



# *SUB-NEWS*

## *The Voice of Subcontractors*

Volume 12, Issue 39

## **Viracon Earns ASA Excellence in Ethics Certificate**

Viracon, the nation's leading single-source glass fabricator, has recently earned the American Subcontractors Association (ASA) Excellence in Ethics Certificate for 2009.

The award was presented to Viracon and five other firms by ASA President Bill Olmo in Nashville, Tenn. during the association's Annual Meeting on Friday, March 6. It took place at the Sheraton Nashville Downtown in conjunction with the ASA Business Forum and Convention. Elaine Erickson accepted the award on behalf of Viracon, Elaine is a past President of ASA-MN and served several terms on the Board of Directors. ASA-MN President John Lloyd of Lloyd's construction was there to see the presentation as was member Jim Lloyd from Dispatch Trucking.



*(Continued on page 2)*

**Elaine Erickson with Doug Marek**

## **Contractors Bill of Rights Coalition**

House File 1056 passed both the Minnesota House of Representatives (134-0) and the Senate (63-0). The bill was approved by the Governor on May 12.

The bill contains provisions which were part of the Contractors Bill of Rights Coalition (CBRC) draft legislation. As passed, it removes an exemption granted to residential builders in Minnesota Statute 337.10 in 1997. The specific sections affected pertain to prompt payment, progress payments and retainage. With the change, subcontractors may now bring

*(Continued on page 4)*

## **Register Now for the 11th Annual ASA– MN Golf Tournament**

**See page 7 for information & registration form**



## **Welcome New Members**

### **Staging Concepts**

Jon Chase, Engineering Manager  
7008 Northland Circle, STE 150  
Brooklyn Park, MN 5528  
763-533-2094

Industry: Equipment, modular,  
lightweight, portable performance  
state platforms

### **MG McGrath**

Mike McGrath, VP Operations  
1387 E. Cope Avenue  
Maplewood, MN 55109  
651-704-0300  
Industry: Sheet Metal



## **Calendar At A Glance**

- June 16, 11th Annual Golf Tournament, 12:30 Shotgun - StoneRidge Golf Club
- June 29, 2009 ASA Annual Meeting
- August 18, Family Night with the St. Paul Saints
- October: Gopher Stadium Tour
- Fall 2009: Two part Credit & Collection Series
- January 28, 2010: 10th Annual T.O.P.S. Awards Dinner

[www.asamn.org](http://www.asamn.org)



*(Continued from page 1)*

## **Excellence in Ethic Certificate**

We are honored to receive this certification,” says Elaine Erickson, contract review supervisor at Viracon. “Viracon strives to constantly practice business ethics and values every day, and we are proud that we have accomplished just that and have been recognized for it.”

The American Subcontractors Association is dedicated to improving the business environment in the construction industry. The group promotes ethical and equitable business practices, quality construction, a safe and healthy work environment, integrity, and membership diversity.

Viracon will remain eligible to receive ASA’s Excellence in Ethics Certificate in 2010 and 2011 by continued adherence to practices described in the 2009 application.

“This certification is extra gratifying because Viracon has successfully met the qualifying criteria and can document its adherence to ethical business practices through several letters of recommendation,” says Erickson. “Everyone can take pride in the fact that they played a part in us achieving this.”

## **Legislative Update - Construction Jobs Coalition**

A diverse coalition of construction industry members united during this past legislative session to address the doldrums we face in the industry. President John Lloyd learned of this initiative and immediately called for ASA-MN support.

Coalition members include organized labor, the American Institute of Architects, NECA, Minnesota Mechanical Contractors, AGC, AWC, several Minnesota cities, law firms etc. Over 80 firms and construction related organizations ultimately added their names to the member list.

The organization found its start as architects watched the accelerating decline of work in the construction industry pipeline last year. Architecture, the first step in the construction process is down by 60% - 80%. Since architects are the “canary in the coal mine” it didn’t take long for them to foresee the impact on the industry at large. In testimony before the Joint Tax Committee architect John Hamilton testified that he now spends a lot of his time writing letters of recommendation for fellow architects.

