



# NERCA NEWS

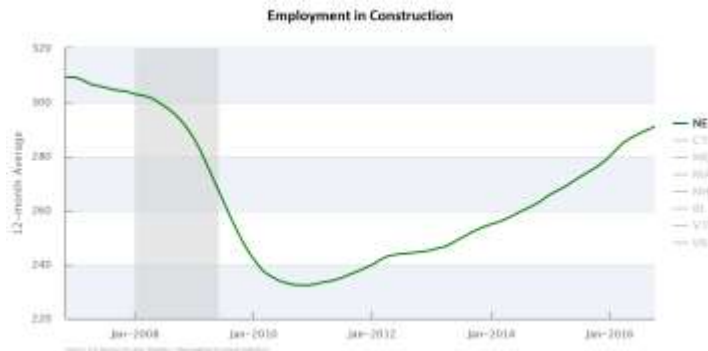
NORTH / EAST ROOFING CONTRACTORS ASSOCIATION INC.

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## December 2016

### Is There a Labor Shortage?

For anyone in our industry, one inescapable topic these days is the question of a labor shortage. The graph below illustrates that employment in construction has not even returned to pre-Recession levels. This would seem to indicate that there cannot be a labor shortage because just 8 years ago there were about 25,000 more New Englanders employed in our industry.



However, shortage proponents cite the retirement of baby boomers and loss of workers during the downturn as limits to the labor supply. Our guess is that the labor market is still recovering from the Recession and only appears weak because of the dramatic surge in the amount of construction underway in our region. The graph below shows that construction contracts are well above the previous high-water mark in 2008 while the workforce is taking longer to recover.



### Boston City Council Ordinances

The City of Boston has been pushing our industry to excel in two areas, safety and workforce development. Already, the Boston Hot Work Safety Program requires all workers to be knowledgeable in fire prevention.

In October, a ruptured water main drowned two workers in a trench. After discovering the contractor had previous OSHA violations, Mayor Walsh proposed a requirement that contractors seeking a city permit must submit a history of OSHA violations.

Finally, through the Boston Residents Job Policy (BRJP), the city mandated goals of 50% Boston Resident, 25% minorities, and 10% women to improve diversity. To date, the industry has struggled to reach these goals. As a result, Mayor Walsh has proposed increasing the goals under the BRJP to 51%, 40%, and 12% respectively and equipping the City with an enforcement mechanism of a \$300/day fine for failure to meet those goals.

NERCA has spoken with the Mayor and City Council regarding the challenges that contractors face when trying to meet these numbers. We will continue to monitor these figures and work with the city and our labor partners to ensure that our contractors continue to be viewed as good citizens and responsible employers.



### 91<sup>st</sup> Annual Convention and Trade Show

March 29 -30, 2017

Harrah's Resort, Atlantic City, New Jersey

#### Booths are still available

If you are interested in exhibiting email [psweeney@nerca.org](mailto:psweeney@nerca.org) or go to [www.nerca.org](http://www.nerca.org) for information.

## Growing Marijuana and Construction

With the recent legalization of marijuana, we are interested to see if it will spark a boom in construction of cultivation facilities.

Many contractors are not aware of how complex cannabis cultivation has become. Agricultural technology has advanced to the point that now a plant like marijuana can be grown indoors year round. So, legalization will lead to new construction generally, but also these facilities are often like scientific laboratories making them ideal jobs for specialty contractors. Indoor grow operations require sophisticated equipment for lighting, irrigation, sterilization, and controlling temperature and humidity.



In East Bridgewater, MA, Theory Wellness has broken ground on a 12,000 square foot site. It will eventually house controlled and sanitary cultivation rooms, drying and processing areas, in addition to the retail dispensary. But this is nothing compared to what a large commercial grow operation will look like. In October, AmeriCann Inc. acquired a 53-acre site in Freetown, MA where they plan to build an almost 1 million square foot cultivation facility. This will focus solely on production and they have partnered with Coastal Compassions which is opening a dispensary in Fairhaven.

