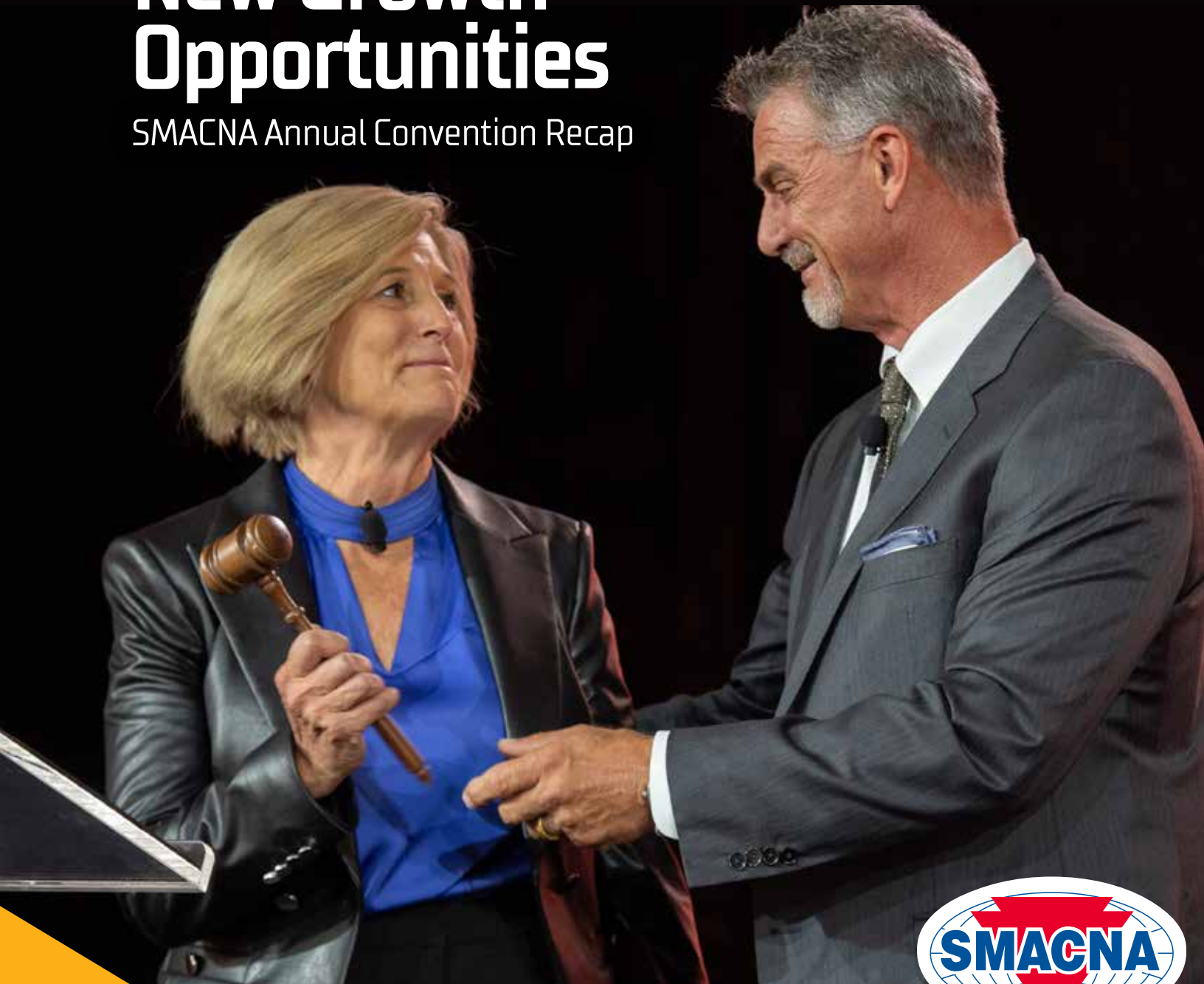


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SMAC NEWS

Embracing New Growth Opportunities

SMACNA Annual Convention Recap



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CEO UPDATE Aaron Hilger



Opportunities Abound in the New Year

Convention is one of the highpoints of SMACNA's annual calendar. Our event in Phoenix was outstanding with great content and networking. A special thanks goes out to everyone who worked behind the scenes to make our gathering in Arizona one of the best conventions on record. I always enjoy the opportunity to interact with our members and learn more about the factors shaping our industry. Whenever I walk out of a SMACNA Annual Con-

vention, my knowledge base grows exponentially. I hope that you walked away with a similar feeling.

One of the convention's most exciting moments was the presidential transition from Tony Kocurek to Carol Duncan. Tony has been a great advocate for SMACNA and our members. He is a force on critical issues, such as Indoor Air Quality, that impact us all. Thank You, Tony, for your service and friendship. I look

forward to working with you moving forward.

Listening to Carol's speech after assuming her new role, her story should sound familiar to many of our members. She embraced our industry's opportunities to build a better life for her family. She also sought to strengthen SMACNA's profile both locally and nationally. That





FROM THE PRESIDENT

Carol Duncan

is what this next year is going to be about: opportunity. Over the next year, we can further strengthen the labor-management partnership that has reaped countless benefits for both SMART and SMACNA. I urge you to watch the post-convention interview that Carol conducted with General President Michael Coleman to better understand some of the

culture and make it the best it can be. We are competing with all of the trades, manufacturers and even restaurant & retail sectors for labor. The unionized sheet metal industry provides opportunities with great wages, health care, growth potential and lifetime security.

As we prepare to enter the new year, I want to thank everyone for their continued



ONE OF THE CONVENTION'S MOST EXCITING MOMENTS WAS THE PRESIDENTIAL TRANSITION FROM TONY KOCUREK TO CAROL DUNCAN. TONY HAS BEEN A GREAT ADVOCATE FOR SMACNA AND OUR MEMBERS. HE IS A FORCE ON CRITICAL ISSUES, SUCH AS INDOOR AIR QUALITY, THAT IMPACT US ALL. THANK YOU, TONY, FOR YOUR SERVICE AND FRIENDSHIP. "

exciting opportunities right in front of us. Megaprojects, Indoor Air Quality projects and projects driven by reinvestment tax credits give us a real opportunity to grow.

Our joint work on BE4ALL is one arena that is ripe for collaboration — nationally and locally. By working together to build a workplace where everyone feels like they are valued, we can recruit the best and the brightest into our industry. This is not hard to do, but it does require us to look at our

engagement and participation with SMACNA. This association is only as strong as its membership, and I am proud of all of the work our staff and members do every day. Have a wonderful holiday season. ▼

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.

4 Key Questions Can Improve Information Retention

I wanted to start my first *SMACNews* column with a question: What was your biggest takeaway from October's Annual Convention? SMACNA broke attendance records for a non-Hawaii convention, and it was wonderful to engage with so many fellow SMACNA contractors. SMACNA put on a great event and offered so many great learning opportunities to attendees from every part of the industry. After a convention wraps up, I always feel like I recharge my batteries. I am ready to dig into the business again with renewed energy.

By attending SMACNA's Annual Convention, you have invested your time and money gathering great information. So, the question becomes: How can we ensure that not only you but everyone who participated in the event can successfully leverage the incredible knowledge learned during the event? Since I started attending conventions, I have collected a file cabinet full of printouts from presentations, or, more recently, a file folder on my computer.

A best practice that I like to employ when I return from an educational opportunity, such as an annual convention, is LLCI — four critical questions that help me digest the information I gathered:

- What did you **Like**?
- What did you **Learn**?
- What **Changes** are you planning to make?
- What is the **Impact** you expect?

Asking these questions turns some of that fire you felt at the event back on, and it might even help that information stick longer.

Please consider engaging with those who attended educational sessions and ask the LLCI questions. Often, a facilitator will ask us what actions we will take away from a presentation: What will you stop doing, what will you start doing and what will you continue doing? In a smaller venue, it is great to have an accountability partner — someone who can help you articulate your learning objectives. Your accountability partner can call you in six weeks to make sure you have done something with the information. Focusing on this level of engagement can go a long way in ensuring you are able to extract maximum value from attending a convention.

Finally, as part of BE4ALL, SMACNA and SMART are working to bring some holiday joy to families across the country, while also spreading awareness about a career in the trades. For the second straight year, BE4ALL has created a label to place on toys for local toy drives. The label's QR code takes them to a landing page with links to industry career opportunities. This helps bring joy to a family, but also shares with them the doors an industry career can open. ▼



The Godfrey Hotel Detroit is a 227-room boutique hotel in the city's historic Corktown neighborhood. The \$2.4 million worth of sheet metal work the hotel required was done by SMACNA Detroit member CASS Sheet Metal.

Checking in on a New Detroit Project

CASS Sheet Metal fabricated and installed metal panels for the Godfrey, a boutique hotel in one of the city's historic areas.

