

MAY/JUNE 2024

SMAC NEWS

CAPITOL CONNECTIONS

The 2024 Construction Employers of America National Issues Conference connects SMACNA members and elected leaders on Capitol Hill on key policy issues.



CONTENTS

Vol 58 No. 3

Features

10

Capitol Connections

16

It's OK to Not Be OK

22

Giving Construction Workers With Substance Abuse Hope & Recovery Opportunities

Sectors

02 Architectural

Milestone Detroit Development — Corktown Perennial Apartments

04 HVAC

Lab Results

06 Industrial

Not Too High and Not Too Low

08 Residential

Pro Skills Deliver an Elite Experience

Columns

25 Capitol Hill Update

2024 Legislative Goals on Track

26 Culture of Respect

10 Recommendations to Build a Culture of Respect

27 Financial Stewardship

Time is Running Out to Maximize Tax Benefits Under the TCJA

28 Legal

Understanding Overtime Challenges: Bonuses and Incentive Payments

CEO UPDATE Aaron Hilger



As Seasons Change, Opportunities Grow

Spring brings the construction season to the forefront, while a flurry of activity is emerging rapidly in Washington, D.C. In her column, Carol Duncan discusses our recent CEA meeting at length. It was a smashing success with great speakers and engagement with leaders who make our issues happen in Washington. Thank you to SMACNA's Stan Kolbe and our partner associations for putting together such a strong program. After CEA, we expect

a very active schedule focused heavily on regulatory affairs.

Most collective bargaining agreements are finalized in the spring as well. As is typical, about 30 chapters have agreements that are in the process of being renegotiated. Most are going well with reasonable settlements consistent with the work and inflation context.

In a positive sign, the June NJAB meeting was once again canceled this year. This result is a byproduct of SMACNA's and

SMART's work at the national level, which is doing a lot to help parties settle their issues at the bargaining table.

Megaprojects are, in part, driving all the labor work that chapters do. SMACNA and SMART are tracking 54 active megaprojects and an additional 130 in various planning stages. This unprecedented amount of





FROM THE PRESIDENT

Carol Duncan

work is an opportunity for our industry to grow. The labor projections, including Davis-Bacon and PLAs, make the work attractive to our members. Many of our members invest in people and facilities to take advantage of the opportunities. We also see many members work together to tackle large, complex projects.

Megaprojects are wonderful. At the same time, we must

ushers in our convention registration. Registration opened in April, and demand has exceeded the demand for registration in the last three years. I could not be more excited about our offerings in Palm Springs this year. Informative education sessions, a new networking event on Monday evening, golf, a newly added pickleball tournament, and great entertainment are in store.



I COULD NOT BE MORE PLEASED WITH THE WORK THAT SMART HAS DONE TO HELP US MEET THE WORKFORCE NEEDS FOR MEGAPROJECTS AND CORE WORK."

remember our core work that is part of the market year after year. Staffing this work is just as important as the work on megaprojects. We don't want to win and lose at the same time. I could not be more pleased with the work that SMART has done to help us meet the workforce needs for megaprojects and core work. We have successfully met the needs of every project so far. We are continuously learning, and as we complete more projects, we better understand how to recruit in diverse markets successfully.

In addition to all the legislative and labor work, spring also

I look forward to seeing all of you there.

To close on a personal note, spring also brought the triplets home after they successfully completed their freshman year. It seems like only yesterday that they were crawling around the house looking for their favorite toys. Enjoy the end of spring and the start of summer! ▼

Aaron Hilger is CEO of SMACNA, bringing more than two decades of executive association leadership to this role. Hilger is focused on building a stronger, more competitive environment for all SMACNA contractors.

Our Voices Are Powerful Tools

Every year, I eagerly anticipate the CEA National Issues Conference, and this year was no exception.

This year's lineup of speakers was impressive. We heard from Jessica Looman, Administrator of the Wage and Hour Division; Kathryn Thomson, the FAA Deputy Administrator; House Majority Whip Congressman Tom Emmer from Minnesota; Sean McGarvey, President of NABTU; and Representatives Pete Stauber from Minnesota, Don Bacon from Nebraska, and Donald Norcross from New Jersey. The highlight for me was Acting Secretary of Labor Julie Su. Her passion for her work was evident on stage and contagious in personal conversations.

Such a stellar lineup reflects the impressive influence we have on the Hill, thanks to our legislative team led by Stan Kolbe, who was recognized as one of the Hill's Top Lobbyists in 2022 and 2023.

SMACNA has built personal relationships with each of the speakers who attended the CEA conference. These connections are the result of years of collaboration and dedication to our issues.

This success would not be possible without the support of our SMACNA members. SMACNA's Political Action Committee accepts personal contributions from members and directs those funds to candidates for the U.S. Senate and House of Representatives. We support legislators who give our industry the attention it deserves.

To our PAC supporters, thank you. Your contributions have achieved so much; we need to continue building on our successes.

In today's turbulent political climate, it's easy to complain about issues. But our representatives in Washington, D.C., cannot know everything about every issue and its impact on our businesses and lives unless we go to the Hill, write letters and get involved.

Every speaker addressed the infrastructure bill, registered apprenticeship programs, and the need to recruit from underserved communities. Julie Su, Acting Secretary of Labor, emphasized this point, stating, "Data shows that advancing equity leads to economic growth for everyone. When underserved individuals and communities are given the resources and opportunities they need to thrive, it boosts productivity, innovation and overall well-being, which reduces income inequality and poverty rates. The DOL is committed to promoting the economic and social well-being of all workers."

When we presented the work we are doing through BE4ALL and Best Practices, they were impressed and eager to use our industry as an example of doing the right thing. It is great to be ahead of the curve, setting the standard for industry recruiting and retention. ▼

Carol Duncan, SMACNA President



Milestone Detroit Development — Corktown Perennial Apartments

Rooted in the town that put the world on wheels, CASS Sheet Metal is a key contracting player in revitalizing the city's oldest historic neighborhood one project at a time.



Perennial Corktown Apartments is a seven-story facility that includes 188 apartments and seven townhomes.

Landmark historic redevelopment and new construction in Detroit's emerging Corktown district near Michigan Central Station is reshaping a 1934 southside neighborhood, and Custom Architectural Sheetmetal Specialists (CASS) is on the front lines.

After completing work on the luxury lifestyle Godfrey Hotel Detroit, the family-owned firm engaged in another monumentally significant project a quarter mile up the road on Michigan Avenue.

Perennial Corktown Apartments was constructed jointly by The Christman Co. headquartered in Detroit and Norcon Inc. of Chicago, Ill. CASS Sheet Metal delivered on an extensive, \$2.5-million metal panel exterior package amounting to 30,000 square feet of paneling. The package involved a range of products, a tight timeline coordinating with multiple trades, complex field cuts conducted on-site and a requirement for experienced journeymen amid a shortage, prompting an opportunity for younger team members to rise to the occasion.

"Our office is on the east side of the city, and we pride ourselves on being a 'Detroit Original since 1990,'" says Account Manager Brian Parvin.

President and Owner Glenn Parvin established CASS Sheet Metal and has grown a reputation as a go-to custom architectural sheet metal contractor. The company is relied upon to create some of Southeast Michigan's stunning landmarks, including Michigan Central Station, The Book Tower and others soon on the docket.

"This work is extremely personal to us, and it hits home to be able to contribute to these monumental jobs that highlight the resurgence of this city, how it has grown and what is to come," Brian Parvin says.

A TALL ORDER

Ambitious deadlines are not unusual in large-scale redevelopment projects where there's pressure from a public eye that is anticipating progress. Such was the case with Perennial Corktown Apartments. But the nature of the business is often hurry-up-and-wait. Myriad trades played a part in bringing the building alive, and this meant jockeying for position to complete required custom architectural sheet metal installation.



The seven-story complex that includes 188 apartment units and seven townhomes is largely brick and steel. “We had glazers, brick workers, masons, waterproofing and more ahead of us,” Parvin says.

Delays create a domino effect of more delays.

The project broke ground in fall of 2021, and CASS Sheet Metal’s crew was scheduled to start January 2023 but didn’t reach full steam until June 2023.

The scope included the following products: Centria Versa wall-insulated metal panels; Morin Matrix series and concealed flush metal panels; aluminum composite panels; and GreenGirt form Advanced Architectural Products.

“On larger wall sections, we utilized a Fraco Mast Climber to increase the efficiency of installation,” Parvin says, relating that the height of metalwork requirements coupled with a need to produce in-field cuts to work around windows, doors, ledges and brickwork required expertise and time. Parvin says it was a rare incidence when the crew could deploy a full panel module.

The mast climber “allowed our crews to have all the tools necessary to measure, cut and install without multiple trips up and down in a lift,” he says.

Effective staging of equipment and materials to expedite installation was crucial. “With the tight project schedule, we had to mobilize multiple areas of the project concurrently while running a dedicated crew of 15 outside of the building, and within the crew there were teams of two to three dedicated to different wall elevations,” Parvin explains of the logistics.

A combination of swing stages on the backside of the building above the courtyard and multiple 85-foot lifts on the exterior perimeter allowed for three to four teams to work at the same time.

Despite meticulous scheduling on the part of CASS Sheet Metal, there are uncontrollable variables that occur on site that highlighted the importance of ensuring field communications among trades filter up to project stakeholders and are carefully documented to explain delays and due diligence to meet deadlines.

Extra hours and overtime were required to fulfill project requirements.

“As a company, we have a strong moral compass, so when a project presents any challenge, our first priority is to get the job done, pull through and fulfill our commitment,” Parvin says. “We had impacts to our duration and schedule, but we didn’t stop — we never stop. We have close relationships with our clients and maintaining that is our priority.”

