

BTEA Newsletter

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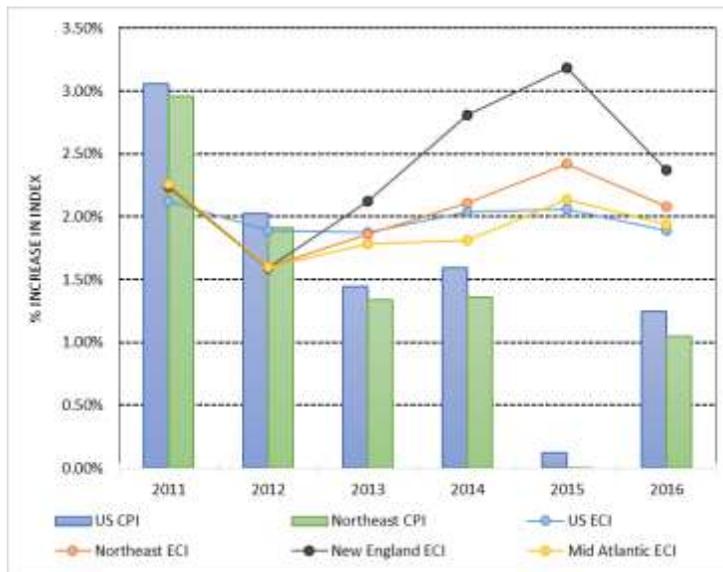
BTEA NEWSLETTER NO. 2

February 15, 2017

Employment Costs Grow Faster than Inflation

All business owners know that labor is expensive. Wages and benefits combine to cost a lot to employers. The Bureau of Labor Statistics (BLS) created the Employment Cost Indicator (ECI) to provide a basis to judge increases in labor costs over time. This is very similar to the Consumer Price Index (CPI). Many people assume that the ECI rises in conjunction with the CPI, however there are many more factors contributing to the costs of labor than just the trends of inflation.

The graph below exhibits national and regional growth in the CPI represented by the bars, compared to national and regional growth in employment costs.



The ECI has been growing much faster than inflation for some time and that trend is especially bad in New England. The BLS categorizes the Northeast as New England and the Mid-Atlantic. It is obvious that both are affected higher employment costs due to already steep costs of living and cost increases to provide benefits such as healthcare coverage.

New Form I-9 Now Required

U.S. Citizenship and Immigration Services (USCIS) published a new Form I-9 late last year. The new Form I-9 is effective until 8/31/2019. On January 22, 2017, the use of the new Form I-9 became mandatory. You can access the new Form I-9 [here](#), and you can access the instructions for completing the new Form I-9 [here](#).



The new Form I-9 does present a number of important changes. For example, employees are only required to identify other last names used in Section I, rather than all names used. Also, below the employee's signature line, there is a checkbox for the employee to indicate whether a preparer and/or translator was used to complete Section I. The new Form I-9 provides additional spaces, and a supplemental page, to enter multiple preparers and translators, when more than one preparer or translator assists the employee with completing Section I. Further, in Section 2, employers will find a new "Citizenship/Immigration Status" field in the first line with numbers one through four, which correlate to the employee's selected citizenship or immigration status entered in Section I.

When the new Form I-9 is completed on a computer, as a fillable PDF form, users will see checks to certain fields to ensure information is entered correctly. There are also drop-down lists and calendars available on the Form I-9 when it is completed on a computer. The Form I-9 completed on the computer also includes instructions on the screen that users can access to complete each field.

Tax Season is Coming...Be Prepared!

Tax season is upon us and with it new headaches for tax preparers and for you, the taxpayer. This year for your personal tax return you will be required to provide your driver's license number, date of issue, expiration date, and state issued. If there is not a driver's license, a state issued identification card will do. Massachusetts will not accept your returns without this information. You will also need to provide this information as the owner/officer of a corporation, partnership, trust, or not-for-profit organization.

Double check with your accountant on Federal Partnership returns that are now due on March 15 and not April 15 as previously required. On the reversal, C- Corporations are now due April 15 instead of March 15. But Massachusetts did not adopt these new deadlines! Talk to your accountants as changes take effect!



In addition, there remains some major tax implications as a result of the Affordable Care Act. Despite Republicans scrambling to repeal and replace Obamacare, it appears unlikely that they will be able to do it before tax season. As a result, the IRS is continuing to provide guidance to individuals and employers which can be found [here](#).