The oldest neighborhood in the Motor City is now the site of its newest hotel. In August 2023, the 227-room Godfrey Hotel opened in Corktown, a Detroit neighborhood with roots going back to 1834. With its extensive use of brick, glass and metal, the \$75-million boutique hotel is designed to blend into a historic community that still has red brick-paved streets and rowhouses dating to the 1850s.

Ensuring the project's sheet metal work maintained the hotel architect's vision was the job of Custom Architectural Sheet Metal Specialists. Better known as CASS Sheet Metal, the Detroit SMACNA member has worked on many high-profile projects in the city and region, including Michigan Central Station, a 1912

National Historic Landmark under restoration.

Unlike the 111-year-old Detroit train station, the Godfrey is a new-construction project. That presents special challenges, says CASS owner and President Glenn Parvin.

"The design has a lot of unique elements in transitions between masonry and sheet metal," Parvin says. "It gives the look, at least to me, of revitalized loft construction in an old industrial building. They tied all elements together."

CASS won the \$2.4 million contract to fabricate and install all of the hotel's sheet metal work, which encompassed more than 45,000 square feet and included 3-inch insulated Centria wall panels and aluminum composite material (ACM) panels.

"Everything on the project was custom fabricated," Parvin explains.

SHEET METAL SHOP WAS CLOSE BY

Fortunately, CASS' sheet metal shop was only 15 minutes away from the construction site, making transportation and coordination easier. Panels were fabricated in its shop and then driven to the worksite several times a week. Installing them required CASS employees to stand on lifts more than 80 feet in the air.

The project took about 45 weeks, with 10 to 12 CASS employees working on site through a cold Michigan winter.

Parvin says that winter weather, along with the space-constrained job site and working so high off the

ENSURING THE PROJECT'S SHEET METAL WORK MAINTAINED THE HOTEL ARCHITECT'S VISION WAS THE JOB OF CUSTOM ARCHITECTURAL SHEET METAL SPECIALISTS.

ground were among the hotel project's biggest challenges.

"Things go a lot slower on a tight site and when you're 80 feet in the air," he says. "Labor hours were significantly higher. And what played a role in that was the timing of the job working through the winter and the amount of equipment required to run the project with three or four 85-foot man lifts in the air and having those man lifts in the air for four or five months. That chews up a lot of labor and a lot of equipment costs."

PROJECT CHANGES

And, as often happens, some of the project specifications changed during construction, which was another challenge that required CASS to adapt.

"The window panels changed dimensions. What was supposed to be a nominal 16-inch panel had to be an 18-inch panel, 15-inch panel, tapered," Parvin says. "And as the finishing contractor, we often had to make up for the differences between various systems like the window to the brick and framing, and concrete pours did not meet exacting tight tolerances."

Parvin wasn't surprised.

"We expected some of it to happen," he says. "Because when you're dealing with concrete tying into stud work wall to wall to wall, and you go in vertically, you have to install adjusted girts because the panel systems that you have to install have to be plumb to be watertight and weather-tight. We had hat channels that we had to put on that ranged in size from three-eighths of an inch to an inch and a half to 2 inches in some cases, so that we could take the plane between floor to floor and the concrete so that we can bridge problems."

Such changes caused the job to take more time than expected, Parvin adds.

"Unfortunately, when projects are bid to be competitive in the marketplace, you put on the rose-colored glasses. It's going to be a 'perfect build and 70 degrees and sunny every day with no wind.'"

Parvin says the reality was different.

"And while we finished the project and we covered some cost in doing the project, I think that we anticipated it to certainly go a lot faster," he says.

Still, despite those challenges, Parvin says he's "ecstatic" with how the project turned out in the end. On a recent afternoon, he visited the hotel for the first time since it opened to the public. He was impressed with the facility.

As a lifelong resident of the Detroit area, Parvin says he appreciated the colorful mural on one side of the hotel that pays tribute to the hardworking residents of the region. The mural also commemorates Tiger Stadium, the longtime home of the Detroit Tigers pro baseball team that once stood across the street.

The Godfrey Detroit is part of a five-hotel chain that includes properties in Los Angeles, Tampa, Chicago and Boston. It has 6,292 square feet of meeting space, a lobby bar and restaurant, and a rooftop lounge that features a retractable glass ceiling and walls.

It was designed by Neumann/Smith Architecture of Detroit and Boston-based Manfredi Architects. The general contractor was a joint venture between Christman Co. of Detroit and Norcon Inc. in Chicago. ▼



A closeup look of the hotel's metal window panels and adjacent brick work, which required special efforts by CASS workers.



A Balancing Act

Colorado Sheet Metal needed scaffolds to tackle HVAC efficiency upgrades in the U.S. Air Force Academy fieldhouse — the first renovations since it was built in 1968.

In its 55-year history, Cadet Field House has been home to some of the most competitive teams in college sports.

Spectators have watched U.S. Air Force Academy teams win regional championships in hockey and take part in the NCAA Division 1 basketball tournament.

One thing fans of the Air Force Falcons have never gotten to see, however, is a major renovation of the facility. Until now.

The field house, which is located at the U.S. Air Force Academy in Colorado Springs, Colorado, is undergoing a seven-year, \$133-million project that will bring the facility in line with current NCAA Division 1 standards. In addition to a new roof, interior work includes new basketball court floors, renovated locker rooms, new dasher boards in the hockey arena and a modern running track. Energy-efficiency upgrades include LED lighting and sealing the building's envelope.

As part of other efficiency improvements, the build-

ing's 1960s mechanical systems are being replaced with high-efficiency air handlers, chillers and boilers. Geothermal HVAC is also being installed.

Colorado Sheet Metal, a commercial contractor based in Colorado Springs, Colorado, was awarded a \$5-million contract to upgrade the field house air handlers and ventilation system that serve the spectator areas.

REPLACING RECTANGULAR WITH SPIRAL DUCT

CSM was tasked with replacing the facility's 55-year-old rectangular ductwork with high-efficiency spiral duct above the hockey and basketball arenas, as well as in the indoor track and field area. In total, CSM installed more than 5,000 square feet of spiral duct.

Since CSM doesn't have a spiral fabrication machine, it purchased the spiral duct from Prime Metal Products, a SMACNA contractor based in Gering, Nebraska.

While CSM could rely on an outside supplier to make the spiral duct, installing it was a different issue. In that



THE FIELDHOUSE IS UNDERGOING A SEVEN-YEAR, \$133-MILLION PROJECT THAT WILL BRING THE FACILITY IN LINE WITH CURRENT NCAA DIVISION 1 STANDARDS.

FAR LEFT: Cadet Field House at the U.S. Air Force Academy in Colorado Springs, Colorado, is undergoing a seven-year, \$133-million renovation that includes new mechanical systems. SMACNA member Colorado Sheet Metal won a \$5 million contract to replace the 1960s rectangular duct with spiral ductwork, along with other upgrades. LEFT: Colorado Sheet Metal apprentice Melissa Vigil (left) prepares to install the large diameter spiral duct with supervisor Jared Leblanc.

there because if we put our stuff up there and our people up there, we would overload the structure.”

‘MAKING GOOD PROGRESS’

Despite those challenges, Venable says the project has been going well.

“We’re fairly far into it,” he says. “We’ve completed all the duct over (the hockey arena) and all the duct over (the basketball court). We’re moving into the track area now. We’re making good progress on it. We’re probably 20% or 25% complete.”

As complicated as it has been installing duct from scaffolding, Venable says the project’s biggest challenge may be

case, Colorado Sheet Metal employees had to do it themselves — working from scaffolding 77 feet above the field house floor. They also had to do it when the hockey and basketball teams were between seasons.

Company President Gary Venable says it made for a “very challenging and unique” work environment.

“We’re not able to use lifts or anything else,” he says. “We’ve built a hanging scaffolding system that hangs from the structure. We’re literally hanging and it’s probably 6 feet below the structure. We do all the work on that scaffolding.”

The scaffolding was approximately 40 feet wide, and it extended from one end of the basketball court to the other.

Venable says it took some time to figure out how to make it work.

“So, if you can imagine the joists and the beams, they’re literally taking chains and they’re hanging a platform below that structure,” he explains. And then we put another scaffolding on top of that platform to access our work. So, in this scenario, if you get added load onto the roof, like snow, which adds onto that structure, we cannot work

next year, when Colorado Sheet Metal workers will replace 19 outdated air-handling units with high-efficiency Trane models, plus 14 Cook exhaust fans.

It will mean more work in tight spaces 80 feet in the air. “There’s a catwalk system above the arenas,” he adds. “I don’t even want to call it a mezzanine because it’s still a catwalk. It’s a graded system. And that’s where all the air handlers and fans go. And they’re large.”

Exactly when CSM will start that work depends on how the Air Force Falcons’ season goes. If the basketball or hockey teams make the playoffs, that could delay the expected June 2024 start.

“Air Force Academy has great athletic programs, and their hockey team is very competitive,” Venable says. “And the basketball team certainly can be as well.”