BUILDING TALENT

Across the country, sheet metal contracting companies recognize talent attrition as veteran journeymen and forepersons near retirement. CASS Sheet Metal, like others, is experiencing this firsthand. The typical crew size for CASS varies greatly based on project requirements. At Perennial, there were more than 15 sheet metal workers on site, one of its largest crew sizes to date.

“A major opportunity to overcome was workforce,” Parvin says, emphasizing opportunity because the ultimate outcome empowered younger team members to take ownership over a key project, offered valuable skill-building and is setting CASS Sheet Metal up to successfully build the next generation of talent.

In 2023, CASS lost five forepersons for life circumstances. Two retired, two went on extended medical leave for back and knee surgeries, and one took an opportunity out of state.

Pipeline is the key word.

Not only does CASS Sheet Metal have many more landmark opportunities coming down the pike, overcoming the labor obstacle/opportunity of this project is setting the company up for success with a high-morale team that is instilling expertise early on.

“We were able to promote some of our younger team members, get them into trucks, and they learned a great lot — and we became much stronger as a company because of it,” Parvin says.

There’s a tremendous source of pride when a team can stand in front of a pivotal development that is reshaping Detroit.

As Parvin says, “This is very personal for us, and the impact is empowering for our talented team who grew even stronger on the project.” ▼

CASS Sheet Metal took on the Perennial Corktown Apartments project that involved \$2.5 million and 30,000 square feet of metal paneling.



Lab Results

Massachusetts SMACNA member fabricates, installs duct for bioscience medical facility.

Adam Lannan enjoys the challenges that come with pharmaceutical work. The Vice President of Operations at United HVAC says such projects offer the opportunity to work on something meaningful.

"I like that work," Lannan says. "We're constantly looking for it."

And it helps that not every contractor out there can tackle the stringent health and safety protocols that come with medical facilities, he adds. That means less competition, and a better chance at a more profitable project.

That's why Lannan was excited when United HVAC won a \$6-million design-assist contract to make and install the ductwork at a building owned by National Resilience Inc., a bioscience firm that manufactures medicines around the

world. The medical laboratory facility was being built in Marlborough, Massachusetts, about an hour from United's shop in Rockland, Massachusetts.

United was hired by SMACNA member H.T. Lyons Inc. of Pennsylvania, one of the project's mechanical contractors. Also working with United and performing mechanical work on the Resilience project was Fred Williams Inc., an HVAC contractor from Hingham, Massachusetts. United's contract included designing and installing high-efficiency particulate air (HEPA) HVAC systems for the building's clean rooms, laboratories and offices. Work included erecting weather-resistant, insulated round ductwork on the building's roof.

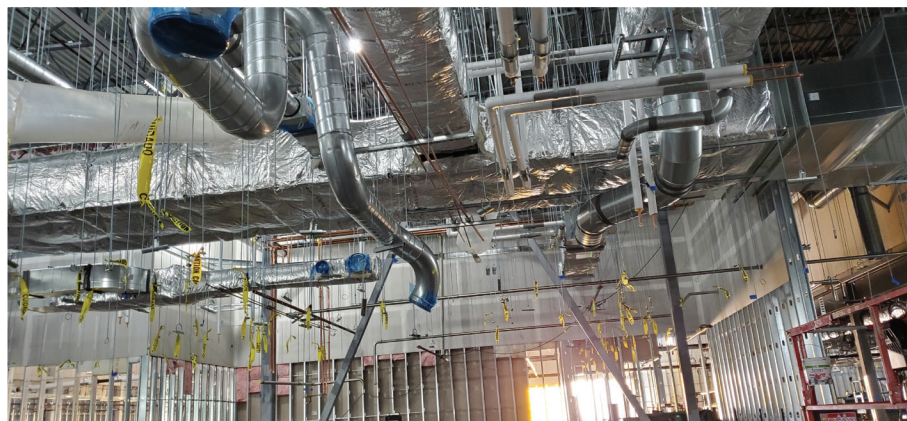
Altogether, the project required United HVAC to fabricate and install over 6 miles of rectangular and spiral duct.

SMACNA member United HVAC won a \$6-million contract to make and install the ductwork at a medical laboratory owned by National Resilience Inc., in Marlborough, Massachusetts.



Left: Four air handlers on the Resilience building's roof were installed by United HVAC and union pipefitters. They range from 12,000 to 16,000 cubic feet per minute (CFM).

Right: Overhead supply and exhaust duct is roughed-in for the main laboratory space at National Resilience's Marlborough, Massachusetts, facility.



MEDICAL-GRADE FABRICATION

United HVAC has extensive experience with pharmaceutical projects, spanning more than 32 years since its founding in 1992. Lannan says it's working on three spec labs right now. But even when you're used to them, pharmaceutical projects are not without their challenges, he points out. Timetables are often tight, and there's not much room for error when estimating the work. And clients are demanding. But if you know how to do it right, the rewards are there, Lannan adds.

"You're running a higher risk, but I think that if you can really manage it, that's where you're going to get the better margins," Lannan says. And United HVAC is good at managing those risks.

United's work on the Resilience project started in early 2022. The schedule was accelerated, as expected. United officials decided they needed to be proactive to secure the type 316 stainless steel the project needed. While most of the pandemic-related supply chain problems are in the past, prices were elevated and supplies were tighter than the company preferred. So United went looking for it outside the state.

"We ended up getting 9,000 pounds of stainless out of Pennsylvania, because we knew we were going to need it," Lannan says.

Duct fabrication took place at United's 37,000-square-foot sheet metal shop. The shop includes a Lockformer Vulcan Fiber Laser cutting system from Mestek Machinery, which officials say they like for the accurate, clean cuts it provides. Altogether, United used more than 109,000 pounds of sheet metal on the project. Duct was transported via flatbed and semi truck to the construction site.

CAREFUL COORDINATION

While coordination with other trades can sometimes cause sticking points, Lannan says all the crews worked well together.

"We spent a lot of time on coordination," he says. "The engineering team did a really good job drawing it ahead of time."

Pounds of sheet metal used on the project:

18-gauge type 316 stainless steel: **17,050 pounds (welded)**

18-gauge galvanized: **1,670 pounds**

20-gauge galvanized: **24,700 pounds**

22-gauge galvanized: **12,813 pounds**

+ 24-gauge galvanized: **53,035 pounds**

Total: 109,268 pounds

The job site presented another challenge: it was in the middle of a mixed-use area with homes and businesses on all sides, including a large residential development for people aged 55 and up.

"(We were) making sure we weren't bothering the neighbors," he says. "Keep the noise down at certain times (while) setting up our cranes." Despite the nearby residents, United had crews working by 6:30 a.m. most days.

As the project neared the end, United HVAC workers were sometimes required to wear protective suits made of DuPont Tyvek, hair nets and gloves to prevent contaminating the clean rooms in the building.

United's work on the Resilience project finished in summer 2023. Lannan says the company was good to work for.

"There were a lot of meetings where everybody was in the room — from owners to engineers and architects — spending a lot of time really going through things and figuring out how we can do it better," he says.

It's the kind environment Lannan says he likes best.

"I like the collaboration," he says. "It gives us a better opportunity to explain why we want to do something and give them a better product in the end." ▼



HUMIDITY

Not Too High and Not Too Low

Humidity control is critical for equipment in industrial facilities.

Nick Seraphinoff Jr. knows about the damage humidity can cause. He's seen it firsthand. Many times.

In the early 1990s, he was performing HVAC work at a major automotive supplier in Detroit. This company made parts that went into many of the world's biggest car brands. But the day Seraphinoff was there, these world-class parts weren't looking so good.

The company wasn't maintaining its air-handling units properly, causing high humidity levels and condensation in the facility. The result was that parts and raw materials were rusting where they sat on the shop floor.

"(The plant) didn't have adequate fume and exhaust removal systems," says Seraphinoff, who now works as the Vice President of Project Management at Dee Cramer Inc. in Holly, Michigan. "I don't think they were throwing the parts out. But I think they were having to add some steps — rust removal and polishing."

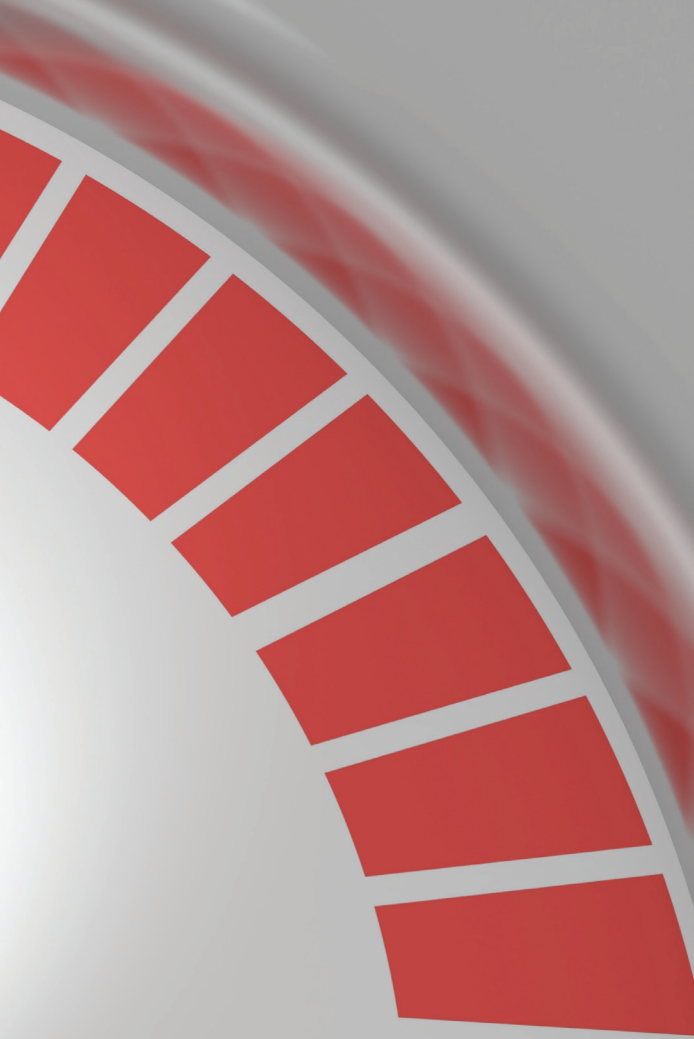
Humidity control is critical in almost every industry — from manufacturing and farming to medicine and com-

puter technology. Humidity that's too high can damage infrastructure and critical components, rendering multimillion-dollar machinery almost useless. Humidity that's too low can cause cracks, static discharge, and in certain cases, explosions.