Obviously, there is huge potential, and this comes despite the fact that financing for these types of projects remains a stumbling block. So far, federally regulated banks have been disallowed from doing business with the fledgling industry. This includes even investing in commercial construction where a dispensary or cultivation site may reside. Regardless of the financing situation, with full legalization coming, we expect cultivation facilities to begin popping up like weeds all across New England.

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## Andy Puzder in at DOL

Donald Trump has selected Andy Puzder to serve as his Secretary of Labor. The CEO of CKE Restaurants, Inc. which owns Carl's Jr. and Hardee's is an interesting selection by Trump who had toyed with appointing Victoria Lipnic, the current head of the Equal Employment Opportunity Commission, and a former Workforce Policy Counsel to the House.

Puzder is an interesting man, he attended Kent State, but dropped out in 1970 following the Kent State Shootings. In his own words, "I spent the next three years attending concerts and marching on Washington". After moving to Cleveland he graduated college and got his law degree. As a young corporate lawyer he helped rescue Carl Karcher, founder of Carl's Jr. from financial troubles. Years later, when CKE Restaurants fell into more financial difficulties after purchasing Hardee's, Puzder was named CEO by the Board and tasked with turning it around.

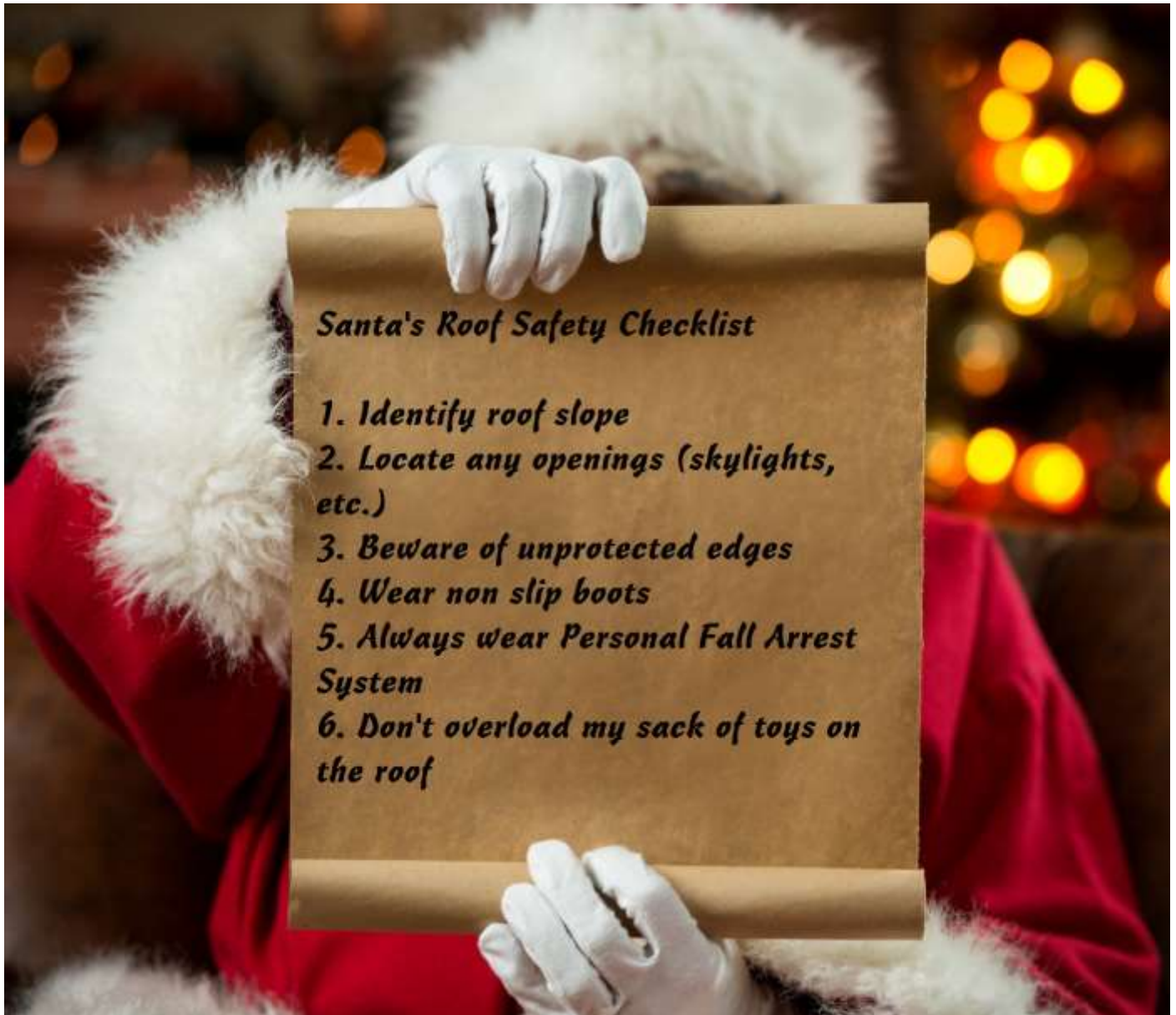
Mr. Puzder has not been without controversy during his tenure. Franchisees overseen by CKE have been targeted by DOL in the past. Hardee's Food Systems was found in violation of wage laws and ordered to give back pay to a group of 456 workers in 2006 and 2007. This money was owed for overtime on hourly employees. It is perhaps unsurprising then that Puzder has signaled that he opposes the Obama Overtime Rule which has already been blocked by the courts, and is most likely dead on arrival in a Trump Administration.