A SPECIAL CONNECTION

As a third-generation sheet metal worker, Venable says he has a special connection to the Cadet Field House. In 1968, his father installed the rectangular ductwork that CSM workers are now removing.

“That was before I was born,” Venable adds. ▼



Carbon Management Presents New Opportunities for Industrial Contractors

Industrial contractors can take advantage of tax credits for projects involving carbon capture, green hydrogen and beyond.

The energy sector is ever evolving. And the industrial market is quickly increasing project opportunities for industrial contractors. In fact, industrial contractors will surely play a pivotal role in carbon capture and utilization. Carbon capture technology and the megaprojects are drawing record amounts of private capital into the energy and energy efficiency-related technology sector’s battle against carbon-driven climate impacts.

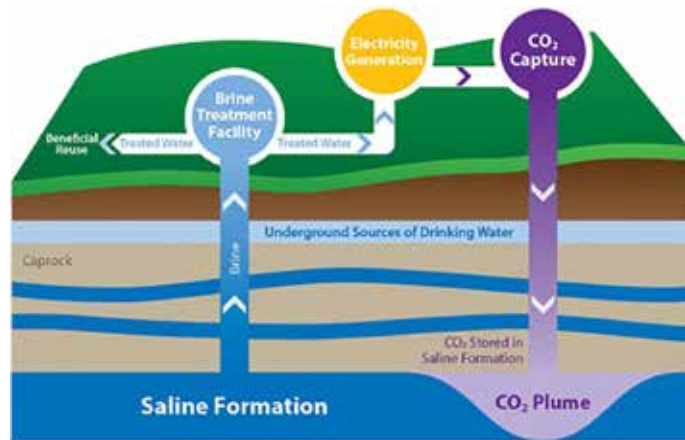
SMACNA contractors have opportunities to continue to be at the forefront of helping to construct the engineering feats involved in capturing and repurposing CO2 emissions — from innovative technologies to large-scale CCU projects.

THE ENVIRONMENTAL CHALLENGES AND MARKET OUTLOOK

Due to increasing environmental concerns and the rising demand for solutions, the global carbon capture and sequestration market was valued at \$2.1 billion in 2022, according to Vantage Market Research.

Research projects the market to reach \$7.49 billion by 2030 — a compound annual growth rate of 19.9% between 2023 and 2030. They attribute this growth to second-generation carbon capturing techniques.

Global capacity to trap emissions from power plants and heavy industry and bury the carbon dioxide deep underground is forecast to reach 400 million tons by 2030,



provided that all currently announced plants are built. That marks a significantly more optimistic outlook than the International Energy Agency’s 2020 forecast of 350 million tons by 2030.

The Intergovernmental Panel on Climate Change recommends keeping the global average temperature increase well below 2 degrees Celcius , if not below 1.5 degrees Celcius, by 2100 to avoid the most threatening projected effects of climate change. This effort to prevent worst case estimates of climate damage requires achieving carbon neutrality shortly after 2050. In the U.S., industrial emissions represent 22% of greenhouse gas emissions, but industrial processes are particularly hard to decarbonize because the processes emit CO2 as a byproduct of chemical reactions, and these industries require high-grade heat input.

“You have an enormous opportunity to solve the problem in the industrial sector,” explains Brad Crabtree, assistant secretary for the U.S. Department of Energy’s Office of Fossil Energy and Carbon Management. “We’re seeing growing recognition of the role carbon management needs to play if we are to meet our carbon emissions goals.”

INFRASTRUCTURE BILL PROVIDES FUNDING FOR CARBON MANAGEMENT AND REDUCTION PROJECTS

To achieve net-zero emissions goals by mid-century, the U.S. will need to capture, transport and permanently store hundreds of millions of tons of carbon dioxide each year. This preventive strategy will also require a concerted effort to build out the infrastructure to store large quantities of carbon dioxide in geologic storage facilities.

The U.S. Department of Energy recently announced over \$444 million to support 16 selected projects across 12 states that will fight climate change by bolstering the nation’s carbon management industry.

The projects, funded by the Biden Administration’s Bipartisan Infrastructure Law, will expand CO2 storage infrastructure needed to reduce CO2 emissions significantly and responsibly from industrial operations and power plants, as well as from legacy emissions in the atmosphere.

This includes up to \$7 billion for regional clean hydrogen

hubs and \$2.5 billion for carbon capture demonstration. In addition, there are hundreds of billions of dollars in tax credits available for decarbonization projects, many already being utilized by private corporations and in public – private partnership megaprojects.

OPPORTUNITIES TO ADVANCE INDUSTRIAL DECARBONIZATION

There are multiple areas for SMACNA’s industrial contractors to embrace these prospects.

First there’s hydrogen. Today, most hydrogen is produced using fossil fuels with high emissions, but policy is driving technological solutions toward the use of cleaner production sources. And “with IRA subsidies, hydrogen prices are expected to be much more competitive relative to natural gas prices,” says David Gardiner with David Gardiner and Associates, a strategic advisory firm with a mission to accelerate clean energy solutions and advance policy toward achieving transformational decarbonization.

The next large-scale, responsible deployment of carbon management technologies is crucial to meeting the administration’s ambitious climate goal of achieving a net-zero emissions economy by 2050. More than 100 carbon capture projects were announced in 2021, and there is the potential for many more – all capable of boosting the effort to curb emissions.

Transitioning combined heat and power (CHP) systems to produce zero carbon fuels is also an option. While CHP systems have efficiency rates as high as 90%, zero carbon fuels maintain CHP’s efficiency advantage. By 2030, new CHP systems are projected to burn 100% clean hydrogen. Existing CHP systems can convert to 100% clean hydrogen with minimal downtime. Paired with clean hydrogen, CHP achieves bold emissions reductions over time.

According to Gardiner, CHP projects qualify for 30% to 50% advanced energy Investment Tax Credits, which the IRA extends through 2024. The “Safe Harbor” provision extends the IRA tax incentives further into 2028 for projects that begin physical work of a significant nature or incur 5% of the total project costs. “Beginning in 2025, technology neutral ITC and PTC take effect,” Gardiner says. “CHP projects should qualify if they yield zero greenhouse gas emissions.”

The federal production tax credit (PTC) is available for each project stage, including PTC credits for the production of solar energy used to produce green hydrogen, the production of green hydrogen and a CHP tax credit for efficient combustion. ▼



How to Leverage Short-Form Videos on Social Media

Embracing video marketing allows you to better connect with your audience, who often prefer watching videos on the go.

Social media continues to evolve as a marketing tool for sheet metal and HVAC industry businesses.

In the last issue, *SMACNews* highlighted the multiple purposes and benefits SMACNA contractors can get from the different social media platforms and how to maximize their presence.

In this final segment on social media tips from Lauren Wattie, vice president, Vault Communications, we'll talk about social media's most popular content — short form video, why it's growing, where you can share this type of content, and some examples of how to do it well.

IT'S TIME TO INVEST IN VIDEO

There are a remarkable number of statistics proving video's worth in social media marketing.

First, people share videos at twice the rate of any form of content, according to Wyzowl. What's more, 84% of

people were convinced to buy a product or service based on a brand's video.

Think no one will watch your videos? Think again. If your video is under one minute, 68% of people will happily watch it. A whopping 72% of consumers even prefer videos to text marketing, says research from Retail Dive.

Still need proof that you should share videos on social media? A majority 93% of marketers have landed a customer from social media videos, Animoto says, adding that 63% of marketers say video content gets them the best return-on-investment on social media.

When looking for video types, 56% of consumers say they prefer user-generated videos.

WHAT MAKES VIDEO SO POPULAR?

Videos make sharing content easy for consumers.

Short-form videos help explain niche interests and can go viral easily in certain niches.

IF YOUR VIDEO IS UNDER ONE MINUTE, 68% OF PEOPLE WILL HAPPILY WATCH IT. A WHOPPING 72% OF CONSUMERS EVEN PREFER VIDEOS TO TEXT MARKETING, SAYS RESEARCH FROM RETAIL DIVE.

Embrace the Power of Social Reviews

Reviews are powerful tools consumers use to research businesses.

Google business profiles can help you connect with customers and manage customer reviews.

Why do you want to encourage customers to leave reviews? Here are some of the reasons they can help boost business:

- Reviews are essential to decision making.
- Social proof drives visits and purchases.
- More reviews increase visibility.
- Reviews help build trust between users and brands.
- They expand conversations about the brand.
- Reviews help create open lines of communication with consumers.

But you must do reviews right to reap the benefits. Follow these tips:

- Respond to all reviews — positive and negative — within 48 to 72 hours.
- Thank people for sharing their reviews; avoid saying “We’re sorry” or “We apologize.”
- Understand the issue from the reviewer’s perspective.
- Validate concern as it demonstrates you’re listening.
- Encourage dialogue offline; do not engage in any back and forth or have an argument online.
- Always remain calm, courteous and professional.