WRONG LEVELS CAN DAMAGE EQUIPMENT

Scott Vidimos, President of East Chicago, Indiana-based industrial contractor Vidimos Inc., has specialized in industrial ventilation contracting for over 50 years. He recalled a client whose plant was falling apart due to an inability to control humidity levels.

"We performed work at a plant where warm, moisture-laden air was a byproduct of the manufacturing process" due to open hot water tanks, Vidimos says. "The plant did not have sufficient ventilation to dilute the high humidity. Over just a few years, the condensation, which was forming on the building structure, especially during the winter months, caused the building purlins and girts to rust and decay to the point where significant parts of the roof and wall were losing their structural integrity and had



Humidity control is critical in almost every industry — from manufacturing and farming to medicine and computer technology."

to be replaced. The short of it is that they didn't ventilate the building adequately to keep the humidity level down, and it ended up beating the building up."

BATTERY MANUFACTURING REQUIRES LOW LEVELS

With its proximity to the Motor City, Dee Cramer has extensive experience installing and servicing HVAC systems for automotive manufacturers and suppliers in the region and across the U.S. Seraphinoff says that as the car industry transitions to electric vehicles, humidity control is growing in importance. EV batteries must be assembled in a dry environment.

"They have to keep it really dry because of the nature of the materials and the chemicals," he says. And it's not just EVs that need a low-humidity environment. The multistage paints on modern vehicles won't adhere to the metal if the humidity is too high.

And whether it's used for automotive manufacturing or other industries, machinery is more likely to malfunction if it runs in a humid area. Bearings will wear out quicker and the chances of rust increase.

Recommended fixes often include installing dehumidifiers, a direct exhaust system or dilution ventilation. Another option is insulating ductwork to prevent condensation inside or outside the duct.

"Dilution ventilation is like adding water to a strong drink," Vidimos says. "The water reduces the concentration of alcohol. Likewise, adding outdoor or less humid

air to the indoor, humid air provides an average humidity that may be more in an acceptable range."

Vidimos says direct exhaust may be the best option.

"Installing hoods directly over humidity-producing processes or enclosing the process prevents the rise of humidity in the operating space," he says. "The amount of air needed to directly exhaust humid air is typically a fraction of the air needed to provide general ventilation."

FIXES HAVE TRADE-OFFS

Oftentimes, solutions aren't perfect, however. If the manufacturing process is contributing to the humidity problems, Vidimos says, plant owners will have to decide what's most important: fixing the humidity issue or ensuring maximum production.

"There is a trade-off between first cost and operating cost," he says. "Hoods or enclosures may be more expensive up front compared with the operating costs of general exhaust or ventilation, which have a higher operating cost."

But doing nothing is rarely a good option. In the case of the automotive facility with rusting components, Seraphinoff and his co-workers installed mist-removal systems that brought the humidity down to more tolerable levels.

"They had a tremendous improvement in the environment," he says. "So between health and welfare and potential damage to the process machinery and the raw materials, they started to see some real benefit." ▼



Pro Skills Deliver an Elite Experience

HAVE Mechanical Contractors is a key player in comfort and smooth-running systems at the Spire Academy international athletics performance and education facility.

Spire Academy is familiar stomping grounds for HAVE Mechanical Contractors in Ashtabula, Ohio. The rapidly growing international sports performance training and education boarding school has doubled in size in the last three years.

Spire Academy in Geneva, Ohio, serves multiple purposes. It's a destination for athletically-inclined and inspired high school and postgraduate students, with its 9- to 12-grade program delivering college preparatory curriculum with a heavy dose of personal skills — teamwork, learning “ups and downs” — career exploration and “seven areas of passion” that are offered as majors. Those are basketball, esports, lacrosse, soccer, swimming, track and field, and wrestling. The site has an outdoor stadium that can host up to 20,000 people, an indoor arena, aquatics center and a growing campus of dorms.

HAVE Mechanical Contractors has been involved in heating and cooling solutions for the Spire Academy campus from the start.

With an increasing student population requiring boarding and more than 2,000 campers the academy will host this summer, its President, Jeff Orloff, enlisted in trusted partner, HAVE, to outfit five 4,000-square-foot prefabricated houses designed as dorms on a rush schedule to prepare for incoming students.

HAVE had installed complete HVAC systems for its first six single-story dorms in 2022. And currently, the 50-year-old heating and cooling company that is a household name with commercial business is part of the team that is building another dorm from the ground up.

Spire Academy is in the spotlight.

But the most rewarding parts of these projects are the locker room view of how the institution is putting Geneva on the map internationally, its robust contribution to the local economy and its value as a unique asset in the community, says Rob Schimmelpfennig, President of HAVE Mechanical Contractors.

HAVE's Vice President Jason Stuyvesant adds, “We're helping provide comfortable housing as an asset in our

Spire Academy in Geneva, Ohio, is an international sports performance training and education boarding school for high school and postgraduate students.



county to bring athletes from all over to train and go to school here.”

The design, fabrication, installation and ongoing service HAVE offers Spire extends beyond keeping dorms cool in summer and warm in winter.

“They are everybody’s children, so making sure they are comfortable is a priority,” Orloff says. “When you’re home, if the air conditioning is not working exactly right, you have your parents to oversee and deal with it. When students are away from their families at Spire Academy, we can assure them that their children are comfortable because HAVE’s response time is almost immediate.”

COORDINATING WITH CONTRACTORS

The tight deadline was among the most challenging aspects of the five-building project, which followed a commercial HVAC installation of the entire academy and the initial dorm buildings. Orloff says, “It was a very time-sensitive project, and as they have always done, the HAVE team stepped in and did a great job of getting it completed in a timely fashion and professional manner.”

How fast?

Roughly six weeks of installation was required while jockeying position among multiple subcontractors, enduring equipment acquisition wait times, reconfiguring system sizing and fabricating components, such as transitions and plenums.

The prefabricated housing structures came in from out of state. “The HVAC systems probably would have been undersized,” Schimmelpfennig says.

Stuyvesant adds, “We worked with their mechanical engineer and increased the return air by adding a second return on the underside of the unit.”

Each structure has two units. Spire Academy prioritized longevity and ease of maintenance.

“The engineer wanted us to try to eliminate noise, and adding a second unit to each building accomplished that,” Stuyvesant says.

Logistical coordination among trades allowed for a smooth installation, thanks to relationships with contractors working on the project, Schimmelpfennig



says. “There were aspects of the dorms that had to be completed while we were doing our part — from installing sprinkler systems to flooring — and because we work well alongside these contractors, we coordinated the timing to meet the client’s deadline,” he relates.

ADDS ONS + SERVICE

Track record counts. (Pun intended.) Because of HAVE’s success following the initial main facilities’ commercial HVAC installation, followed by the first batch of residential housing buildings and then this just-in-time dorm occupancy addition, the company managed other add-ons.

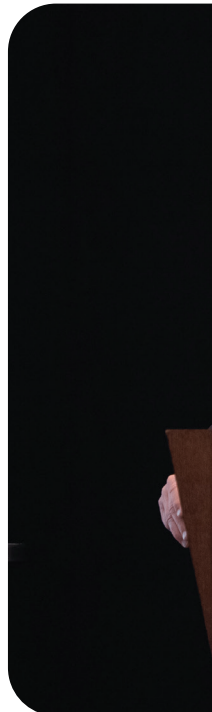
“We did venting for the bathrooms, bath fans, dryer vents; as these needs came up, we provided the services,” Schimmelpfennig says.

Importantly, HAVE Mechanical Contracting secured maintenance contracts to achieve Orloff’s goal of keeping student-athletes comfortable while they are away for a high-performance academic year, camp or training experience.

It’s also exciting to share how a client in your business’s backyard hosts events such as the Big Ten Track & Field Indoor Championships.

“We are there at least quarterly performing maintenance on all systems, and this project has grown into more rewarding work with the client,” Schimmelpfennig says. ▼

HAVE Mechanical Contractors provides heating and cooling solutions for Spire Academy, including the new 4,000-square-foot prefabricated houses designed as dorms for incoming students.



Clockwise From Top: Acting Secretary of Labor Julie A. Su; Aaron Hilger and Stan Kolbe; The Hon. Earl Pomeroy, Congressman Donald Norcross (D-NJ); CEA attendees listen to presentations; Joe Boddicker, Counsel, Alston & Bird



COVER STORY

CAPITOL CONNECTIONS

The 2024 Construction Employers of America National Issues Conference connects SMACNA members and elected leaders on Capitol Hill on key policy issues.



Infrastructure and megaprojects have dominated the news for the past 16 months as society has emerged from the COVID-19 pandemic, entering a new era filled with an insatiable appetite to build things. One of the key motivators behind this ramp-up has been legislative action taken on Capitol Hill over the past several years. Whether it be increased focus on transportation nodes resulting from laws such as the Infrastructure and Jobs Act, the FAA Reauthorization Bill, or individuals and businesses taking advantage of energy efficiency and alternative energy tax credits resulting from the Inflation Reduction Act, there is more motivation than ever to move projects from simply being "shovel ready" toward being realities.