CarePacks Packing Event



Help put together care packages for our troops deployed overseas! Details for the Packing Event below:

March 4th from 10AM to 2PM
104 Pond Street in Weymouth, MA

Tale of Two Cities' Project Deliveries

This newsletter has [previously](#) explored project delivery methods. Design-Bid-Build is the traditional method of owners managing a designer and bidding the work out. Design-Build (DB) has owners hiring a company to design and build the project. And Construction Manager At-risk (CM@R) has the owner hire a CM who manager the design and construction as they see fit.



The industry has debated the merits of all three project delivery methods, but no consensus has developed. A recent study found that 75% of DB projects finish on schedule, but also 50% run over budget. Concerns with schedule are paramount when it comes to building educational facilities or infrastructure. Therefore, states and cities have been embracing Design-Build as the best way to meet strict deadlines.

In his latest state budget proposal, NY Governor Andrew Cuomo proposed expanding the possibility of using DB to all state agencies. However, expansion to NYC was noticeably left out of the proposal. NYC Mayor de Blasio is expected to file his own bill, but lawmakers have been reluctant to move away from the public bidding process due to their fear of the cost of construction in the city.

On the flip side, the City of Boston has turned to another methodology of Construction Manager at Risk (CM@R) to ensure that the construction of public school buildings remains on schedule. The Dearborn Academy is set to become one of the first new schools in Boston in over a decade. For the project, the city gave Gilbane and Janey Construction Management \$73 million in a Guaranteed Maximum Price (GMP) CM@R delivery method.

This is all part of Mayor Walsh's proposed \$1 billion investment into public school building. BPS is already seeing approval for two other school building projects and about \$21 million in repairs and updates to existing structures.

President Trump's Infrastructure Plans

After a campaign in which both candidates touted infrastructure investment as priorities, it would seem that this could be an area ripe for bipartisanship. However, partisan priorities like the repeal of Obamacare and tax cuts have appeared to take precedence over this issue with more broad appeal.

Democratic leaders from both houses have expressed a desire to work with the Administration on an infrastructure package. Recently they released a plan with \$1 trillion in new spending without identifying funding sources, which has been one of the historical points of contention for this and other issues.

For his part, President Trump has yet to release a plan, but many expect him to mirror a plan proposed by Wilbur Ross and Peter Navarro (both now part of the Administration). They estimated that by offering \$137 billion in tax credits, the Federal government could spur \$1 trillion in infrastructure investments through public-private-partnerships (P3s).



Critics argue that tax credits alone will not create enough incentive to invest and that real funding will be needed to allay concerns about risk by potential private investors. Therefore, much like the Democrats proposal, the Ross Navarro Plan will hinge on the potential funding source.

In addition, P3s carry their own issues. Most rely on allowing investors to recoup their costs through tolling or other use-based fees. However, many states are barred from implementing tolls on existing infrastructure. In addition, due to their reliance on heavy usage, P3s are only feasible in places with high population density, therefore rural communities or less commonly used infrastructure would be left out of any plan that centers on P3s. Former Transportation Secretary Anthony Foxx estimates that P3s might be feasible solutions to at most 10%-20% of infrastructure needs.

Safety Consultant on Head Protection

Hard hats are required for employees working in areas where there is a possible danger of head injury from impact, or from falling or flying objects, or from electrical shock and burns

Hard hat impact protection comes in two categories



Inside View of Type I Hard Hat

lateral
blow
off-
to the



Inside View of Type II Hard Hat

- Type I Hard Hats reduce the force of impact resulting from a blow only to the top of the head.

- Type II Hard Hats reduce the force of impact resulting from a which may be received center, from the side, or top of the head.

In addition, there are three classes of electrical insulation rating.

- Class E (Electrical) are designed to reduce exposure to high voltage conductors
- Class G (General) are designed to reduce exposure to low voltage conductors
- Class C (Conductive) are not intended to provide protection against contact with electrical conductors.

There are also MAXIMUM useful service life guidelines for hard hats. The following is a typical recommended replacement schedule:

- Hard Hat Suspension - replace after NO MORE THAN 12 months
- Entire Hard Hat - replace after NO MORE THAN 5 years.
- ALWAYS replace the hard hat after it has withstood impact or penetration.

Contractor's Risk Management (CRM) is retained by the BTEA and our affiliated Associations to provide guidance on these and other safety issues. Contact us to find out how CRM can help you improve safety and protect your company from OSHA violations.