Creating short videos is fairly easy since it doesn’t require editing or experienced camera skills.

Consumers like short-form videos because they don’t feel “manufactured,” Wattie says. “They are quick and easy ways to consume content, and people share them at twice the rate of other content.”

VIDEO-BASED SOCIAL MEDIA CHANNELS

There are three main social media channels used for video sharing:

- TikTok — This channel has 1 billion monthly active users who spend more than 850 minutes each month on the app.
- Instagram Reels — Launched in August 2020 to compete with TikTok, Instagram Reels has 1.2 billion monthly active users, and its algorithm favors Reels and video content. In fact, 91% of Instagram users watch videos weekly.
- YouTube Shorts — This is a new way to create con-



4 Ways to Establish Your Brand Voice on Social Media

1. Be consistent so customers can become familiar with your business over time.
2. Be unique and offer content that separates your business from the competition.
3. Keep it simple. If your business purpose or service are too hard to figure out, your potential customers won't stick around.
4. Engage and interact with current and potential customers on social channels.

tent on YouTube in 60 seconds or less that was launched in March 2021. Approximately 2.3 billion subscribers regularly visit YouTube every month, and YouTube Shorts receives 15 billion views daily.

All in all, short-form videos rule the social media kingdom, Wattie says. “Videos can be repurposed across multiple social media channels,” she says. “Short-form video content is the most effective way to reach your audience on social media.” ▼





SMACNA CONVENTION

Embracing New Growth Opportunities

SMACNA's 2023 Annual Convention highlights the industry's unprecedented possibilities and how the association is helping businesses thrive.

In the 35 years that he has been actively engaged in the union construction industry, SMACNA CEO Aaron Hilger says, “we’ve never had the opportunity to grow like we have today.”

From megaprojects to projects driven by indoor air quality concerns or those created by historic manufacturing tax credits, Hilger says the industry has been given a tremendous future.

SMACNA Past President Tony Kocurek agrees. “It’s time to embrace the future, learn new ways of doing things and identify new opportunities we can use to grow our businesses,” he says. Today, “we face arguably the most significant — maybe even historic — time in our industry.”

Speaking to a crowd of more than 1,000 attendees Oct. 14 – Oct. 18 in Phoenix, Arizona, SMACNA leaders highlighted some key updates and opportunities for contractors as they wrap up the year and move into 2024.



WANTED: LABOR

As the industry embraces more historic growth opportunities, “it is exciting and somewhat daunting,” Hilger says. “We need to capture this work and not lose the markets we already have — something that SMACNA and SMART are deeply committed to maintaining.

“We need to recruit more people who want to learn our trade, become estimators, project managers, and fill every other open role,” he continues. “Recruiting this workforce

And after finding new people, “we also need them to stay with the companies that hire them,” Hilger says. “Improving retention means being flexible and creating work environments that are inclusive and free from harassment.”

SMACNA President Carol Duncan concurs. “The business case for our SMACNA and SMART BE4ALL work is that we need to be an inclusive workplace to attract the best people for our positions,” she says. “That starts with understanding

attendees, Hilger also reviewed the association’s progress on its strategic plan.

The first part of SMACNA’s strategic plan is determining the next labor paradigm, which members have been able to witness in action through its collective work on megaprojects and its strong relationship with SMART at the national level. “We share many of the same goals and choose to focus on the 95% of things that we agree on, rather than the 5% of things that labor and manage-

on both business operations and technological innovations.

Increasing member engagement and interaction is the third part of the strategic plan. “Contractors who come to convention are among our most active members and know how to maximize the benefits that SMACNA provides,” Hilger says, adding that convention attendees only represent about one quarter of total membership. “We would love to see more participation.”

Since SMACNA gets 99% of its members through chapters, they are the conduit for many national programs. “The membership experience varies widely among chapters, and national can better support chapters with programming and resources to deal with time-consuming and less value-added tasks,” Hilger says, adding that to do this the association developed a strong chapter executive education program, expanded its chapter executive orientation and added a mentoring program for new chapter executives.

“With challenges like manpower, quality of manpower and — for some of us — more work available than ever at one time, we have a lot on our plate,” Kocurek adds. “We must learn to grow and develop to meet these challenges, take advantage of new opportunities to use technology and establish new ways of training the most diverse workforce we have ever seen.

“We can take control and either learn to survive in this new market and forever change the way we do business in this industry or let it pass us by,” he continues. “As my dad used to say, ‘You can drive and take control of your destination or ride and accept wherever it takes you.’ Because you are all here today, I believe I know what you are choosing, and SMACNA is here to help us identify change, prepare ourselves for it and take advantage of it — all to enable ourselves to survive and ultimately be as competitive as possible.” ▼



Phoenix (above), Aaron Hilger (right)

means that we are casting a wide net, perhaps in communities that we have not looked in as hard as we should have in the past.”

As a result, SMACNA members should alert chapter executives or SMACNA’s labor relations team of their workforce needs immediately so they can make sure SMART is prepared to assist with project success.

“The union cannot pull a rabbit out of the hat and find you 100 workers in a week, but they can if given time,” Hilger says. “I know it is hard to forecast and there are a lot of variables. We understand the issues and are committed to taking advantage of these historic work opportunities.”

how our people perceive their workplaces. Unless all our people feel they are included and seen, they will not stay. BE4ALL is a long journey, and we will see steady improvements, but we must continue down the path.”

SMACNA’S STRATEGIC PLAN UPDATE

During an update to the SMACNA Annual Convention

ment may never approach the same way. We also know that one of our challenges is to bring this type of relationship to local areas that may not be in the same place.”

The second part of SMACNA’s strategic plan involves expanding educational programming. The association continues its current programs, while adding new programming that focuses

Meet SMACNA's New President: Carol Duncan

SMACNA introduces its new board of directors; new president shares her plans for 2024.

At the SMACNA Annual Convention, Tony Kocurek, owner of Energy Balance & Integration in Albuquerque, New Mexico, passed the association president gavel to Carol Duncan, CEO and owner, General Sheet Metal, Clackamas, Oregon.

As she accepted her new role as SMACNA president — the second woman in the association's history — she shared some career lessons with SMACNA members that she still follows today.

LESSON #1: THERE ARE NO PROBLEMS, ONLY OPPORTUNITIES

Duncan began a real estate career in the 1970s when interest rates were 11%. By 1981, the 30-year mortgage rates reached an all-time high of almost 19%, and the market dried up overnight.

In March of 1982, her dad offered her a controller position at General Sheet Metal after the previous controller walked out, and she accepted.

"I had no idea what I was walking into, but I knew it had to be better," Duncan says. She saw the challenges of the job as opportunities to work through and grow from.

Then, in 1986, her father was ready to close the business doors after he bought out one partner and another left, and Duncan saw an opportunity to buy out his stock and take over the business. "No one will ever work for a woman," he told me," Duncan says. "But he must have had some faith because he kept the doors open."

Both times, the choices were tough, but Duncan saw opportunities over problems, and that helped her focus on tackling challenges and growing.

LESSON #2: WE CAN ALWAYS FIND THE TIME TO DO THE THINGS WE REALLY WANT TO DO

Duncan attended her first SMACNA Annual Convention in 1996, and she was one of maybe three women in attendance. "I didn't care," she says. "I was thirsty for industry education and learning how General

Sheet Metal was made up of many people willing to help, share advice and assist her with bettering her business. "All because I found the time," she says.

LESSON #3 IF YOUR DREAMS DON'T SCARE YOU, THEY'RE NOT BIG ENOUGH

In 2000, Duncan started a peer group with five contractors. Those visits brought tremendous value to General Sheet Metal.

After sending shop supervisors to see each other's businesses, General Sheet Metal made changes to improve shop productivity. "We learned so

much from each other," she says.

Duncan says she regularly embraced new ideas and challenges, implementing changes in the business as necessary. Between 2012 and 2019, General Sheet Metal increased its work volume. "That growth would not have been possible without the amazing people on the General Sheet Metal team. I also would not have the knowledge or courage to let it happen without the support and industry insights from numerous members of the SMACNA family. That support is unmeasurable."

Even though it may seem impossible due to time constraints,



Carol Duncan

Sheet Metal could grow. "Our attendance at the convention caught the eye of a local chapter executive and close friend of my dad's. He asked me to become involved in the local SMACNA board as the first woman. With 4- and 7-year-old daughters at the time, I told him, 'I just don't feel I have the time.' And he said to me, 'Carol, we can always find the time to do the things we want to do.' He was right."

Duncan says she learned that



Carol Duncan and Tony Kocurek



Duncan encouraged attendees to get involved in SMACNA and dream bigger for their businesses. “A small investment of time can create unimaginable returns; just ask anyone involved,” she explains. “As owners and leaders, it’s critical we share these learning opportunities with the next generation.”

