care Unit and an expanded Cardiac Catheterization Laboratory Suite. Lankenau also has begun converting inpatient rooms from semi-private to single occupancy.

Part and parcel of the aforementioned work, several departmental relocations and domino projects are also necessary including but not limited to:



- Security Suite
- Central Sterilization Suite
- Patient Clinic and Registration
- Tru-Beam XL Linear Accelerator
- Kitchen and Cafeteria Renovations
- Hybrid OR's
- Pharmacy
- New Loading Dock
- Laundry and Maintenance area
- New Endoscopy Suite
- Pew 4 Southwest Renovations

Approach and Challenges

Due to the need for space to accommodate some programs not yet facilitated at this campus, the aggressive decision was made to start as much of the project as possible at the front end to provide the earliest turnover dates. Additionally, despite the overall size of the campus, the areas of the new buildings, laydown areas that resulted and domino dependent nature of each piece, the project was extremely tight and left no flexibility. Consequently, a very aggressive logistics plan was developed that called for nine (9) "mobilizations". Each mobilization detailed work necessary for a major shift in campus flow or operations. This was carefully planned to allow the hospital to fully operate with little to no inconvenience. Adjustments and reconfigurations of existing structures and services (such as the loading dock) were embarked upon first, allowing major areas to be available for construction of either new utility distribution, new structures or new grading and site features. With this approach, we were able to begin the construction of the three major components almost simultaneously (new patient pavilion, new parking garage and new energy services center). The result of this approach solved an existing parking

continued ►



Ramela Benaissa Architects commissioned by PA Convention Center

The Pennsylvania Convention Center Authority commissioned Kelly/Maiello Inc. and GBCA member firm Ramla Benaissa Architects, as a subconsultant for Kelly/Maiello Inc, to document the replacement of the roof membrane systems of the existing Exhibit Hall and Train Shed Buildings. RBA's mission includes site survey and evaluation of existing roof conditions, Schematic Design, Design Development and Construction Administration of the 400,000 square foot Exhibit Hall roof. **CT**

► *Lankenau Medical Center continued*

problem and allowed revenue-producing portions of the Master Plan to be built two years earlier than planned.

This approach, combined with a detailed and accompanying schedule, most clearly defined the critical path. In doing so, this enabled P. Agnes, Inc. to work with the design team on the most urgent design items first while allowing flexibility on others that could be afforded more time where more collaboration was desired. This also resulted in a detailed GMP that has been maintained under budgeted values. **CT**

Building Landmark Communities in Philadelphia

In today's economy, businesses are more selective than ever before making their location choice. The same is true for residents. In fact, according to a recent report by CEOs for Cities—a not-for-profit organization that maps economic growth in US cities—college-educated professionals between the ages of 25 and 34 continue to be drawn to revitalized downtown communities. The report also noted that these professionals desire tight-knit urban neighborhoods that are close to work and have lots of entertainment and shopping options within an easy walk. Further, this demographics' population grew 26 percent from 2000 to 2010 in major cities' downtowns, or twice as fast as it did in those cities' overall metro areas. This shift leaves cities looking for ways to revitalize their central business districts.

One such city that is making great strides to ensure their business district meets this trend is Philadelphia. Case in point is the recently opened 2116 Chestnut Street Apartments.

The area known as Rittenhouse Square, one of the five original open-space parks planned by William Penn during the late 17th Century, has a long heritage in Philadelphia. The tree-filled park area is surrounded today by high-rise residences, offices, retail and restaurants. With such a rich heritage,

Madison Concrete was honored to be selected to be part of the team to construct the new apartments.

Construction of the 400,000-square-foot, Class A residential building began in the spring of 2012 and opened to the public July 5, 2013. The new mixed-use building features ground floor retail on Chestnut Street, new space for the Hillman Medical Center, and a 34-story tower of 309 residential rentals. Additional features offered include 130 enclosed parking spaces, 9,150 square feet of retail space on Chestnut Street, a state-of-the-art amenity package for residential tenants and exceptional views of the city and the Schuylkill River. The new landmark 2116 Chestnut Street Apartments offer exceptional residential and commercial space for the neighborhood.