Deputy FAA Administrator Katie Thomson

These factors directly impact the industry and were front and center during highly informative discussions throughout the 2024 Construction Employers of America (CEA) National Issues Conference. The CEA National Issues Conference brings together members from the Sheet Metal and Air Conditioning Contractors' National Association (SMACNA), the Mechanical Contractors Association of America (MCAA) and The Association of Union Constructors (TAUC) to learn about national issues from industry experts, network with other contractors and hear from their lawmakers while listening to remarks from senior government officials.

Members of this coalition visited with more than 100 congressional offices and agency leaders throughout the May 6-8 event in Washington, D.C., which the MCAA sponsored with SMACNA and TAUC.

The signatory contracting market sector has reaped the benefits of legislative and regulatory action advanced throughout the last two and a half years. Legislation such as the CHIPS and Science Act, the Inflation Reduction Act, the

Infrastructure and Jobs Act and the FAA Reauthorization Act have enabled financial incentives for contractors and consumers that will promote new construction and retrofits throughout the country. Meanwhile, regulatory action on issues, such as registered apprenticeships, the use of project labor agreements and much-needed reforms to the Davis-Bacon Act, will help ensure that contractors can develop the best possible pool of labor to draw from while also being on an even playing field.

During the initial general session of the conference, moderated by the Hon. Earl Pomeroy, partner at Alston & Bird and former U.S. Representative from ND, attendees had the opportunity to listen to various speakers from the executive and legislative branches. One of the event's highlights was Acting Secretary of Labor Julie Su, a champion for issues supported by SMACNA and the overall signatory contractor space. The Acting Secretary Su has led the effort for historic reforms to the Davis-Bacon Act, Independent Contractor rules, Registered Apprenticeship (RAP) standards, PLA mandates and countless program rules within the Infrastructure Act.

During the opening of her remarks, Su outlined how necessary union labor was to America's prosperity. "You are all how we are going to build our physical infrastructure in this country, but also the roads and bridges that ensure that people have good jobs that allow them to support their families and lift their communities — jobs that allow them to coach their kids in Little League because they have a little bit of breathing room in their lives," she says. "When they kiss their families goodbye in the morning, knowing that they're going to come home healthy

and safe at the end of the day because the jobs you have created are good jobs that protect workers, train them and make sure that that will happen."

The Acting Secretary also detailed the value of project labor agreements, stating how they "make sure that the job is done on time, it's done safely and it's done on a budget — sometimes under budget — which we also know is good for taxpayers."

She continues, "The first three letters of the plan are PLA because you know, I know and the president knows that PLAs allow companies to plan for current projects and future projects, plan for recruiting the workers that you'll need and plan for the work it takes to actually train workers to get the highly qualified workforce that's required to get the job done."

After touching on other critical issues, such as workforce and education, Su concluded her remarks by saying, "What we are doing is putting billions of dollars in investments in infrastructure projects across the line. It is happening and will continue, and we can only do this the right way if we do it on the High Road."

In addition to Acting Secretary Su, Jessica Looman, Administrator of the Department of Labor's Wage and Hour Division, addressed the joint membership. Throughout her career in various levels of government, Looman has advanced several industry reforms supported by SMACNA and allied industry partners, including reforming the Davis-Bacon Act, refining independent contractor rules, promoting the use of project labor agreements, and enhancing registered apprenticeship standards.

During her presentation, the Administrator discussed some ongoing investments being made for American workers. "We are leveraging federal invest-

ments to create sustained good jobs, so this means billions of dollars are being invested in not just roads and bridges and clean energy and broadband, but also in all the physical infrastructure," she says. "Next, we're focused on strengthening enforcement. In addition to protecting workers' rights and wages, we want to protect their health and safety."

She concluded this section of her remarks by saying, "Finally... we're empowering workers and lifting up their voices. We know that we can't build an economy that works for everyone without workers' ability to step forward."

Looman characterized her efforts by outlining the need to interact with workers on the ground and not rely on collected data from the field. "The No. 1 thing we must do is talk to the people doing the work."

To discuss the industry's impact on improving infrastructure, primarily work on airports, Kathryn Thomson, Deputy Administrator for the Federal Aviation Administration, took the opportunity during significant FAA activity in Congress to address those in attendance. In her remarks, the Deputy Administrator talked about the role of the FAA in getting critically needed funding out to the airports to advance retrofits that SMACNA contractors were engaged in. "One of our most important roles is to make sure that that money is being put to good use — that it is invested in infrastructure projects that are both shovel worthy and shovel ready. This allows us to create good jobs and deliver results ... and ensures that all of you have the tools you need to do the work to deliver those projects on time and on budget."

Another topic of discussion for Thomson was the FAA Reauthorization bill, a measure that SMACNA has strongly advocated for in recent years as

it moved through Congress and to President Biden's desk for signature. During her comments, the Deputy Administrator directly outlined the importance of this legislation. "This legislation contains needed changes to the grant formulas used in ongoing airport improvement programs, which will enable all stakeholders: manufacturers, government entities and industry partners to fulfill their roles in keeping the flying public safe and comfortable during their time in our air travel system," she says.

Along with the guests from the administration, several members of Congress and subject matter experts were present throughout the event and addressed the body. Congressman Pete Stauber (R-MN) talked about his bill to reform change orders on federal projects, his experience owning a small business and how it impacts how he governs. "Small businesses don't get recognized as much on the hill as they should because it affects everything," he says. "For the vast majority of American communities, it doesn't matter where you're from, it still impacts you."

Congressman Donald Norcross (D-NJ) engaged the attendees on one of his legislative priorities: getting America's youth into apprenticeship programs and swelling the ranks of the skilled trades. He talked about all the opportunities to reduce the overall student debt burden by improving the awareness of registered apprenticeship programs and the early earning power of taking a professional journey in our industry.

Congressman Andrew Garbarino (R-NY) echoed several of these points during his remarks, "There are not enough workers. We need to do more to foster training and apprenticeship opportunities and encourage more young

people to seek these opportunities. I talk about some of my friends who are in the trades at home, and they're making more money than I am. A lot of them didn't go to college, so they don't have any debt. I'm still paying off my law school debt." Congressman Garbarino also centered on some of the bipartisan efforts in Congress: "There are a lot of things that both sides have in common when we focus on those core issues, one of which is infrastructure; you would be amazed how much we can get done." Garbarino's colleague in the House Republican Conference, Congressman Don Bacon (R-NE), shared this informative update on the expansion of the defense department's infrastructure upgrades across the base network while also lauding the work being done by those in the skilled trades. "Everyone in this room helped build America to what it is today, and when you are called upon, you



Angie Simon with the Heavy Metal Summer Experience, Acting Secretary Su and Carmen Koo, Owner of Applied Air Conditioning



From left to right: Congressman Pete Stauber (R-MN), NABTU President Sean McGarvey, Wage & Hour Division Administrator Jessica Looman, Women Leaders of SMACNA

are right there ready to help rebuild America," he says.

House Majority Whip Tom Emmer (R-MN) talked about the viewpoint of the GOP Conference on the November election while also stressing the importance of the work being done by the contractors represented at CEA. "The companies in this room represent some of the best of what America offers," he says.

One of the newer faces in Congress, Congressman Pat Ryan (R-NY), highlighted how project labor agreements have positively benefited work on one of the most significant projects in his district: the campus of the United States Military Academy at West Point. "Through the use of project labor agreements, this work is being done transparently, to the highest quality and for maximum value to the American taxpayer," he explains.

One of the more vigorous sets of remarks was delivered

by President Sean McGarvey, President of the North America's Building Trades Unions (NABTU). President McGarvey focused on securing solvency for multiemployer pension plans and building a more diverse workforce that accurately reflects America. "If you go into a Joint Apprenticeship and Training Committee (JATC) and look at the young people being trained, we've come a long way in representing the makeup of this great country — there's still a lot to get done, but we've made so much progress. We all should be so proud of the work that we have done so far," he says, detailing the significant challenges in securing necessary childcare for workers. "It takes a village; if someone wants to be in the workforce, they should be in the workforce. If they can't find reliable childcare, that person is losing their livelihood, and your companies are losing a top

contributor. Securing affordable and easy-to-access childcare must be one of our top priorities moving forward."

Finally, McGarvey discussed the need to build workplaces where every team member feels valued and part of the team: "The message is simple: We need to treat people with respect."

Joe Boddicker from Alston & Bird, considered a leading expert on Energy Tax Incentives, speculated on the outlook for many of the industry's favored tax benefits as the November elections near. "Even if there is a change in administration after the election, the consensus within the space is that these tax benefits can be regarded as quite durable and worth further investment no matter the political climate," he says.

Mariah Becker, Director of Research and Education for the National Coordinating Committee for Multiemployer Plans (NC-



CMP), provided an informational overview of some of the existing and emerging challenges facing plan administrators, including withdrawal liability and some of the changes happening around pharmacy benefit managers.

Kathleen Dobson, CSP Safety Director with Alberici Constructors, discussed ongoing OSHA rulemaking surrounding Heat Illness and Injury Prevention on indoor and outdoor worksites. In 2021, there were over 1,600 heat-related deaths, and OSHA has been undertaking efforts to address these challenges through the regulatory process. Dobson talked about the state of the regulatory process for these rules and their realistic prospects moving forward.

In addition to listening to this impressive collection of subject matter experts and dignitaries, attendees visited Capitol Hill. The relationships built with lawmakers and their staffs

foster an elevated informational collaboration that benefits our industry and the construction economy. Moving forward, these engagements serve as an opportunity to build a partnership that advances everyone's mutual objectives and secures a bright and prosperous future for all Americans.

During the conference, Pomeroy summarized all of this: "What you are doing, not only in this room but in your workplaces, is going a long way in securing the future for all Americans, helping us move forward and remain competitive in an ever-changing global landscape."