According to Duncan, numerous studies show that the next generation wants to be a part of the bigger picture. “They want leadership to invest in their personal development and aspire to make a difference,” she says. “It not only instills confidence in their roles and the future of the organization moving forward, but the lessons and relationships have lasting rewards. What better way than to engage them in the industry they are already a part of?”

2024 GOALS

As SMACNA president, Duncan’s focus for the coming year is twofold.

First is continuing to embrace a diverse workforce. “Until we tackle inclusion, it will be difficult to get traction,” Duncan shares. Inclusion is what unlocks potential in a diverse workforce.”

To measure inclusion, General Sheet Metal uses two local surveys: Top Workplaces in the spring and the 100 Best Companies to Work For in the fall. Not only are these great recruiting tools, but the employ-

ee feedback is invaluable.

“Both surveys are free to take and only require a small investment to obtain the employee comments; that’s where the meat is,” Duncan says.

In the surveys, employees are asked to rate on a scale of one to five statements like:

- Employees who help the organization achieve its strategic goals are rewarded and recognized fairly.
- People in my organization care about me.
- Managers at my organization are as diverse as the broader workforce.
- Communications we receive from the organization are honest and open.

“Those statements provide awareness around opportunities where employers can make improvements where they might not have seen one before,” Duncan shares. “General Sheet Metal saved more than one employee from departing by acknowledging and acting on concerns, showing that we see them.”

In addition to diversity and inclusion, Duncan’s second area of focus is to continue encourage PAC participation. “I have been a member of the PAC for over 25 years, and as one of the original political pacesetters, I’ve testified in congressional hearings on pension reform,” she says. “I support this legislative work, and I know that we make

a difference. Over the last 18 months, we have seen tremendous progress on our issues, some of which we’ve talked about for over 25 years. These successes come after years and years of steady hard work by our

Hill staff and contractors who participate in local and national political activities.”

Duncan is excited to embark on her year as SMACNA president. “At my first convention in 1996, I never would have imagined becoming your national president,” she shares. “I am honored and truly appreciate this opportunity.

“It is with the help of this SMACNA group that I learned my three biggest life lessons; I found the opportunities, I made the time and my dreams are still big,” she adds. “I challenge you to do the same.” ▼



Introducing the 2022-2023 Board

President: Carol Duncan, CEO and owner of General Sheet Metal, Clackamas, Oregon

President-Elect: Tom Martin, president, T.H. Martin, Cleveland, Ohio

Secretary-Treasurer: Todd Hill, president of Ventcon, Allen Park, Michigan

Vice President: Scott Vidimos, president, Vidimos Inc., Each Chicago, Indiana

Immediate Past President: Tony Kocurek, owner of Energy Balance & Integration, LLC, Albuquerque, New Mexico

New Directors:

Rick Ferguson, Black and McDonald, Toronto, Ontario, Canada

Doug Gudenburr, DMI Cos., Charleroi, Pennsylvania

Paul Irwin, Bell Products, Napa, California

Bobby McCally, The Brandt Cos., Carrollton, Texas

Gary Myers, Intech Mechanical, Roseville, California

SMACNA Names Its 2023 Award Winners

Sheet metal and HVAC industry honors 6 leaders for their hard work.

Six SMACNA industry leaders were recognized with 2023 awards from the association to honor the best in all facets of the industry from business management to chapter leadership.

Every year at the SMACNA Annual Convention, attendees get a chance to meet the SMACNA Contractor of the Year. The award is given to an individual who exemplifies leadership qualities and dedication to advancing the industry.

This year's recipient is Kevin Gill Jr., president of Boston-based McCusker-Gill.

Gill has built on a legacy started by his father, Kevin Gill Sr., who was himself a recipient of this award in 2003.

McCusker-Gill is a second-generation HVAC subcontractor that has worked on notable projects, including Brigham & Women's Building for Transformative Medicine, Boston University's Center for Integrated Life Sciences and Engineering and Encore Boston Harbor, which had over 1 million pounds of ductwork and was one of the most significant sheet metal projects completed in the Greater Boston area.

"We've witnessed you spearheading several changes bringing the company to a whole new level," Gill's parents say. "We couldn't be prouder of how you've risen to the occasion."

"I'm very blessed," Gill says, accepting his award at the SMACNA Annual Convention. "It's a family business. My dad did a great job building a great culture at McCusker-Gill, and I feel fortunate to be a great steward of this company."

Next up was SMACNA's 2023 Chapter Executive of the Year, which was awarded to James Strother Jr. of SMACNA of Western Pennsylvania. Strother

has spent his 22-year career promoting the interests of the skilled trades. This award is given to someone who has been a steadfast advocate for his or her membership.

"I have a fantastic chapter and a great board of directors," Strother says. "They allow me to do the things that need to be done."

Then, SMACNA honored its political advocates for 2023.



SMACNA named Steve Benkovsky, president and owner of Triple S Air Systems in Ronkonkoma, New York, as the Legislative Contractor of the Year for 2023.

Benkovsky has stepped up when called for at high-level and high-pressure political events with government and elected officials. He also became a leading SMACNA ambassador advocating for the industry when seeking reforms to outdated and often misguided regulations and legislation, as well as a critical player in ongoing lobbying efforts to reform Davis-Bacon, contractor procurement rules, registered apprenticeship laws and critical changes to infrastructure policies and prevailing

wage enforcement legislation.

Peter Jenkins of the Sheet Metal Contractors Association of Philadelphia & Vicinity took home the honor for SMACNA's Chapter Executive Legislative Advocate of the Year. He helped build and become a leader in one of SMACNA's most engaged and SMAC PAC-supportive chapters, and he inspired his members to advocate on reforming industry regulations, prevailing wage laws, pension reforms, energy efficiency tax incentives, and the now expanding commercial, industrial and public markets and infrastructure opportunities.

SMACNA also unveiled a new award at its 2023 Annual Convention: The Charles



Tony Kocurek presenting Kevin Gill Jr. with the SMACNA 2023 Contractor of the Year award.



SMACNA Honors its Safety Award Winners

SMACNA awarded the following member companies with 2023 Safety Excellence Awards:

- **First place with lowest OSHA incident rate, 1 to 25,000 Hours Category:** RC Metal Worx, Pendleton, Indiana
- **First place with lowest OSHA incident rate, 25,000 to 50,000 Hours Category:** Hays Sheet Metal from Pennsauken, New Jersey
- **First place with lowest OSHA incident rate, 50,000 to 100,000 Hours Category:** GES Sheet Metal, Fontana, California
- **First place with lowest OSHA incident rate, 100,000 to 200,000 Hours Category:** Air Comfort, Broadview, Illinois
- **First place with lowest OSHA incident rate, 200,000 to 300,000 Hours Category:** Modern Controls, New Castle, Delaware
- **First place with lowest OSHA incident rate, 300,000 to 400,000 Hours Category:**

- **Holmberg Co., Bellevue, Washington**
- **First place with lowest OSHA incident rate, 400,000 to 500,000 Hours Category:** Smith Mechanical/Electrical/Plumbing, Santa Maria, California
- **First place with lowest OSHA incident rate, over 50,000 Hours Category:** Harder Mechanical, Portland, Oregon
- **First place with highest level of chapter participation:** SMACNA Oregon & SW Washington
- **Overall Canadian safety program winner:** Modern Niagara, Toronto, Ontario

SMACNA also recognized Hill Mechanical Corp., Franklin Park, Illinois, as the 2023 Safety Innovation Award Winner. Hill Mechanical has long been a leader in pioneering cutting-edge approaches when it comes to protecting its workforce.

Corbett Excellence in Labor Relations Award, which recognizes exceptional achievements in furthering the strong relationship that SMACNA contractors have with labor partners. This year SMACNA honored two recipients.

The first recipient is Stephen Doonan, president of DeKalb Mechanical, DeKalb, Illinois. Doonan has always been highly respected by union leaders and contractors alike and has spent a lifetime building strong relationships with labor partners.

The second recipient was awarded posthumously to Thomas Gunning, who served as the chapter executive of the SMACNA Boston Chapter for 30 years. Dedicating this life to the advancement of the construction industry, Gunning was co-chair of multiple building trades' pension, annuity, health and welfare funds, as well as a long-time member of the SMACNA National Labor Committee and National Joint Adjustment Board.

His son, Tom, says: "He told me, 'If you be honest, do the right thing and be fair, the middle ground will just come. For 35 years, he lived on those principles and had a successful career.'" ▼



Labor Update

SMART General President Mike Coleman shares current labor challenges and offers solutions.

SMART General President Mike Coleman's career path wasn't always smooth.

But Coleman insists, "I owe everything to this industry."

Coleman admits he had a troubled past before being introduced to the sheet metal trade, but once he got into an apprenticeship, his life changed. In fact, industry members became his friends and mentors after his parents passed away.

"I would have nothing if it weren't for this industry and the people in this industry," he says.