Madison provided full cast-in-place concrete construction services from foundations through the roof of this concrete frame structure, which was a culmination of several months of planning and consulting. In an effort to ensure safety and dramatically improve productivity, the proper formwork systems were implemented by way of flying table forms for the decks. Despite the close coordination and sequencing required with the surrounding tall structures. Madison completed the structure approximately six weeks ahead of schedule.

Experience Brings Excellence

Madison Concrete was chosen by General Contractor Hunter Roberts Construction Group for their extensive experience in residential high-rise concrete buildings. Locally, Madison has worked on several high-rise projects including The Granary Apartments, Murano Condominiums, and Waterfront Square Tower 3.

The Granary Apartments are comprised of 227 luxury apartments and more than 20,000 square feet of prime retail space and underground parking. The three-year, \$66.2-million project is expected to be completed late this year.

The Murano is a 43-story, 302-unit condominium in the heart of Philadelphia's Center City.

As one of the first new high-rise condominiums in the downtown area, this building exhibits elegant curves and striking architectural details. This "Chicago" style exposed exterior concrete frame structure allowed Madison Concrete to utilize custom-made steel forms to achieve the building's curved perimeter façade. The new condos opened in 2007.

Another notable high-rise project that Madison helped construct was Waterfront Square Tower 3. Located along the Delaware River, just north of the Benjamin Franklin Bridge, the project was one of five glass luxury high-rise towers planned for a new residential community in Center City Philadelphia. Features of the new gated community include covered parking, a landscaped center square, promenade, fitness center and a spa, all situated on 10-acres.



The use of filigree concrete frame construction provided an economical, high quality and time saving solution for this project that opened in 2008.

“At Madison Concrete, we are proud to have contributed to the growth of Philadelphia. The new residential and mixed-use buildings we’ve had the pleasure of constructing meet the growing needs for our business owners and residents,” said James Dolente, Jr., President. **CT**

As Seen In... REGION'S BUSINESS

Migration, Momentum Key To City Growth



Patrick S. Pasquariello III is founder of P. Agnes, Inc., and is also on the Board of Directors with the GBCA and serves as Treasurer.

In my 32 number of years in the construction industry and serving as Principal and Vice President of P. Agnes, I have seen waves of change in the City of Philadelphia and have been happy to play a part in the City's growth. When thinking about the future of this great city, I found it hard to picture what may happen in the future. There are great challenges and opportunities ahead.

Increase Costs Meet Low Rent

The construction industry has been faced with a number of obstacles with the state of the economy over the last five years. Construction costs continue increasing each year, making projects on the drawing board vulnerable to making budget. Some projects struggle to move forward, especially office and apartment projects, because rent numbers are too low to make a profit.

What's the result? I imagine we'll see smaller projects progressing more rapidly in the queue, while larger, more complex projects will lag.

Driving Growth Via Non-profit Institutions

Two areas of the city building at a swift pace, and will likely continue to flourish, are University City and North Broad Street.

The University of Pennsylvania continues to improve existing buildings, with a large number of hospital buildings expanding and new ones being erected to connect to them. The Children's Hospital of Philadelphia is expanding its campus further along Civic Center Boulevard, with new buildings being constructed in a way that will allow them to go higher if there is a future need to expand. Pedestrian bridges are being added between buildings to make the campus more user-friendly for patients, doctors and staff. And for the past few years, Drexel University has seen a steady increase in freshman enrollment and has added building capacity to accommodate the growth, including two new student housing developments at 32nd and Chestnut.

North Broad Street has seen a lot of growth in the past few years, especially on the Temple University campus. Well-known names like Bart Blatstein, Steven Starr and Marc Vetri are heavily invested in new retail and residential projects just north of City Hall, bridging the gap between the city and Temple University.