SMACNA CEO Aaron Hilger articulated the value of the Conference to SMACNA membership, "CEA is always a great opportunity to connect with our fellow members and educate our elected leaders on Capitol Hill about our key policy positions. Attendees are some of the most

active SMACNA contractors, and they were treated to an excellent lineup of congressional allies, administration officials and thought leaders from across our space. All of my thanks go out to everyone who attended and supported our collective efforts."

The CEA (which also includes charter members of the International Council of Bricklayers and Allied Craftworkers, FCA International, The National Electrical Contractors Association, and Signatory Wall and Ceiling Contractors Alliance) represents construction firms that are proud to use union craftworkers. The more than 15,000 quality-driven contractor members that compose the associations in the CEA adhere to the highest construction standards, and their approximately 1.4 million highly skilled and trained workers receive family-sustaining wages, comprehensive health insurance, and defined benefit pensions. ▼

Female SMACNA leaders proved crucial in advancing the association's legislative agenda.



FEATURE STORY

It's OK to Not Be OK

How mental health challenges are impacting the sheet metal and HVAC industry and how SMACNA and SMART are helping members fight it.

Matt Cramer, Owner of Dee Cramer Inc., Holly, Michigan, recalls a time when he had an employee who was having a hard time. Cramer could tell he was fatigued, distracted and just not himself. Not only did the employee have a best friend recently commit suicide, but he also had family trouble at home, and it was weighing heavy on him. He was drinking too much as a result.

Cramer and his team tried to get him to call the SMART MAP hotline, but he wouldn't. The Sheet Metal, Air, Rail and Transportation (SMART) Union Membership Assistance Program (MAP) is a resource designed to provide support and assistance to members of the SMART union who may be facing various challenges in their lives, including mental health concerns, substance abuse and financial difficulties. The SMART MAP hotline has trained counselors on the line 24 hours a day, seven days a week to help people talk about their challenges and find help.



Chris Carlough, SMART MAP Program Coordinator

“One day, I offered to call for him, and I put him on the phone,” Cramer explains, describing the feeling of relief he felt knowing he could help. “I have the SMART MAP hotline saved on my phone, and you should, too. These are our teammates, our employees, our people.”

Cramer’s situation is all too common. Approximately 15% of U.S. construction workers have a substance abuse disorder — nearly twice the rate of the national average of 8.6% of the general population, says data from the National Survey on Drug Use conducted by the Substance Abuse and Mental Health Administration. Other statistics they report:

- 12% of construction workers have an alcohol use disorder compared to 7.5% nationally.
- 16.5% of construction workers reported heavy alcohol consumption within the past month, nearly twice the average of all full-time workers surveyed.

- 11.6% of construction workers reported illicit drug use within the past month.
- 14.3% of construction workers were diagnosed with a substance use disorder in the past year, more than 1½ times the average of all full-time workers surveyed.
- 2.3% of construction workers have a marijuana use disorder.
- 1.3% of construction workers have an opioid use disorder — almost twice the national average.

And the problems construction workers may be facing aren’t only related to substance abuse. Thirty percent of Michael Barnes’ clients are suffering post-traumatic stress disorder, while another 30% have spending or other types of addictions.

“And, in my opinion, it’s impossible for someone to not be impacted by these challenges in their day-to-day work,” explains Barnes, Owner of Barnes Education and

Consulting LLC, who covered this topic during his Partners in Progress session, “Nurturing Well-Being in the Workplace.”

On top of that, a CDC study found that the rate of suicide among construction workers is the second highest in the country. Compared with the national average, a person working in construction is 3.5 times more likely to take his or her own life.

“A construction worker is more vulnerable to suicide than they are to the dangers of an actual construction site,” explains Chris Carlough, SMART MAP Program Coordinator. “When we saw that, we realized we needed to talk about this more.”

Construction, HVAC and sheet metal work can be physically demanding and often involves high-stress environments, which can contribute to mental health concerns among workers.

SMART, SMACNA and other industry organization are creating programs to help employers recognize and address these issues to help employees cope.

MENTAL HEALTH CONCERNS ON THE JOB

Addressing mental health concerns in HVAC and sheet metal jobs requires a multifaceted approach that includes promoting awareness, providing access to mental health resources, improving workplace safety and fostering supportive work environments.

HVAC and sheet metal workers may exhibit various signs indicating mental health problems. While these signs can vary from person to person, Barnes suggests the following as common indicators to watch for:

1. Changes in behavior:

Increased irritability, mood swings or uncharacteristic aggression can all be signs of mental health challenges.

2. Decreased productivity:

A decline in job performance, missed deadlines or decreased attention to detail may indicate that a worker is struggling with mental health concerns that are affecting their ability to focus and perform effectively.

3. Increased absenteeism:

Frequent absences from work, particularly without explanation, could be a sign that a worker is experiencing mental health challenges that are impacting his or her ability to attend work regularly.

4. Physical symptoms: Physical symptoms, such as fatigue, headaches, muscle tension or gastrointestinal issues may manifest because of stress or anxiety related to mental health issues.

5. Social withdrawal: Withdrawal from social interactions with coworkers or friends,

avoidance of social gatherings or increased isolation may suggest that a worker is experiencing mental health difficulties and may be struggling to cope.

6. Substance use: An increase in alcohol or drug use, or noticeable changes in patterns of substance use, could indicate that a worker is using substances as a coping mechanism for underlying mental health issues.

7. Difficulty concentrating: Trouble focusing, forgetfulness or difficulty making decisions may be signs of mental health concerns such as depression or anxiety that are affecting cognitive function.

8. Emotional changes: Expressing feelings of sadness, hopelessness, worthlessness or unexplained crying episodes may indicate that a worker is experiencing emotional distress.

9. Conflict in relationships:

Increased conflicts with coworkers, supervisors or family members may be indicative of underlying mental health issues that are impacting interpersonal relationships.

10. Self-Care neglect:

Neglecting personal hygiene, changes in appetite or sleep patterns or a lack of interest in activities that were previously enjoyable may suggest that a worker is experiencing mental health difficulties.

While experiencing one or more of these signs does not necessarily mean that a worker is struggling with mental health problems, it may warrant further observation and support.

Why should employers care? Because it can cost them more than one employee. "It can increase employee turnover, increase absenteeism, increase

Battling the Construction Industry's Opioid Crisis

The construction industry's mental health and substance-abuse crisis isn't helped by the fact that so many people who work in construction are prescribed opioids to manage pain. Nearly three out of four construction workers are prescribed a narcotic pain killer, and opioids account for 20% of total spending on prescription drugs in the construction industry — a higher amount than any other industry, according to a report by CNA Financial.

The rampant opioid abuse and addiction within the construction industry is associated with an increased risk of overdose and death. In fact, construction workers have the highest mortality rates for drug overdose deaths and prescription opioid-related overdose deaths, according to the Centers for Disease Control and Prevention. Some other recent findings include:

- Construction workers are seven times more likely to die of an opioid overdose than workers in other industries.
- Construction workers have the highest proportion of heroin-related overdose deaths.
- Construction workers represent about 25% of fatal opioid overdoses among all workers.

This is one of the reasons the National Electrical Contractors Association (NECA) aligned with the Biden Administration's

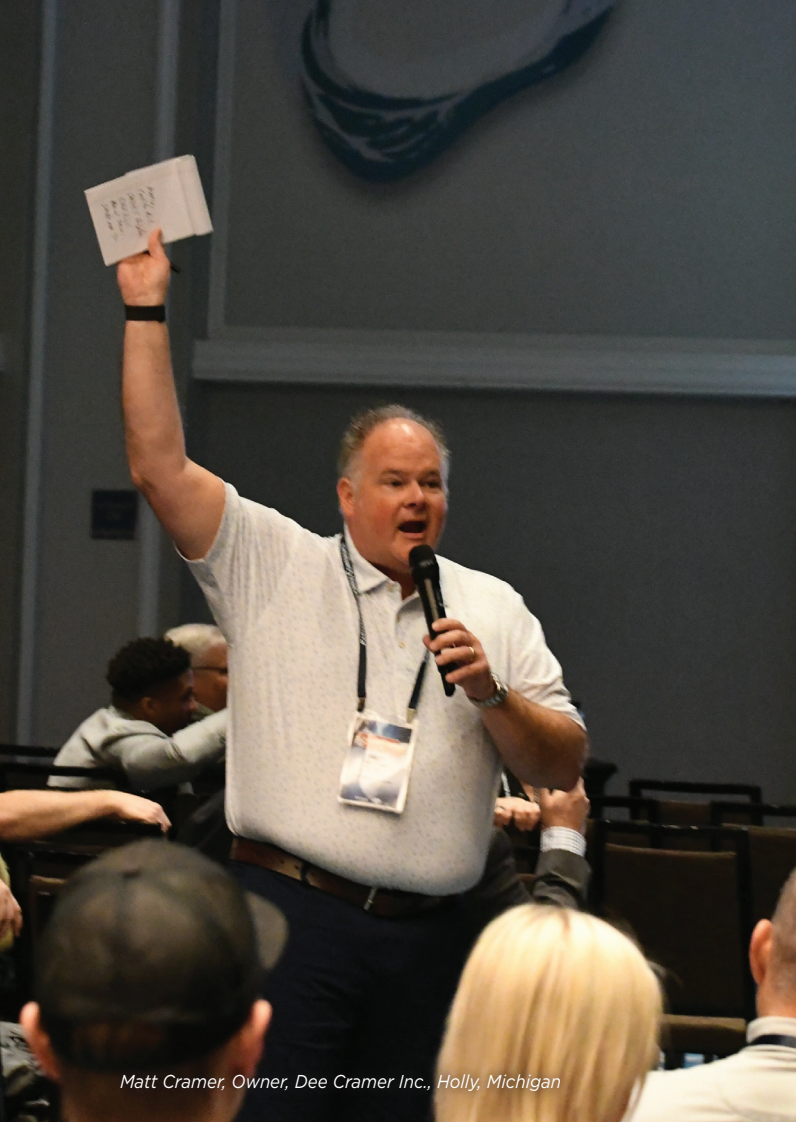
nationwide initiative to beat the overdose crisis in the U.S. This nationwide call-to-action is committed to increasing training on and access to life-saving opioid overdose reversal medications.