Coleman shares his background to explain his three core labor philosophies:

- We must communicate with each other.
- We must be able to trust each other.
- We must respect each other.

"If we can control those three things, we'll have bumps in the road, but we can control anything."

Coleman outlined SMART's recent accomplishments and plans for the coming year during his presentation at the SMACNA Convention.

INVESTING IN SMART'S FUTURE

First, Coleman explains, SMART is in its investment stage, "improving the way we do business and how we interact with SMACNA international and chapters."

To do this, SMART hired an education department head and a full-time instructor to help teach classes for the Locals. It also changed its programming, developing a business managers' class, revamped its business representatives' class to be more



industry driven and created a production institute.

SMART also created a peer-to-peer group with 57 business managers that are broken down into groups of four or five to get together and share challenges and solutions.

PROVIDING MORE HELP WITH MEGAPROJECTS

Coleman says SMART is doing all it can to address issues surrounding megaprojects.

It starts with redefining the size of megaprojects. Instead of looking at them as total dollar amount, the best path forward is to define these projects as any work the Local cannot provide the workforce for.

"We're all worried about workforce and our core work,

"I WOULD HAVE NOTHING IF IT WEREN'T FOR THIS INDUSTRY AND THE PEOPLE IN THIS INDUSTRY." —MIKE COLEMAN

but I want you to know we have invested a lot of resources to answering those questions," Coleman says. "We've never seen this type of work sitting out there, so we are working hard to address these issues and help with these projects."

To do this, Coleman is holding monthly regional district council calls, discussing megaproject needs. "We dedicated money to create incentives to get the workforce to the regions where we need them," Coleman says.

SMART can help service workforce needs the sooner it receives requests. SMACNA members are encouraged to share these needs as soon as possible to improve the response.

EMBRACING THE PRO-UNION PRESIDENTIAL ADMINISTRATION

Coleman also shared wins SMART is realizing with the current pro-union presidential administration.

"Given all his faults, President Biden has created opportunities

DIVERSITY AND INCLUSION IS THE PATH FORWARD

While expanding the workforce to address growing opportunities and megaprojects, Coleman also encouraged SMACNA contractors to diversify.

"Our locals should look like the communities we all live in," Coleman shares. "There is nothing wrong with diversity in our unions. I say it because it is the right thing to do and also a necessity."

Part of improving diversity means solving worker issues like childcare. Childcare alone could cost each worker 20% of his or her income. "We're working on an initiative where we can relive some of those costs," Coleman says.

Coleman encouraged the

SMACNA Convention crowd. "We know there are issues out there, and we're trying to help change them," he says. "We will continue focusing on the things we need to do to have a good labor management relationship." ▼



An Economic Outlook

SMACNA's chief economist offers some perspective on current economic indicators.

Anirban Basu, SMACNA's chief economist and the chairman and CEO of Sage Policy Group, an economic and policy consulting firm in Baltimore, Maryland, is recognized as one of the leading minds when it comes to forecasting economic trends and their impact on the industry.

As a part of the SMACNA Annual Convention, he shared his economic predictions.

The economy has much more momentum today than it did coming into the beginning of 2023, Basu began. "You can see the undoing of the economy in early 2020 and then a V-shaped recovery," he explains.

So, currently, "we're not in a recession," he says. The National Bureau of Economic Research (NBER) is the "official recession scorekeeper," Basu continues, but they have no fixed rules about which indicators contribute information to NBER's process or how they are weighted in the determination of recession.

But there are some warning

indicators that a recession may be coming.

It starts with housing. To afford a median-priced U.S. home, today's homebuyer must earn \$114,627 annually, which is up more than 50% since the start of the pandemic. "That's the highest annual income necessary to afford a home on record," Basu says.

Rising delinquencies and exposure to declining office and commercial real estate values has also risen banks' perception

of risk, which will continue to factor into lending rates.

Also, credit card debt just passed the \$1-trillion mark, and there is some increase in credit card delinquencies.

And, what's more, inflation persists.

On top of these three factors, businesses are changing course. Companies were focused on chasing demand by hiring workers, leasing or buying equipment and warehouse space, and expanding capacity to win market share. But some businesses are starting to shift focus, saying they plan to reduce their numbers of full-time employees over the next 12 to 18 months, Basu reports, pointing out some big companies that have already made layoffs, including Amazon, Accenture, Meta, Microsoft, Salesforce, Disney, Dell, Goldman Sachs, Indeed and PayPal.

Despite these factors, retail sales data continues to trend



discounts to move products.

Overall, Basu predicts "it's going to get worse before it gets better. The global economy is weakening, the national economy is weakening, borrowing costs are higher and excess inflation persists.

"Some segments are standing up better than others, including public construction, grocery stores and multifamily housing," he continues. "In our industry, I'm hearing some are having a

TO AFFORD A MEDIAN-PRICED U.S. HOME, TODAY'S HOMEBUYER MUST EARN \$114,627 ANNUALLY, WHICH IS UP MORE THAN 50% SINCE THE START OF THE PANDEMIC.

upward. Spending is up 3.8% over the past year — just slightly faster than inflation. "People are spending like there's no tomorrow," Basu points out.

Even with high spending, retailers are having some inventory issues, so they are trying to increase

record year, tons of backlog and solid margins, but their problem is finding workers. So, the culprit here is inflation, and the Federal Reserve's response to excess inflation. At some point, the Federal Reserve will stop raising rates in response to inflation." ▼

Mantras From The Most Enduring Man In the World

SMACNA Annual Convention keynote speaker James Lawrence teaches attendees that winning is all about taking on challenges one at a time — every day.

Fear is just an emotion, but according to endurance athlete James Lawrence, “it’s paralyzing us as a society,” says the SMACNA Convention keynote speaker.

How can one overcome fear? “Change your perspective,” Lawrence advises. “The only way to become more mentally tough is through experience, so I try to say yes to things that make me uncomfortable.”

Lawrence was forced to reinvent himself after his mortgage company failed in the 2008 recession and he lost his car and home. He thought he had chosen a safe career for his family, but he was lost after this happened. He needed to chase something less “safe.”

He began racing Ironmans, breaking his first Guinness World Record in 2010 for completing 22 Half Ironman triathlons in 30 weeks. In 2012, he broke his next record by completing 30 Full Ironmans (2.4-mile swim, 112-mile bike and 26.2-mile run each) in one year. As he raced, he earned the nickname, “Iron Cowboy” for running the marathon portion of his races in a colorful cowboy hat his daughters picked out for him so they could spot him during the race.

“The moment you realize that next step isn’t going to kill you, you can become the best version of yourself,” Lawrence says, describing the experience as a rebirth. He knew he could change his life if he just committed to 20 more races.

In 2015, Lawrence embarked on 50 Full Ironmans in 50 days in 50 states — a feat of 120 miles of swimming, 5,600 miles of cycling and 1,310 miles of running in less than two months that required an immense amount

of planning and coordination. Each race averaged him 15 hours, meaning his sleep was usually limited to roughly four to six hours each night. During the record-breaking endurance display, he suffered physical and mental challenges, including exhaustion, pain, overuse injuries, emotional meltdowns, and inclement weather.

But motivation, Lawrence believes, is a fleeting thought. Rather his goal was to take action. So, to raise money for charity, he decided to double

“I want people to know that anything is possible, and to not let anyone else dictate what they think is possible,” he says.

Through his experience, Lawrence learned some lessons that he says SMACNA contractors could apply to their everyday lives.

THERE ARE NO LIMITS

“We’re so busy comparing ourselves to others and the current standard of excellence, that we feel like we’re incapable of doing more,” Lawrence says. “Learning to push yourself past the point where you think you’re OK teaches you that you can do anything.”

IGNORE THE BULLY INSIDE YOUR HEAD

There will be obstacles as you attempt to achieve your goals.

For Lawrence, he had to

James Lawrence completed 101 full Ironman races in 101 days.



his efforts and shoot for 100 full Ironmans in 100 days, raising the ceiling of what was possible. He ended up achieving his goal and actually completed 101 Full Ironmans just to prove that he could do one more.

remove the chaos from each moment and focus on the activity at hand. Every time he felt behind or in pain or tired or suffered an injury, a bully in his head told him he wasn’t good enough or prepared enough.

Guinness World Record holder James Lawrence, a.k.a. The Iron Cowboy



"WHEN IN OUR ADULT LIFE DID WE BECOME OK WITH QUITTING, ABANDONING OUR JOURNEY AND SEEKING COMFORT? YOU JUST HAVE TO GET TO THE FINISH. IF YOU CAN'T RUN, YOU CAN WALK. IF YOU CAN'T WALK, YOU CAN CRAWL. IT'S YOUR REACTION TO ADVERSITY AND NOT ADVERSITY ITSELF THAT DETERMINES HOW YOUR LIFE STORY WILL DEVELOP."