In addition to last year's large increases in maximum OSHA penalties, 2017 has seen one of the first automated increases based on the DOL legislation which tied fines to the Consumer Price Index. The adjustment was an increase of a little more than 1.6%.

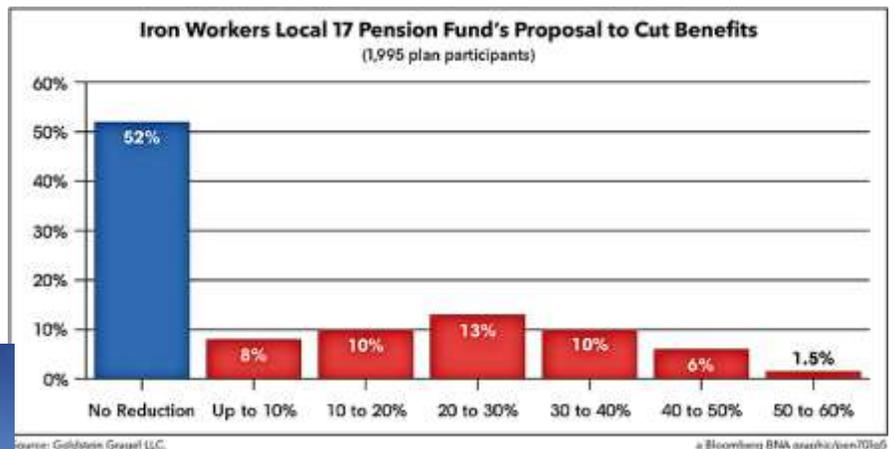
<u>Violation type</u>	<u>New Maximum Penalty</u>
Serious violation	\$12,675
Failure to abate	\$12,675 per day
Willful or Repeat	\$126,749

DID YOU KNOW !?

- [OSHA 30 Training available](#) – Friday & Saturday March 10th, 11th, 24th, and 25th – CRM will lead an OSHA 30 training for all trades. You must attend every session to receive certification. Limited seating - Register today!
- [Managing an OSHA Inspection webinar](#) – On March 16th – Attorney Jim LaBoe will discuss how owners and senior staff can manage for an OSHA inspection. This includes how to implement a safety program that prevents violations and how to handle a violation once it has been issued. Register now!
- [Project Manager's Impact on Financial Outcomes Seminar](#) - On April 5th – David Ashcraft of Advantage Learning Systems will be leading the seminar and always provides valuable insights and tools for attendees to take away. Register now to learn about how to better understand financial statements and participate in hands-on training to calculate profits and mark ups. Register now!
- [Construction Technology Seminar](#) - On April 12th – Learn about the latest in construction technology from Rob McKinney “The Construction App Guru”. This seminar will focus on identifying the best technology for contractors to put in the field and also explore some of the most common challenges of implementation. Register now!
- **HISTORIC: Cleveland Iron Workers first Multiemployer Pension with Benefit Cuts approved by Treasury – NOW APPROVED BY MEMBERS –**



As we reported last month, the cuts are part of a proposed rescue plan for the critical and declining pension program. Under the Multiemployer Pension Reform Act of 2014 (MPRA), trustees of significantly underfunded plans can apply to the Treasury Department to reduce participants' benefits if the plan is headed towards insolvency. The Treasury Department approval did not trigger immediate cuts, instead the plan had to be approved by the participants of the fund through a vote. The voting pitted retirees against current workers since the retirees were subject to some of the greatest cuts in benefits. More than 336 of them will see cuts from 30% to 60% of their benefits. Nevertheless, the initiative passed 616-320.



- **Timber towers: Can wood frame skyscrapers compete?** – In late 2016, a 220,000 sq ft office building was opened in Minneapolis. This is not particularly newsworthy, but at 7 stories, the T3 building (Timber, Technology, Transit) is the largest contemporary wood building in the US. However, a developer has now proposed building the largest all-wood skyscraper in the world to be built in Chicago. Architecture firm, Perkins+Will has designed

an 80 story “plyscrapper” sited on an old lumber yard along the Chicago River. The building is being proposed by Hines Interests, the same developer to build the T3 building. These buildings are taking advantage of the relative affordability of all wood construction and the speed at which these building can be framed and constructed. The T3 building consisted of 180,000 sq ft of framing which was completed in about 9 weeks.