"The opioid crisis is a dire national emergency that transcends all sectors of society, affecting individuals of all walks of life, including members of our own industry," says NECA CEO David Long. "It is a widespread threat to the wellbeing of our workforce and the communities we serve."

Part of this initiative is encouraging SMACNA members to get NARCAN/Naloxone supplies in all of their shops and vehicles to ensure they have the tools necessary to stop an opioid overdose by restoring normal breathing to a person in trouble.

Matt Cramer, president of Dee Cramer Inc., Holly, Michigan, equipped all of his gang boxes and vehicles with NARCAN. "It's free locally in our counties, but they give you limited supplies, so it took us a while to get enough needed for all of our trucks," he says.

Naloxone can be administered by anyone, not just health care workers. It comes in an easy-to-use nasal spray. In March 2023, the U.S. Food and Drug Administration voted to approve naloxone nasal spray to be available over the counter.



Matt Cramer, Owner, Dee Cramer Inc., Holly, Michigan

the use of workman's compensation and healthcare benefits, decrease productivity, increase medical costs, increase legal costs, decrease employee morale and create a toxic workplace,' Barnes says.

WHAT EMPLOYERS CAN DO TO HELP EMPLOYEES WITH MENTAL HEALTH ISSUES

Employers can play a crucial role in implementing strategies to support the mental well-being of construction and sheet metal workers, such as offering employee assistance programs, providing training on stress management and mental health awareness, and creating a culture that encourages open communication and destigmatizes seeking help for mental health issues.

"My philosophy is a healthy work team that provides

physical and emotional safety to employees — no bullying or hazing with everyone treated fairly and having the same opportunity to succeed and have their voices heard — will reduce mental health symptoms in the workplace," Barnes explains.

A highly effective work team will embrace the five Rs: rules, roles, routines, rituals and relationships, Barnes says, adding that "people will struggle more with mental health problems if your procedures aren't well defined."

The goal is to avoid trauma in the workplace, which in construction can be caused by injuries, fatalities, near misses, discrimination and bullying.

To prevent hazing and bullying, leaders can establish a zero-tolerance policy, lead by example and promote a positive and diverse workforce culture, Barnes suggests.

"Take complaints seriously and encourage open communication," he says. "Monitor the workplace for signs of bullying, take action for prevention and regularly review and update your anti-bullying policies."

Remember, inclusivity is not:

- Ignoring or downplaying differences between individuals.
- Discriminating based on race, gender, age or other factors.
- Stereotyping individuals from marginalized groups.
- Failing to recognize and address how our biases and privileges may contribute to exclusion.

Leaders can also suffer something called compassion fatigue, Barnes says. This is defined as the physical, emotional and mental exhaustion resulting from prolonged exposure to helping relieve other people's stress.

"The more burnout you have, the less tolerance you have when employees want to talk to you," Barnes says. "And the

more employees who come to you as a trusted person, the more likely you are to experience burnout."

Providing these managers with support and encouraging them to take vacations or breaks can limit this tendency for compassion fatigue, Barnes advises.

The Sheet Metal Occupational Health Institute Trust Inc. (SMOHIT) works with SMART and SMACNA to provide its Member Assistance Program (MAP). Using the SMART MAP training program can help SMACNA contractors understand how to interact with troubled employees and get them help. This mental health awareness and action program highlights the issues associated with substance use disorder and suicide prevention, then educates union members on solutions, helping members and their families access those resources if and when they need them.

Cramer arranged to have the full three-day awareness training program at his facility. "It helps break down barriers and normalize talking about these issues," he says. "And it's not just about substance abuse issues; it's about all mental health challenges employees can be facing — everything from divorce to family challenges to difficult jobs to responsibility with running work and schedules to problems with kids or with spouses to work-life balance challenges."

The SMART MAP program focuses on three essential treatment aspects, according to Carlough:

- **Awareness of mental health:** The national and localized training sessions offer a broader awareness of the problems associated with mental health disorders — from depression to substance


use disorder to suicide prevention. They focus on the social, financial and quality-of-life impact for those members and their families who are affected and the options available to them.

- **Finding reliable resources:** Mental health issues can be complex, so having the best professional resources is vital. SMART MAP discusses the problems associated with substandard drug and alcohol treatment centers and what good evidence-based treatment comprises, highlighting SMOHIT's preferred provider treatment centers from around the country. It also examines the value of the right employee assistance programs (EAPs) and the importance of various 12-step support programs.

- **Having peer support:** The therapeutic value of one union member helping another cultivates a powerful peer support network. SMART MAP mentors listen to and support those members throughout their journeys and assist in the most important part of this program: helping members work toward gaining long-term recovery from whatever mental health issue they are working through with compassion and empathy.

The SMART MAP program is designed to help union members and their families address a wide range of challenges and improve their overall quality of life, Carlough says. By providing access to supportive services and resources, the program aims to strengthen the well-being of union members and contribute to a healthier, more resilient workforce.

The trainings are led by Carlough, who brings his own experience in recovery to reach a vulnerable population that



Save This Number For Immediate Help

For SMART and SMACNA members or their families experiencing an immediate crisis or who need a helpful ear, the SMART MAP helpline is available 24 hours a day, seven days a week.

Call 877-884-6227.

has a “tough guy” mentality.

“These trainings start with construction workers who are rough and tumble and push some of those emotions down,” he says. “But at the end of these trainings, we have members saying they’re going to start doing therapy and work on some self-care stuff.”

“We’ve been able to pivot over the last few years to peer training,” Carlough adds, “which is getting to our rank-and-file people on the jobsite or in the shop and really empowering them to go out there and be peer advocates for their mem-

bers. It’s getting people to be comfortable having uncomfortable conversations.

“I am interested in advocacy for people who are struggling with mental health, addiction and thoughts of suicide, as well as for all the people suffering because addiction is a family disease,” Carlough says. “One of my top priorities is looking to normalize mental health so talking about it becomes as open and stigma-free as discussing any other illness.”

“People get scared to ask for help,” Cramer agrees. “We need to normalize it.” ▼

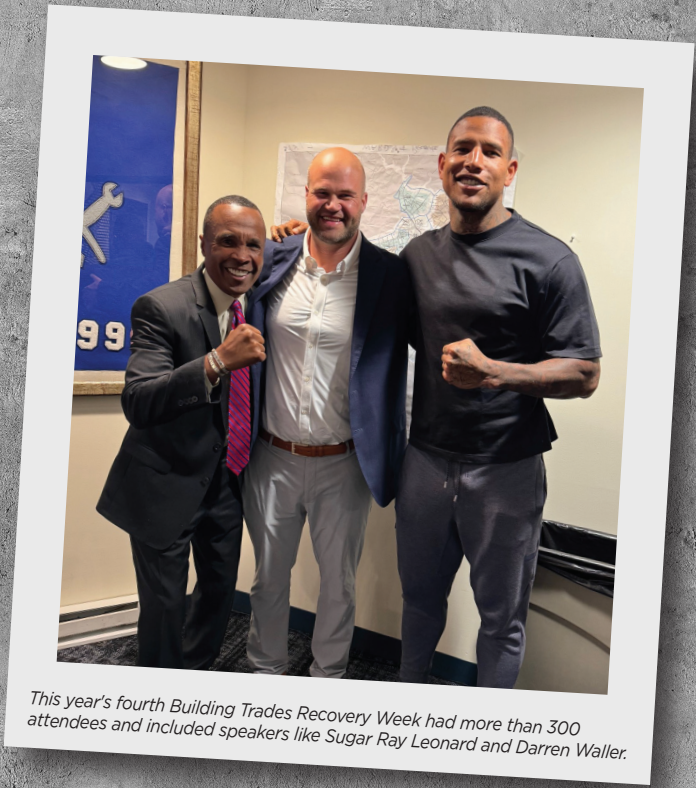




Thomas Gunning, winner of ENR's Top 25 Newsmaker Award, poses with his mom at the awards ceremony.



Thomas Gunning wins ENR's Top 25 Newsmaker Award.



This year's fourth Building Trades Recovery Week had more than 300 attendees and included speakers like Sugar Ray Leonard and Darren Waller.



FEATURE STORY

Giving Construction Workers With Substance Abuse

Hope & Recovery Opportunities

Thomas S. Gunning wins Top Newsmaker Award for his work on getting Narcan on more construction jobsites in Massachusetts.

Thomas S. Gunning has been more than just a figure in the construction industry; he has been a beacon of hope for many. As the Executive Director of the Boston-based Building Trades Employers Association (BTEA) Northeast, he has a vision to rebuild lives and communities through the power of the building trades.

He learned about the skyrocketing number of opioid overdoses in the construction industry after being in recovery for two years from his own decade of drug addiction, and he wanted to help. In 2018, Gunning learned that 22% of the more than 2,000 deaths from opioid-related overdoses in Massachusetts were construction workers. And he wanted to use his knowledge of substance use disorder to help others.



Darren Waller, New York Giants tight end, speaks at the Building Trades Recovery Week.



ENR's Top 25 Newsmakers for 2022.

Gunning himself had survived two heroin overdoses in March 2016 after becoming addicted to opioids prescribed to him after a labrum repair surgery. The drug, Narcan, saved him, but he still spent eight days in intensive care. He hid his addiction from family and friends for more than a decade. His dad, Thomas J. Gunning, former Executive Director of the trade group, brought attention to the problem by firing his son. Then, the younger Gunning found help and got back on track as a member of Local 223 working for Lee Kennedy Co. Inc.