"When in our adult life did we become OK with quitting, abandoning our journey and seeking comfort?" Lawrence asks the audience. "You just have to get to the finish. If you can't run, you can walk. If you can't walk, you can crawl. It's your reaction to adversity and not adversity itself that determines how your life story will develop."

Focus on the now to accomplish your goals and ignore that inner criticism, Lawrence adds, saying: "Now is the most important time because it's the only time we have any power."

YOU DON'T HAVE TO DO SOMETHING; YOU GET TO DO SOMETHING

During a climb up Mount Kilimanjaro on his bike — sep-

arate from his Ironman races — Lawrence recalls the tough climb and the lack of oxygen at the top. And at a basecamp stop, he was with a group of veterans on the ride, and as he was complaining about the soreness in his legs, he saw one of the veterans had only one leg.

"I had a paradigm shift, realizing I don't have to be here; I get to be here," he says. "I had the opportunity to do something I've never done before. We were the first group to summit Mount Kilimanjaro on bikes."

DON'T LET SOMEONE ELSE'S OPINION OF YOUR JOURNEY IMPACT HOW YOU PROCEED

To accomplish your goals, you

must adapt, Lawrence says.

During his record-breaking triathlons, he faced numerous challenges; the journey was not easy. During one segment, he needed IVs of salt water to replenish his electrolyte stores. During one swim, his shoulder was in pain, so he finished the swim on one arm. During one run, his stress fractures were so extreme he had to finish it on an elliptical. These are just a few examples, but each brought social media judgment and hate.

"I almost abandoned my journey at one point," Lawrence says. "But years later, I looked at that moment on the elliptical and realized it only represented .24% of my whole journey. How many times does one person say something negative and we give it all this power and attention and it derails us from all the good we've done?"

"My goal today is to inspire you to take action," Lawrence continues. "Chase your highest dreams and remember there are no limits to life." ▼



Government Averts Another Shutdown

Both chambers finished up legislative business and left town for a much-needed break to focus on constituent outreach over the Thanksgiving Holiday. December marks the first time in approximately a decade without government funding deadlines.

Before leaving, both chambers were able to pass a continuing resolution averting a federal government shutdown, and President Biden signed the bill into law. The stop gap measure (H.R. 6363) extends funding at current levels to Jan. 19, 2024, for some agencies and programs and to Feb. 2, 2024, for others and also included a one-year extension of the current Farm Bill. But it didn't include additional funding for Ukraine, Israel and border security. The move gives both chambers more time to work through the annual appropriations process as well as consider the supplemental requests.

In SMACNA-related government news, SMACNA and its labor-management coalition allies are mobilizing to cut down a misguided and partisan House effort by a few dozen members to invoke the Congressional Review Act (CRA) to kill the new Davis-Bacon rules. This effort seeks to repeal the recently effective regulations before they impact the construction project bidding and improve long overdue public labor standards. The reformed and modernized Davis-Bacon rules took effect Oct. 23 after more than a year of hearings, drafting sessions and countless improvements and revisions.

SMACNA expressed its strongest opposition to H.J. Res. 103 and enthusiastically endorsed the recently issued and long overdue final rules to modernize and simplify compliance with the Davis-Bacon Act. By supporting the Department of Labor's Wage and Hour Division multi-year effort to produce comprehensively updated final rules, you are supporting construction workforce training quality, public project safety and productivity. Prevailing wage laws and registered apprenticeship standards are

important to our thousands of public and private sector markets contracting firms and their hundreds of thousands of highly skilled construction trades employees.

Also, the Inflation Reduction Act of 2022 (IRA), Public Law 117-169, not only introduced a range of new and enhanced clean energy-related tax credits, but also created



two new ways for commercial, residential taxpayers and tax-exempt entities to monetize tax credits for direct payment to taxpayers on approved projects.

First, under Section 6417, tax-exempt and government entities (and for certain credits, taxable entities as well) can elect to receive tax credits as a fully refundable payment.

Second, under Section 6418, non-tax-exempt taxpayers can elect to transfer all or a portion of tax credits to unrelated parties for cash.

SMACNA fully supports the IRA provisions enabling the Direct Pay (Section 6417) and Transferability Provisions (Section 6418). Before the IRA, it was not possible to monetize federal tax credits generated by

renewable energy projects outside of tax equity financing structures. The intent behind the transferability and direct pay provisions is that they will allow for new investors to enter the market. This will allow for more stakeholders to use the credits to finance a greater variety of facilities more quickly and more affordably.

SMACNA supports an expansive definition of "applicable entity," including both private non-profit entities and public entities, including school districts, public utility districts and special purpose entities established by governments (such as joint action agencies,

economic development corporations and joint powers authorities).

SMACNA endorses that the applicable tax credit and any eligible bonus credit amounts (e.g., for prevailing wage and apprenticeship, domestic content, energy communities and low-income communities) are eligible for direct payment.

SMACNA argues that the final rule should make clear that there will be no waiver for labor standards, including prevailing wage and apprenticeship standards and that "bonus credit amounts" should only be available if the transferor complies with the applicable labor standards, and failing to comply with labor standards should result in "recapture" of "bonus credit amounts." ▼



BELONGING

Dushaw Hockett

How Companies are Making Recruitment and Retention a Reality

BE4ALL (Belonging and Excellence for All) launched in December 2021. It is a joint endeavor supported by SMACNA, SMART and ITI. The initiative envisions a diverse, inclusive and unionized sheet metal industry that is welcoming and fosters belonging for all.

Here, we offer examples of how companies are making this work a reality, focusing on recruitment and retention.

RECRUITMENT

Airbnb, Accenture and Yelp have committed to recruiting diverse employees at all levels. Ellen Shook, chief leadership and human resources officer for Accenture, describes in *Harvard Business Review* the goals her company put into action to increase African American, black, Hispanic and Latino employees and to double the number of racially and ethnically diverse managing directors by 2025:

- Use census data to find officers in diverse urban areas.
- Remove bachelor's degree requirements from 48% of employee roles to broaden the talent pool.
- Launch apprenticeship programs to create new career pathways for non-traditional hires.

Melissa Thomas-Hunt, today a professor for the Darden School of Business, served as Airbnb's head of global diversity and belonging. In *Harvard Business Review*, she says diversity efforts can do a better job of addressing the needs of black workers, focusing on data and numbers, company culture, and day-to-day people management.

Thomas-Hunt emphasized the importance of putting systems into place that will identify, attract and hire under-represented talent across all levels and to ensure that employees of color in lower-level positions are given opportunities for success and growth.

In 2014, only 10% of Yelp's engineers were female, 7% of Yelp's employees were Hispanic and 4% were black. Leaders at Yelp decided to implement changes to focus on recruiting candidates of all backgrounds who would help to customize its services for a diverse set of users. The company's approaches to increasing diversity included:

- Varying the gender composition of hiring committees.
- Masking voices during phone interview screening.

- Expanding on-campus recruiting efforts to include historically black universities, women's colleges and schools with higher numbers of Hispanic students.

By 2017, 18% of technical positions at Yelp were held by women, 10% of employees were Hispanic, and 6% were black. Yelp is still striving to explore what works, what doesn't and why, to build a tool kit that tech companies can use to create a more diverse and inclusive workforce.

RETENTION

Ryan Carson, CEO and founder of Treehouse, an online school for software engineers, saw a need for a more diverse workforce. So, his company created a pilot apprenticeship program, partnering with the Boys and Girls Club of Portland, Oregon, to recruit talent from underrepresented groups. Five candidates successfully completed training and were hired as apprentices at Treehouse and two partner companies in Portland. They entered a six-month mentorship program. Four of the five first apprentices moved from hourly pay to salary and benefits and still remain employed with the companies today.

Of the lessons learned, Carson realized new recruits would need laptops and internet access, and partner companies needed more diversity, equity and inclusion training. The early results were so encouraging that Treehouse not only continued its program.

A *Harvard Business Review* podcast features an interview with Donna Johnson, chief diversity officer at Mastercard. She described three strategies she implemented at Mastercard before her retirement in 2017:

- Branding the diversity and inclusion work with a logo and mission statement so everyone in the organization recognizes and embraces it.
- Creating Business Resource Groups focused on ways to improve the organization to make it more attractive to new employees and retain current employees, so everyone feels engaged and valued.
- Making diversity and inclusion a global initiative. ▼

For more information about BE4ALL, please contact Jen Squirewell at jsquirewell@smacna.org.



FINANCIAL STEWARDSHIP

Ronald J. Eagar

2024 Tax Planning Strategies for Contractors

Construction is one of the most complicated industries to understand from a tax perspective. With over 10 different accounting methods to choose from, different rules for small and large contractors, and a myriad of tax credits with complex eligibility rules, proper planning is key to ensuring your company maximizes its tax-savings potential.

As we approach 2024, here are even more end-of-year income tax preparation strategies a contractor can utilize.