In addition, advocates calling for an increase in the Federal Minimum Wage will find Puzder opposes large raises of the minimum wage. \$15 per hour will be out of the question because Puzder opposed the Obama Administration attempt to raise it to \$10.10 from the current \$7.25. When asked about the effect of raising the minimum wage, Mr. Puzder said it could lead to increased automation because machines are, "always polite, they always upsell, they never take a vacation, they never show up late, there's never a slip-and-fall or an age, sex or race discrimination case."

The effect of a business executive running the labor department will be interesting to watch. Like Mr. Puzder, the Secretary of Labor has traditionally been a loyal supporter of the president, but unlike Mr. Puzder, most former Secretaries of Labor were career bureaucrats not as well versed in the corporate and financial worlds.

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HAPPY  
HOLIDAYS



*Santa's Roof Safety Checklist*

- 1. Identify roof slope*
- 2. Locate any openings (skylights, etc.)*
- 3. Beware of unprotected edges*
- 4. Wear non slip boots*
- 5. Always wear Personal Fall Arrest System*
- 6. Don't overload my sack of toys on the roof*

**MERRY CHRISTMAS & BEST WISHES FOR A  
HAPPY, HEALTHY NEW YEAR  
FROM YOUR  
FRIENDS AT NERCA!**

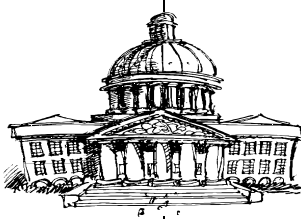
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## LEGISLATIVE CORNER

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### **NATION:**

Congress passed a temporary funding bill that would keep the government running through April 2017 prior to their winter break. There is still much speculation about what the future might hold under a Trump Administration. Republican leaders have vowed to repeal Obamacare, but have offered no details on how to accomplish this, despite worries that a one-sided repeal could upend the insurance markets. In addition, Republicans have signaled that they are not on the same page regarding Trump's Infrastructure Plan, with Speaker Ryan not even listing it as a priority.