In 2019, Gunning helped organize BTEA Northeast's first-ever Building Trades Recovery Week in Boston with educational resources for more than 25 unions, contractors and other organizations. "Narcan training was by far the No. 1 attended educational seminar," Gunning says. "I looked at Narcan as a life-saving device, no different than a defibrillator."

At the close of the event, dozens of workers participated in a standdown in memory of the 150 construction workers

per 100,000 workers who die due to opioids. Contractors began placing Narcan on jobsites, which in 2019 alone reversed nine overdoses and saved those lives on jobsites in just eight months in 2019.

Gunning then began having BTEA Northeast train labor union business managers and stewards in Narcan administration.

The medication's introduction to jobsites "has been the entry to getting employers involved in saving lives and letting employees know they care for their wellbeing," says John Christian, President and CEO of Quincy, Massachusetts-based Modern Assistance Programs Inc. in Engineering News-Record (ENR).

When ENR announced its annual Top 25 Newsmaker Awards in 2022, it was no surprise that Gunning's name was among those honored. His innovative approach to workforce development and his unwavering dedication to community empowerment had captured the attention

of industry leaders and advocates alike.

Cal Beyer, vice president of Workforce Risk and Worker Well Being at Minneapolis-based CSDZ Construction, says "Gunning's power of lived experience and recovery from substance use disorder is huge. The fact that he is a bridge between labor and management, as an association [executive], allows for neutrality as well."

Gunning says employee assistance programs are important since employees often don't want to tell a boss or union about their addiction, fearing retaliation or job loss.

Gunning has continued his Annual Building Trades Recovery Weeks. This year's event was his fourth and had more than 300 people in attendance, including Sugar Ray Leonard, former professional boxer, and Darren Waller, a tight end for the New York Giants.

In the future, he says he hopes to take BTEA's addiction and recovery program national "to give people with substance use or mental health disorder hope." ▼



2024 Legislative Goals on Track



SMACNA lists the following legislative priorities as making progress so far this year. Check each issue for the latest updates.

- **Advocate for FAA Authorization:** Signed into law 5/24 (H.R. 3935) endorsed pending bill to reform and authorize infrastructure funding for the nation's airports (HVAC upgrades, microgrids and reform the terminal and facility permitting process to expedite project delivery).
- **Defend IRA Tax Incentives:** Programs included in the Inflation Reduction Act private tax incentives support 10 years of building retrofits programs in private sector tax incentive package. **Direct pay of monetized tax credits Treasury / IRS rule now final.
- **Promote Change Order Reform/Small Business Payment for Performance Act:** Leading to endorse change order reform (H.R. 2726) bill again to provide payment on approval for half of change order amount, expedited resolution of the remainder once certified by contracting officer. Seeking more co-sponsors for 2025 NDAA consideration.
- **Independent Contractor Regulatory Reform:** Draft Regulatory Comment Filed/support construction reforms in

- Final Rule process at DOL. *Rule final March 11th for reformed IC rules beneficial to union contractors. Oppose CRA HJ Res 116 / SJ Res 63.
- **Endorse Extension of R&D Tax Credit AND Section 179 Bonus Equipment Depreciation provisions (H.R. 7024):** Ready for immediate Senate passage of House package.
- **Defend PLAs/Davis-Bacon Act:** Oppose (H.R. 1390/H.R. 720/S. 537/S. 3941) repealing both laws. Oppose repeal amendment to Transportation Appropriation Bill (amendment #84). Oppose CRA Repeal bill H.J. Res. 103 in the House.
- **Advocate for The SAFE Banking Act:** House and Senate bills (H.R. 2891 / S. 1323) would provide access to the federal banking system for cannabis related industry payments. Recent Senate hearings with SMACNA noted / Senate floor vote by Spring.
- **Boost Registered Apprenticeship (RAP):** Support (H.R. 2851/S. 249/H.R. 2900) funds for general workforce development programs for construction industry in DOL. Oppose repeal of RAP Regulations (H.J. Res. 116 / S.J. Res. 63) Seek reforms to Apprenticeship Act /

- Apprenticeship Hubs Act. Filed DOL RAP comments March 11th.
- **Defend the IRA and CHIPS and Science Act 1.0 (Support 2.0) tax incentives for private construction incentives/ public projects:** First projects (\$70 billion) announced.
- **Support Nuclear Energy Financing, Licensing and Advanced Technology Act (S. 1111), Accelerating Deployment of Versatile, Advanced Nuclear for Clean Energy (ADVANCE) Act of 2023:** The bill would boost the development and deployment of advanced nuclear energy and safety measures for the next generation of nuclear reactors. Passed House February '24 – Senate passage, House bill pending. White House support.
- **Promote Pension Reforms:** Monitoring opportunities to advance our policy position as part of generic pension legislation.
- **Substance Abuse Program Funding and Research:** (S. 1359 / S. 644) would increase access to care for people, often in the workforce, experiencing opioid use disorder (OUD) by reforming outdated rules for the prescription and dispensing effective medications. Senate markup of S. 644 on December 12th. ▼



CULTURE OF RESPECT

Dushaw Hockett

10 Recommendations to Build a Culture of Respect

BE4ALL (Belonging and Excellence for All) launched in December 2021. The initiative, known as Culture of Respect today, envisions a diverse, inclusive and unionized sheet metal industry that is welcoming and fosters belonging for all. This work includes a human side — where individuals take pride in the work they do and value their contributions. It also includes a business side, where workers and contractors work together to achieve the highest standards of performance and excellence in their technical skills and crafts. When SMACNA, SMART and ITI (International Training Institute) launched Culture of Respect, they wanted the effort to be more than just words on a piece of paper. It was important that the initiative be backed by research and best practices.

Feeling respected and valued at work not only boosts morale, but also creates a trusting and productive work environment. Below are 10 recommendations to build a culture of respect in your workplace.

1. ENSURE THAT EVERYONE FEELS HEARD

Ask your colleagues and employees for their opinions and suggestions. Make sure everyone has an opportunity to share. Don't just listen; engage and be open to ideas that differ from your own.

2. BALANCE GETTING RESULTS WITH A CONCERN FOR OTHERS

When employees feel that results are more important to their company than the people who work there, they will not feel valued or respected.

3. MODEL EMPATHY

Build empathy in the workplace by learning about each other on a personal level. Start a meeting with an exercise to find commonalities — a favorite book, movie or food. Encourage everyone to listen and learn from each other.

4. INSTILL THE SKILL OF PERSPECTIVE-TAKING

Invite people to put themselves in the shoes of another by listening to, understanding and respecting viewpoints and perspectives that differ from their own.



5. VALUE DIVERSITY

Make it clear that differences are valued to establish a groundwork of respect in the workplace.

6. RESOLVE CONFLICTS

Conflicts cause tension and division in the workplace. Effective leaders willingly and quickly mend conflicts and ensure everyone involved feels heard and understood.

7. CHECK IN REGULARLY

Demonstrate that you care for your colleagues and employees by checking in to ask how they are. Commit to supporting them when needed.

8. PRACTICE DAILY AFFIRMATIONS

Get into the habit of thanking and giving praise to your colleagues and employees for their hard work.

9. COMMUNICATE EFFECTIVELY

Talk with others and learn about them and their perspectives. Set a tone of respect and professionalism.

10. LEAD BY EXAMPLE

Whether you are a longtime leader in the workplace or just starting your first day, embody the values you want to see around you. ▼

For Culture of Respect Toolbox Talks, visit www.smacna.org.



FINANCIAL STEWARDSHIP

Ronald J. Eagar

Time is Running Out to Maximize Tax Benefits under the TCJA

When the Tax Cuts and Jobs Act (TCJA) was enacted in 2017, it introduced several temporary provisions that brought significant tax advantages to the construction industry. With many of these provisions expiring at the end of 2025 or soon thereafter, now is the time to ensure you take advantage of all applicable tax planning strategies, including:

Income Tax. In an industry where “cash is king,” a proactive income tax deferral strategy becomes an effective means to maintain corporate capital. Based on the types of contracts your construction company performs under, there are opportunities to employ an accepted income tax reporting method as the basis of a deferral strategy. For example, while a construction company’s overall method may be accrual, to the extent any projects are completed within a single tax year, that project could qualify for cash basis. Further, a residential contractor (not a homebuilder) could employ a 70-30 accrual-cash basis split on reporting a qualifying project for tax.

The favorable income tax rates under the TCJA are set to sunset by the end of 2025. If your business is already employing an accepted deferral methodology, the strategy could shift to accelerating the recognition of income for tax advantage at the lower rates, which is a real dollar savings. This is a powerful technique that should always be revisited with your tax advisor, but especially when major tax law changes are on the horizon.

Bonus Depreciation. The TCJA doubled the first-year “bonus depreciation” deduction from 50% to 100% for long-term assets placed in service after Sept. 27, 2017, and before Jan. 1, 2023. This amount began to phase out in 2023 and will sunset in 2027.

Bonus depreciation is a tax-saving strategy that allows businesses to deduct a certain percentage of the cost of an asset in the first year it is placed in service. This accelerates the process of regular depreciation by allowing the business to deduct a higher amount sooner.

The phase-out is set to be completed in 2026 as follows:

- Property placed in service after Dec. 31, 2022, and before Jan. 1, 2024: 80% of the asset’s cost.
- Property placed in service after Dec. 31, 2023, and before Jan. 1, 2025: 60% of the asset’s cost.

- Property placed in service after Dec. 31, 2024, and before Jan. 1, 2026: 40% of the asset’s cost.
 - Property placed in service after Dec. 31, 2025, and before Jan. 1, 2027: 20% of the asset’s cost.
- Evaluate your tax-saving strategies for the 2024 tax year to determine if bonus depreciation is the best option for your business while it’s still available.

Another significant change made by the TCJA is the applicability of bonus depreciation to used assets — not only new ones — beginning in 2018. Excluding real property, virtually any type of new or used tangible personal business property qualifies for bonus depreciation if it has a useful life of 20 years or less and is purchased from a non-relative.