Bonus depreciation or Section 179 elections. Available for fixed assets placed in service in the current year, both allow you to deduct the cost of qualified additions. For tax years beginning in 2023, the maximum section 179 expense deduction is \$1.16 million. This limit is reduced by the amount by which the cost of section 179 property placed in service during the tax year exceeds \$2.89 million.

The rules allow 100% bonus depreciation for all qualified purchases made between September 27, 2017 and January 1, 2023. Bonus depreciation ramps down to 80% in 2023 and continues to ramp down in ensuing years as follows: 60% for 2024, 40% for 2025, 20% for 2026, and 0% beginning in 2027. There are no limits on bonus depreciation.

A common tool to maximize the deduction under current tax law is to bunch necessary purchases in the years with the most projected income.

Accounting method. It's also time to evaluate your accounting methods. Choose the allowable method to create maximum tax deferral. The most common methods are cash basis, completed contract and percentage of completion. The right method can create an income tax deferral for several years, leaving more daily cash on hand.

Also, be sure to evaluate the following opportunities:

1. Energy Efficient Home Credit (Section 45L). Eligible contractors who build or substantially reconstruct qualified new energy efficient homes can qualify for this credit. Starting in 2023, the maximum credit available for single and multifamily homes is \$5,000 per unit. The height limitation of four above-grade floors has also been eliminated, expanding this credit to more contractors than before.

2. Fuel tax credit. The excise tax included in the cost of gasoline funds the maintenance of highways and roads.

The IRS offers a tax credit to contractors who purchase fuel for eligible off-highway business uses, such as stationary machines, bulldozers, earthmovers, etc.

The credit is computed by the rate per gallon that the IRS allows for each fuel type. Since this is a credit (not a deduction), it is a dollar-for-dollar reduction of your taxes. If you are equipment-intensive, this can be a big savings.

3. Research & development (R&D) credit. Commonly underutilized by contractors, the R&D tax credit can be applied to any new or improved business component whereby a process or product is created or improved, such as work performed on a structure to enhance construction performance, development of a new technique to increase efficiency, research of new construction methods due to site conditions, and creation of a new tool or part.

A four-part test determines eligibility:

- Permitted purpose: Have you improved the functionality, performance, reliability or quality of a product/process?
- Technological in nature: Does the activity fundamentally rely on science, technology, engineering or math?
- Elimination of uncertainty: Is there a level of uncertainty that the R&D is attempting to reduce?
- Process of experimentation: Have you evaluated solutions through modeling, simulation or trial and error, even if the experiment was unsuccessful?

A product or process that meets all four criteria likely qualifies as R&D. Like the fuel credit, this is a dollar-for-dollar reduction of taxes and can be a substantial year-after-year savings.

4. Employee retention credit (ERC). It is not too late to pursue COVID-19 relief through the popular ERC program. If your business has less than 500 employees and was partially or completely shut down during the pandemic or suffered more than a 20% revenue decline in 2021 (or 50% in 2020), don't overlook this payroll tax credit. Combined, the 2020-Q4 and 2021-Q1-Q4 ERC can equate to up to \$33,000 per employee. Even if these quarters have passed, you can still amend Form 941 and request refunds. ▼

It's never too early to start planning 2024 tax strategies. Contact Ronald Eagar of Grassi at reagar@grassicpas.com.



LEGAL

Grant Collins

New Davis-Bacon Rule Advances Despite Legal Challenges

In a major win for SMACNA members, the Department of Labor's Final Rule — "Updating the Davis-Bacon and Related Acts Regulations" — went into effect ("DBA Rule"). This is the DOL's first update to the Davis-Bacon Act (DBA) regulations in over 40 years.

For SMACNA members performing work covered by the DBA, key portions of the DBA Rule include:

- Returning to the 30% Rule for factoring "prevailing wage."
- Clarifying and expanding the scope of DBA coverage.
- Automatically incorporating contract clauses and wage determinations into federal contractors.
- Streamlining the calculation of the prevailing wage.

WHAT IS THE DAVIS-BACON ACT?

The DBA applies to every U.S. contract in excess of \$2,000 for construction, alteration and/or repair of public buildings or public works in the U.S. The DBA requires contractors and subcontractors to "pay all mechanics and laborers employed directly on the site of the work" the prevailing wage.

The "prevailing wage" is a minimum wage "determined by the Secretary of Labor to be prevailing for the corresponding classes of laborers and mechanics employed on projects of a character similar to the contract work."

KEY PORTIONS OF THE DBA RULE

The DBA Rule includes several provisions that are particularly important to SMACNA members.

- **Return of the "30-Percent Rule"** – The DBA Rule reinstates the pre-1982 30% Rule for determining whether a wage is "prevailing." That is, a union wage rate need only represent 30% of the wage survey results in order for the wage to be considered the "prevailing wage" in a given area. Under the old rule, union wage rates needed to exceed 50% of wage survey respondents for the wage to be considered the "prevailing wage." If the union rate failed to exceed 50%, then a weighted average was used and, under this system, low-wage, non-union competitors could easily drive down prevailing wage rates.
- **Clarifying and Expanding DBA Coverage** – The DBA generally covers "construction activities of all types" but does not cover "manufacturing, furnishing of

materials, or servicing and maintenance work." The DBA Rule clarifies that covered "construction activities" includes modern construction activities such as "solar panels, wind turbines, broadband installation, and installation of electric car chargers." The DBA Rule clarifies that covered activities include "construction activity" involving a portion of a building or the installation of equipment or components into a building. As part of the DBA Rule, the DOL has "ruled on numerous occasions that repair or alteration of boilers, generators, furnaces, etc. constitutes [work covered by the DBA]."

- **The DBA Rule also includes a new term: "secondary construction site."** A "secondary construction site" is covered by the DBA if the following three requirements are met: (1) a "significant portion" of the building or work is constructed; (2) the "significant portion" is constructed for "*specific use* in that building or work and does *not* simply reflect the manufacture or construction of a *product made available to the general public*"; and (3) the site is "either established specifically for the performance of the contract or project or is dedicated to the performance of the contract or project for a specific period of time." The DBA Rule makes clear that fabrication plants are not primary or secondary construction sites if they were in operation prior to bid openings or operate without regard to the federal project.

OPERATION OF LAW

The DBA Rule provides that the labor standards contract clauses and appropriate wage determinations are effective "by operation of law" and are incorporated even when they have been wrongly omitted from a covered contract.

PREVAILING WAGE DETERMINATIONS

The Final Rule expressly permits the DOL to adopt state or local prevailing wage rates if doing so would be consistent with the purpose of the DBA.

LEGAL CHALLENGES

In November, two trade groups — Associated Builders and Contractors (ABC) and Associated General Contractors

of America (AGC) — filed lawsuits in Texas seeking to invalidate portions of the DBA Rule.

The ABC lawsuit is broad. ABC seeks to invalidate the entire DBA Rule, arguing that the rule is contrary to law, arbitrary and capricious, and promulgated in violation of the Regulatory Flexibility Act and the Administrative Procedure Act. ABC also argues that the rule is invalid because DOL Secretary Julie Su's appointment violated the U.S. Constitution's Appointments Clause.

The AGC lawsuit challenges only Sections 5.2 and 5.5(e) of the DBA Rule, which relate to off-site construction and the "operation of law" provision.

While both suits are filed, the DOL has not answered them. It will take time for the suits to progress through the courts, and ABC and AGC are not seeking to prevent the DOL from enforcing the DBA Rule. ▼

Grant Collins is a specialist in labor and employment law at Felhaber Larson. Reach him at gcollins@felhaber.com.



Join SMACNA at the AHR Expo

The 2024 AHR Expo on January 22–24, brings together manufacturers & suppliers to share ideas and showcase the future of HVACR technology. Experience everything new in HVACR and build the vital relationships to grow your business.

Make sure to visit SMACNA's booth (N2712) to learn about our WeAreWhatWeBreathe campaign and the latest editions of SMACNA Guides and Standards including:

- **SMACNA HVAC Systems Duct Design Manual, 5th edition**
- **SMACNA Testing, Adjusting & Balancing Manual, 4th edition**

Join our session, "SMACNA HVAC Duct Construction Standard - Metal & Flexible" on Monday, January 22, 9:30 a.m.–10:30 a.m. at S401d, led by Geoff Parks, Senior Projects Manager at SMACNA.

We can't wait to see you in Chicago!

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SMACNA CALENDAR

2024

JANUARY

January 21-24

Chapter Executives Institute
Palm Desert, California

January 22-24

AHR Expo
Chicago, Illinois

January 29-31

MEP Innovation Conference
Orlando, Florida

FEBRUARY

February 12-13

Collective Bargaining Orientation
Tempe, Arizona

February 26-28

2024 Partners in Progress
Conference

MARCH

March 10-14

Business Management University
Tempe, Arizona

March 22-23

College of Fellows Meeting
Point Clear, Alabama

March 26-27

Association Leadership Meeting
Irving, Texas

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