Condominiums on Walnut Street

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Migration to the City

Young people are coming back to the city. Real estate values are increasing and the Center City borders are pushing south into South Philly and north into the Northern Liberties area. Restaurant and retail growth in these neighborhoods are benefiting



CONDO PROJECTS ARE THRIVING WITH EMPTY NESTERS SEARCHING TO LIVE IN THE VIBRANCY OF DOWNTOWN... PHILADELPHIA HAS SO MUCH TO OFFER...

directly and, in my opinion, will continue to flourish as apartment buildings fill up.

Young people aren't the only ones returning to the city. Condo projects are thriving with empty nesters searching to live in the vibrancy of downtown. Walkability is key, and Philadelphia has so much to offer in terms of entertainment, shopping and dining. Philadelphia is now drawing back those who moved to the suburbs years ago.

The downtown market can only absorb these projects if more jobs are brought back into the city. If not, the growth rate will once again stagnate. The people migrating to the city are looking for the high-end finishes

only available in new construction projects, including upgraded finishes, more amenities and better parking ratios.

Business-friendly Tax Structure

Some additional factors that will impact the growth of Philadelphia over the next 10 years are the business taxes and the 10-year tax abatement.

There's plenty of talk about it, but no changes have been made. The 10-year tax abatement sparked significant growth in this city and, if we want it to continue, it must stay in place. With construction costs increasing, this is one of the things that can make or break the budget for developers and owners. Take away the abatement? You take away new projects, and that takes away jobs. That being said, we need to make this city more attractive for new companies to relocate and create job growth. The city needs to take a hard look at the tax structure and figure out a way to make more public funds available to attract new business.

I recently read that no new companies have relocated their corporate headquarters to Philadelphia in over a decade and we can't continue to lose that business to other cities.

Momentum is Key

I love this City. I love being a part of its ever changing façade. We've been building good momentum in recent years, and I hope to see these changes start to take place so we can keep it going for the next 10 years.

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LDC, Laborer's District Council

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LECET, The Laborer's - Employer's Cooperation and Education Trust and The Laborer's District Council of Metropolitan Philadelphia & Vicinity.

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Laborer's District Council, Education and Training / Apprenticeship School

SEE OUR AD ON PAGE 21

BUILDING MATERIALS

George F. Kempf Supply Co

SEE OUR AD ON BACK COVER.

Sutcliffe Supply

SEE OUR AD ON PAGE 44.

CONSTRUCTION LITIGATION

Cohen Seglias Pallas Greenhall & Furman PC

SEE OUR AD ON PAGE 46.

DEMOLITION

Geppert Bros Inc.

SEE OUR AD ON PAGE 13.

EDUCATION & TRAINING

Med-Tex Services

SEE OUR AD ON PAGE 44.

GENERAL CONTRACTORS & CONSTRUCTION MANAGERS

Haverstick-Borthwick Company

SEE OUR AD ON PAGE 13.

INSURANCE & BONDING

Conner Strong & Buckelew, James M. Hanrahan or Steven Raffuel

SEE OUR AD ON PAGE 4.

Engle-Hambright & Davies

SEE OUR AD ON PAGE 3.

SPECIALTY CONTRACTORS

B. Pietrini & Sons

SEE OUR AD ON PAGE 2.

Helbling Bros. Interior

SEE OUR AD ON PAGE 44.

Window Repairs & Restoration, LLC

SEE OUR AD ON PAGE 44

McGoldrick Electric, LLC

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G&R Mechanical

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Saling Roofers, Inc.

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RETAIL SUPPLIERS

Sprinter

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MISCELLANEOUS

American Red Cross

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World Wildlife Foundation

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This message is brought to you by the Laborers' District Council of the Metropolitan Area of Philadelphia & Vicinity and LECET—The Laborers'-Employers Cooperation and Education Trust.



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