Qualified Business Income. The TCJA created a new 20% deduction based on qualified business income to benefit owners of pass-through entities and self-employed individuals. This deduction is scheduled to end after 2025.

Employer Credit for Paid Family and Medical Leave. The TCJA authorized a new tax credit for wages paid to employees while on family or medical leave. This credit generally equals 12.5% of wages if an employee is paid 50% of normal wages while on leave, increasing to a maximum of 25% for higher payment amounts. Originally scheduled to expire in 2019, it was extended through 2025.

Trust & Estate Planning. The gift and estate tax benefits under the TCJA are still in effect, but many of the provisions are scheduled to sunset at the end of 2025. The estate tax exemption for each decedent was doubled in 2018, with inflation indexing. The current exemption for 2024 — \$13.61 million — is scheduled to revert to \$5 million, plus inflation indexing, in 2026. While 2024 remains a prime opportunity to take advantage of the favorable tax landscape, time is running out to maximize your gifting strategies under the TCJA.

Deciding which tax strategies are right for you in any given tax year should be done with your tax advisor. It is never too early to begin planning for the 2025 tax year (and beyond) to avoid unnecessary tax obligations and maintain vital cash flow for your projects and business. ▼

For more information, please contact Ronald J. Eagar, CPA, CCFP Partner at Grassi, at reagar@grassiadvisors.com or 516-336-2460.



LEGAL

Grant Collins

Understanding Overtime Challenges: Bonuses and Incentive Payments

While SMACNA contractors are familiar with the concept of “overtime” — that is, paying employees time and one-half for certain hours worked — few contractors understand how overtime paid pursuant to their collective bargaining agreement (or “CBA”) intersects with statutory overtime required by the federal Fair Labor Standards Act (or “FLSA”).

Statutory overtime, particularly the calculation of the “regular rate” as it relates to bonuses and incentive pay, can be a potential minefield for contractors.

These are some specifics to pay attention to.

BONUSES AND INCENTIVE PAYMENTS LIKELY MUST BE INCLUDED IN THE “REGULAR RATE” UNDER THE FLSA

Contractors that are paying bonuses or “incentive pay” to employees who travel to a certain area or for working a certain number of hours each week likely need to include these amounts in the calculation of the “regular rate.”

According to the DOL regulations, bonuses — like an incentive pay bonus or an attendance bonus — typically need to be included in the “regular rate.”

Bonuses which are announced to employees to induce them to work more steadily or more rapidly or more efficiently or to remain with the firm are regarded as part of the regular rate of pay. Most attendance bonuses, individual or group production bonuses, bonuses for quality and accuracy of work, bonuses contingent upon the employee’s continuing in employment until the time the payment is to be made and the like are in this category; in such circumstances they must be included in the regular rate of pay.

The DOL’s Field Operations Handbook includes the following “examples of bonuses which would normally be included in the regular rate . . .”:

- Production bonuses, bonuses paid for performing work in less than an established standard time.
- Bonuses paid when certain types of merchandise are sold through an employee’s effort, cost-of-living bonuses, attendance bonuses and bonuses paid as incentives to attract employees to an isolated or otherwise undesirable job site.

That is, all of the bonuses listed above must generally be included in the calculation of the “regular rate.” Given

this guidance, it seems clear that bonuses or incentive pay designed to encourage employees to travel to certain areas or to work a certain number of hours each week likely must be included in the “regular rate” for purposes of calculating statutory overtime.

Consider the following example: An employee earns \$20 per hour and works 50 hours (10 hours Monday through Friday) in a workweek. In the absence of any additional compensation, the employee would earn \$800 in straight time (40 hours x \$20) and \$300 in overtime (10 hours x \$30 per hour) for a total of \$1,100 in weekly compensation. Alternatively, using the regular rate calculation above, the employee earned \$1,000 in straight time compensation (50 hours x \$20). Dividing that by the 50 hours worked, results in a “regular rate” of \$20 per hour. Multiplying the regular rate (\$20) by .5 and then by 10 hours (i.e., the number of overtime hours in the workweek) results in an overtime premium of \$100. Thus, the employee’s total weekly compensation is \$1,100 (\$1,000 in straight time + \$100 in overtime premium).

If, however, the employee also receives a \$100 bonus if the employee works at least 10 hours each day (for a total of \$500), then the employee’s statutory overtime compensation would also increase. Specifically, using the calculation above, the employee would earn \$1,000 in straight time compensation (50 hours x \$20) and \$500 in bonuses (i.e., \$100 for each 10-hour day). This total (\$1,500), divided by 50 hours worked, results in a regular rate of \$30 per hour (instead of \$20 per hour in the example above). Multiplying the regular rate (\$30) by .5 and then by 10 hours (i.e., the number of overtime hours) results in an overtime premium of \$150. Thus, the total weekly compensation is \$1,650 (\$1,000 in straight time + \$500 in bonuses + \$150 in overtime premium).

As you can see, paying bonuses and other amounts that cannot be excluded from the regular rate of pay can quickly complicate the calculation of the statutory overtime premium and result in a potential FLSA violation.

CONTRACTUAL OVERTIME MAY BE OFFSET AGAINST STATUTORY OVERTIME

Even though additional statutory overtime may be owed for certain bonuses that should have been included in the regular rate under the FLSA, the employee may not be

SMACNA Associate Members

PREMIER PARTNERS



PLATINUM



GOLD



SILVER



BRONZE



owed any additional compensation if he or she already received contractual overtime premiums in excess of the statutory overtime premiums owed under the FLSA.

The DOL regulations say contractual overtime premiums paid by the employer for daily overtime, weekend overtime and double-time may be offset against the employer's statutory overtime owed under the FLSA.

Specifically, the DOL regulations provide: "Where overtime rates are paid pursuant to statute or contract for hours in excess of 8 in a day, or in excess of the applicable maximum hours standard, or in excess of the employees' normal working hours or regular working hours (as under section 7(e)(5) or for work on 'special days' (as under section 7(e)(6), or pursuant to an applicable employment agreement for work outside of the hours established in good faith by the agreement as the basic, normal, or regular workday (not exceeding 8 hours) or workweek (not exceeding the applicable maximum hours standard) ((under section 7(e) (7), the requirements of section 7(g)(1) and 7(g)(2)) will be met if the number of such hours during which overtime rates were paid equals or exceeds the number of hours worked in excess of the applicable maximum hours standard for the particular workweek. It is not necessary to determine whether the total amount of compensation paid for such hours equals or exceeds the amount of compensation which would be due at the applicable rates for work performed during the hours after the applicable maximum in any workweek."

SMACNA contractors that pay daily overtime after eight hours or overtime for work performed on Saturday or Sunday under a CBA could have already paid employees more overtime than any overtime premiums owed on bonuses or incentive pay under the FLSA.

Remember, too, that statutory overtime is only owed for hours worked more than 40 hours in a given workweek. Thus, even though the overtime premiums may not have been paid on bonuses or incentive pay under the FLSA, if the contractor can show that the employee still received contractual overtime premiums in excess of what would have been owed under the FLSA, then no additional compensation would be owed.

THE BOTTOM LINE

Contractors should engage experts in FLSA and overtime laws to ensure that the "regular rate" is properly calculated. In addition, contractors should confirm that overtime premiums paid to employees under the CBA meet or exceed any premiums owed under the FLSA. ▼

EDITOR'S NOTE: This was part two of a two-part series on how contractors must factor bonuses, incentive payments and overtime. Check out part one in the March/April 2024 issue of SMACNews.

Grant Collins is an MSBA-certified specialist in both traditional labor law and employment law at Felhaber Larson. Reach him at gcollins@felhaber.com or through www.felhaber.com.

SMACNA's Associate Member program provides an opportunity for industry service providers and suppliers to build lasting partnerships with our industry-leading contractors.

To learn more about becoming an Associate Member, visit smacna.org/associatemembership.



PRESORTED
STANDARD
U.S. POSTAGE
PAID
PERMIT NO. 356
YORK, PA

SMACNA National Headquarters

P.O. Box 221230, Chantilly, VA 20153-1230
703.803.2980 | Fax 703.803.3732

Capitol Hill Office

305 4th Street, NE, Washington, DC 20002
202.547.8202 | Fax 202.547.8810



SMACNA CALENDAR

SEPTEMBER

September 15-18

Project Managers Institute
Des Moines, Iowa

September 27

Women in Construction Summit
New Orleans, Louisiana

September 29 - October 2

Financial Boot Camp: Interpret,
Navigate, Analyze!
Phoenix, Arizona

OCTOBER

October 27-30

2024 SMACNA
Annual Convention
Palm Desert, California

NOVEMBER

November 4-5

Navigating Your
Exit Strategy
San Diego, California

November 10-13

Project Managers
Institute
Austin, Texas

DECEMBER

December 8-10

Council of Chapter Representatives
Meeting
New Orleans, Louisiana

2025

OCTOBER

October 26-29

2025 SMACNA Annual Convention
Maui, Hawaii

Welcome New SMACNA Members

AIM Industrial Inc.	Cambridge, Ontario, Canada
Craft Mechanical	Chicago, Illinois
Matthew Schnarr Sheet Metal Inc.	Waterloo, Ontario, Canada
R.J. O'Neil Inc.	Montgomery, Illinois
Saudi Duct Factory	Riyadh, Saudi Arabia
Tekon-Technical Consultants Inc	Portsmouth, New Hampshire
Trident Mechanical Services LLC	Phoenix, Arizona
W.G. Tomko	Finleyville, Pennsylvania

SMAC^{NEWS} is published bimonthly by the Sheet Metal and Air Conditioning Contractors' National Association for its national, international and associate members.

Executive Editor: Seth Lennon

Managing Editor: Nicole Wisniewski

Creative Specialist: Denise J. Ladd

www.smacna.org

Premier Partners

