



SHEAR BULL



Palm Beach County Roofing & Sheet Metal Contractors Association

Affiliate of FRSA and NRCA

October 2009

Volume 21 • 10

October Event

Don't Miss The
Annual Golf Tournament
Wednesday
October 21, 2009

Winston Trails Golf Club
6101 Winston Trails Blvd.
Lake Worth, Fl

If you make reservations and do not attend, you are still financially responsible.

November Program

**CEU Class-
Business Planning**
For Details Call Ron Frano:
561-655-5393

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Government Construction Outlook

EYES TURN TO STIMULUS ACT TO BOLSTER CONSTRUCTION SPENDING

by JOHN HUGHES

HISTORICALLY, PUBLIC CONSTRUCTION accounts for about 25 percent of total construction spending. Currently, that figure is running at about 31 percent as state, local and federal governments increase spending and the private sector decreases spending. Public spending in March 2009 rose to an annualized \$309 billion, according to the Department of Commerce, Washington, D.C. The federal government's spending normally accounts for only about 7 percent of that total, but currently represents about 8.5 percent.

Government spending is broken into three parts: federal, state and local. Due to the importance of government spending to the construction sector, all eyes are on the American Recovery and Reinvestment Act of 2009 to help bolster what otherwise will be a down year for total construction put in place. FMI Corp., Raleigh, N.C., however, estimates that only \$94 billion of the total \$787 billion from the ARRA will be devoted to construction, and that amount will be spread throughout four to five years. For the remainder of 2009, about \$24.3 billion will be spent on construction with only \$4.77 billion for buildings and residential construction. Highway construction will receive \$16.2 billion, water and environmental construction, \$2.7 billion, and \$650 million will go to power projects. Although those totals reflect overall spending from the ARRA, most of it will go through state and local budget.

While contractors are scrambling to understand which projects will be funded by the ARRA, some are finding that projects that may have been close to going out to bid are being delayed as state and federal agencies wait to see if their projects will be funded. Now that individuals have filed their taxes for the year, states are discovering larger-than expected budget shortfalls. Unlike the federal government, states must balance their budgets each year. These shortfalls are expected to continue into 2010 and beyond, depending on how swift the recovery is. Currently, state budget shortfalls are averaging 16 percent. Even though public funding for construction projects will not decline as quickly as public construction this year and next year, expect continued project delays and cancellations.

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If you have a problem in relation to this industry, please contact the appropriate committee chairman for assistance. Non-members are accorded the same privilege.

Opinions expressed in any of the articles submitted to the Shear Bull, are not necessarily the opinions of the Palm Beach County Roofing and Sheet Metal Association

President's Message



When local and county governments face decreasing revenues, they search for new fees to fill their coffers. Last year we successfully fought the City of West Palm Beach when they tried to charge roofing contractors a fee to haul their own debris. This year our members are complaining that Palm Beach County is charging a RADON FEE. The statute allows the Rate & Surcharge to be 5% which is to be charged for "floor space

permitted that is under roof". Our contractor members are currently being charged 1 cent per square foot which begs the question, is a roof considered "floor space under roof"? Members are telling us that the city of Boca Raton is charging a fee for Certification of Completion along with a fee for the Construction Lien Law Notification that is already required of roofing contractors. It seems the county is also charging this fee. The county used to supply the notification, envelope and postage but there was no charge. Now we hear that has changed.

By hitting segments of the business community with additional fees the governing body of a city or county avoids any need to increase taxes on the general population even though many of these fees may be passed on to the consumers anyway.

Our association is trying to arrange a meeting with the County Building department to review these issues.

Decision on the matter of goose neck vents is still pending. The County would like the association to prepare suggestions for the requirements that should be followed.

As an association, we can try to make a difference in the activities that will cost us money. Keep your comments and updates coming.

We have just completed our yearly BBQ and preliminary figures indicate we may reach the \$7,000 sponsorship mark again thanks to the hard work of Bill Kirkland, Unlimited Roofing and Sheet Metal. The BBQ is the most labor intensive event we hold. Beginning preparations start days in advance and lead into a day that progresses from early morning to early evening that includes standing in the hot sun over an immense grill cooking the food. Bill is seen at the grill for the entire time with his helpers accommodating all who attend. Bill also spent time contacting potential sponsors which made the event a financial success. Those who attended can attest to the success of all aspects of the BBQ from food to children's programs to volley ball contests.

Sincerely,
Drew Duncan, President
Drew Duncan Roofing, Inc.

The latest results of the FMI Nonresidential Construction Index for the second quarter 2009 indicates that only 23 percent of nonresidential contractors expect the ARRA to increase their backlogs by up to 5 percent in the next year, and 88 percent have not yet seen any construction activity from the act. It is clear that contractors who normally serve public markets are seeking to bid on government contracts. The early, shovel-ready projects mostly involve infrastructure, and many are finding these projects often are smaller repair and refurbishment projects.

FEDERAL PROJECTS Besides the necessary economic stimulus generated by government projects, federal projects are helping to stimulate two significant trends: green construction and the use of building information modeling technologies to improve the construction process and project collaboration. Those initiatives should not only save money, but also serve as examples and test beds for new construction technologies. Although many of the green projects will barely change the total construction put in place, they indicate some changes in trends. For instance, \$305 million of the \$3 billion in investments planned by the Bureau of Land Management, Washington, will be directed toward landscape restoration and renewable energy, and \$143 million of that total will be directed toward construction of buildings and installation of solar energy systems to reduce energy costs and carbon footprints.

Significant federal funds—\$1 billion— have been directed to the National Institutes of Health, Bethesda, Md. For repairs to facilities that work on planned NIH-funded projects, and \$500 million has been allocated for high-priority repair, construction and improvement projects on NIH buildings.

Additional energy projects are included in the Washington-based Department of Defense's share of the ARRA, including \$300 million to develop near-term energy efficient technologies and \$100 million for the DOD's Energy Conservation Investment Program. Most DOD projects around the country will be small projects to repair or replace roads, roofs and HVAC systems.

The increase in government spending stimulates the economy and is a recognizable start toward rebuilding U.S. infrastructure. Judging by the size of growing deficits, most of the needed infrastructure projects won't get started until private investment begins again and more people go back to work and improve the tax base.

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November 2009

Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
Nov 1	2	3	4 CIMC	5 4th Asphalt Shingle Recycling Forum www.shinglerecycling.org	6	7
8	9	10	11 BOD	12	13	14
15	16	17	18 BCAB	19	20	21
22	23 CILB	24	25 General Membership	26	27	28
29	30	Dec 1	2	3	4	5



PalmBeach County Roofing & Sheet
Metal Contractors Association, Inc.,

Annual Fall Golf Tournament

Wednesday, October 21, 2009

Winston Trails Golf Club

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