Minnesota is one of the hardest hit states in the country and has lost construction jobs every month since May of 2007. Foth the 12 months ending in February 2009, the state lost an estimated \$963 million in wages. Unemployment is between 30%- 50% in the Minnesota vertical construction building sector today and is expected to top 60% this summer. Construction is 10% of the Minnesota economy and an export industry for Minnesota; we rank 6<sup>th</sup> or 7<sup>th</sup> in the country.

Key members of the coalition worked a number of innovative proposals into a bill to alleviate the problem. The need for innovation was key given our economic situation; neither the governor nor the legislature were expected to readily embrace any additional spending. The bills were designed to get shovel ready projects moving, provide gap financing and creatively leverage spending. The need to leverage private investment was seen as being crucial since the federal stimulus package does little to promote “vertical construction”. Provisions of the legislation included:

- A Loan Guarantee Fund to provide limited credit enhancement to help strong projects.
- Monetizing the \$8000 federal new home buyer credit
- A temporary sales tax exemption for large projects started within the next 24 months
- A temporary extension of all permits to avoid the cost and delay of restarting this process
- TIF district extensions

*(Continued on page 6)*



# What to consider when contemplating a workforce reduction.

BY KARI ROSAND SCANLON, PHR, RJF AGENCIES, INC.

With frequent layoff announcements by some of the nation's largest employers and bleak economic forecasts, many company leaders are exploring business survival strategies and staffing needs, including whether a reduction in workforce is necessary.

In order to answer this question, company officials must carefully consider the long-term implications versus the short-term benefits. Officials can avoid jumping to conclusions by verifying their current status and future requirements.

## **Verify Budgets**

Scour financial statements for accuracy and eliminate unnecessary expenditures. Consider freezing or decreasing budgets, including payroll, or changing employee benefits. Create a best-case and worse-case scenario for cash flow. Then, compare the timeframes to determine if your concerns are short-term or long-term. Factor in increased unemployment costs, potential for an unexpected loss of productivity and future recruitment costs for reestablishing your workforce.

## **Verify Talent**

Determine your future talent needs and identify employees who meet these requirements. Instead of hastily basing decisions on seniority, contemplate current successes and future potential of all employees. Include all positions in your analysis. Employees expect sacrifice at all levels. Prevent claims of wrongful discharge or discrimination by sharing the logic behind your business reasons with employees. Offer resources such as an Employee Assistance Program or outplacement services to exiting employees and surviving employees to ease the transition.

## **Verify Legal Requirements**

Review the legal requirements of employment agreements and contracts with customers, contractors, unions. Ensure termination clauses are executed correctly. Keep in mind employment statutes, such as Worker Adjustment and Retraining Notification (WARN) Act, FMLA, USERRA and COBRA.

## **Verify Customer Relations**

Although it is difficult to measure, weigh the opinions of current and likely customers, who may seek other partners who they perceive as more able to guarantee fulfillment of orders and follow-up services. Create a marketing message that anticipates concerns and encourages customer loyalty.

## **Verify Your Timeline**

Plan carefully to determine if the reduction in workforce should be temporary or permanent, and if it should occur at once or over a period of time. According to an article posted on westaff.com, "Companies that lay off 15 percent or more of their workforce perform significantly below average in the following three years, according to one study, and companies that announce repeated layoffs do even worse."

In order to determine the relative success of a reduction in workforce, decision makers must determine its overall purpose and carefully consider its usefulness.

*Kari Rosand Scanlon is a human resource consultant at RJF Agencies. She can be reached at 763-746-8219 or scanlonk@rjfagencies.com.*

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RJF Agencies, Inc. 6000 Nathan Lane N, Suite 400, Minneapolis, MN 55442



(Continued from page 1)

## CBRC

suit and if successful recover costs, disbursements and legal fees. Prompt payment under the existing law means paying within ten days, with an interest penalty of 1.5% per month for nonpayment of undisputed amounts within that time period.

The passage of this bill is very good news for anyone working with residential builders. It provides residential sub-contractors and suppliers with another tool to improve their ability to get paid. This right continues unchanged for commercial subcontractors.

Toward the end of the session, two additional bill were introduced; SF2163 and HF2393. The companion bills introduce additional language from the CBRC draft. The first section modifies Subdivision 2 of 337.10 so sub-contractors can get paid for their work according to the original contract schedule. Contractors higher up in the contract stream sometimes tell their subcontractors that the subs cannot be paid since the contractor has not been paid by the owner. This new provision would prohibit that excuse so that subcontractors can pay their suppliers and employees.