### **NEW JERSEY:**

Governor Chris Christie is about as popular as a traffic jam on the George Washington Bridge. Christie's approval rating is the lowest for any state governor in over 20 years. A Quinnipiac poll showed that 77% of voters disapproved of the job Gov. Christie was doing. This includes a sharp 10 point drop in those who approve from 29% in May 2016 to 19% in December. In his last year as Governor, Christie has been actively looking for a new job after missing out on serving in a Trump Administration. Tellingly, 44% of New Jersey voters say they will be voting for a Democrat in 2017

### **CONNECTICUT:**

Last spring, lawmakers approved a \$562 million bond for school construction across the state. Now the state is paying off 600 projects paying about \$700 million each year to pay off \$5.9 billion in debt from 2006-2015. Of that, 36% went to the state's seven poorest districts, 21% went toward projects in charter and vocational schools. The state's 30 wealthiest communities got 65 of all school construction aid from the state. The bulk of this spending, 92 percent, went to renovate or expand existing schools and the remainder to build new schools.

### **MAINE:**

In early December, the new members of the State Legislature were sworn in. The question is whether the Legislature will be able to mend rifts with Governor Paul LePage. The Governor for his part has not backed off of his combative stance, asking the Legislature to work on lessening the impact of voter-approved ballot measures, raising the minimum wage and creating a surtax on the wealthy. LePage is asking the legislature to maintain the law allowing employers to pay tipped employees less than the minimum wage.

### **MASSACHUSETTS:**

In response to last year's historic energy bill, DONG Energy, the developer behind the Block Island Windfarm and Deepwater Wind, is in the planning stages for a wind farm off of Martha's Vineyard. The company is completing geophysical and geotechnical surveys on the proposed sites and meeting with local residents to hear their concerns and input. Bay State Wind, is proposing a 200 turbine project with leases issued in 2015 and must have a site assessment plan (SAP) by 2017.

### **NEW HAMPSHIRE:**

The Governor-elect Chris Sununu has signaled that he believes the legislature will pass and he will sign a right-to-work bill in 2017. The details are sparse, but it might only encompass the public sector or could include both public and private industries. With Republicans control both legislative chambers and the governor's office, it seems a forgone conclusion that this can be done. However, the Governor is cautious about moving too quickly and shifting public opinion. 9.7% of New Hampshire residents belong to unions with that number being 3.8% in the private sector. The Governor believes that right-to-work legislation could attract companies who want to escape unionized work forces and might provide economic opportunities in New Hampshire. Currently 26 states have right-to-work laws.

### **NEW YORK:**

New York City recently passed an ordinance requiring the retrofitting of commercial buildings to meet improved energy efficiency standards. In a three part package of several ordinances, owners are now required to measure energy and water usage for the entire building and report it to the city which will create a future benchmark. Another ordinance requires submeters be installed to report energy usage to the individual tenants in order to raise consumer awareness. The third component regards lighting system retrofits so that lighting systems are more energy efficient and in line with the 2016 Energy Conservation Codes. The city estimates that this could spur \$85 million in construction activity and cut greenhouse gas emission by 250,000 metric tons annually.

### **PENNSYLVANIA:**

Pennsylvania faces a project \$600 million budget shortfall in 2017 which is causing headaches for state legislators. The Republican led state is considering evaluating the cost savings of outsourcing human services safety net functions to non-profits as well as terminating corporate welfare which costs the state about \$300 million annually. The budget battle will play out in Feb 2017 when the Governor delivers his proposed budget to the legislature which has in recent years ignored the Governor's recommendations and passed their own budget.

### **RHODE ISLAND:**

The Block Island Wind Farm has begun sending energy to the commercial grid. After a few months of testing following completion of construction, the first offshore windfarm in the US is producing enough energy to power 17,000 homes.

### **VERMONT:**

Vermont's paid sick leave law goes into effect January 1<sup>st</sup> and the coalition which successfully pushed for the law already has its sights set on paid family and medical leave. New Republican Governor, Phil Scott, has signaled that he believes it is too soon to pile on additional costs to employers stating "I don't think we can afford it right now. Our economy is too fragile and we simply can't absorb it." Also coming in January is a report about the cost of implementing paid sick leave on small businesses.

*If you have any questions regarding this information or suggestions for future Legislative Corners, please contact John Ferrante at the Association office by phone or e-mail at [jferrante@nerca.org](mailto:jferrante@nerca.org)*