The bills also introduce a new subdivision, number five. It requires construction lenders to give written notice to all contractors on a project should the project owner default on the construction loan. This is needed so that construction contractors do not continue to work on a project where there is no possibility of receiving payment.

Work on these bills will continue in the next session.



## Member Needs Assessment

Periodically ASA National conducts Member Needs Assessments for individual chapters. This was last performed in Minnesota in 2006 and we have agreed to do it again. We could assume that things haven't changed much since the last assessment, but looking at the past assumes that conditions are static, it would be like trying to drive a car by looking in the rear view mirror.

ASA Notional performs the assessment at no cost to the chapter and delivers the results in a report to the Board. The formation of our new Government Affairs Committee also validated doing it now. The Committee will be making recommendations on our legislative program and the assessment asks members about the impact of business practices, key issues, value of current services. The report will help that group and the Board ensure that we are working on the right issues.

Members will advance receive notifications from ASA regarding the survey, shortly after that you will get a copy of the survey itself - it should only take a few minutes to complete it. Thanks for you attention to this matter, please complete and send it in soon after you receive it.



## Member News and Notes

**Member Dues Renewals are just around the corner.** Be the first to return your renewal notice and dues payment and **WIN \$100.00.**

## Carciofini welcomes Jake Viebahn

ASA-MN member Carciofini Company is pleased to welcome Jake Viebahn as a new Project Manager/Estimator for our firm. Jake has many years of experience in the construction industry and we look forward to working with him and the new ideas he can bring to the company.



## Selecting Accounting Software for Contractors

Choosing and implementing an appropriate accounting software solution for your company is an important process. The more time and resources you dedicate to evaluate and implement the software, the better the final result.

Many small to mid-size contractors use low-cost accounting packages. Most of these contractors can benefit from implementing a mid-market construction management and accounting software package. The right package can provide better job costing information and allocations of indirect costs; improve payroll processing and other accounting functions; and offer a platform for future growth into other areas including electronic communication with field staff and production scheduling.

Some key steps to selecting and implementing an accounting software package:

Identify your most important needs before starting your search. Review internal reports (whether generated by your current system or manually) and determine how software may be able to streamline internal processes. Management, accounting and operations staff should all contribute toward identifying the five key needs. These needs can be broad, but should be limited to five to allow time for each of them to be effectively analyzed. Involve your CPA in the process.

Narrow your potential software candidates to three. Spend considerable time with each package to determine if it meets your key needs and fits the abilities of your staff. Keep in mind that a number of systems may meet most of your needs, but none of them will meet all of your needs. Therefore, focus on finding the one that is the best fit and be flexible.

Learn about the implementation process. Meet the trainer before purchasing the software and insure that the trainer has both construction accounting experience and detailed experience with the software. A good trainer will help you revise your chart of accounts, configure software parameters, convert existing data, streamline processes and improve job schedule reporting. Verify if the training will be in person, over the internet, individualized and/or in a group setting. Obtain a list of references that have installed the product and ask detailed questions about the implementation process and their satisfaction with on-going support.

Be prepared to invest the appropriate resources for training and implementation. Allow adequate time for employees to obtain training and implement the new software in addition to performing their regular duties. The investment made by you and your staff will have a direct impact on the final result.

Having the right tools is a necessity in completing a project timely and profitably. The same applies when considering a construction accounting software package. The right software, support and resources will put your company in a better position to succeed.

John A. Knutson & Co., PLLP is a CPA firm working extensively in the construction industry. Construction Solutions, LLC represents ComputerEase Project Management and Construction Accounting Software. Please visit [www.knutson-cpa.com](http://www.knutson-cpa.com) or [www.csiwin.com](http://www.csiwin.com) to learn more about how we can help you select contractor accounting software that best fits your needs.

Jeff Meek, CPA, MBA, Partner, John A. Knutson & Co., PLLP  
Cathy Haekenkamp, CPA, Software Specialist, Construction Solutions, LLC

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## Family Nights with the St. Paul Saints on August 18, 2009

Join the ASA at a special fun filled family night with the St. Paul Saints on Tuesday, August 18 - mark your calendar now. The evening event will include a baseball dinner at the Hardball Café and reserved grandstand seats. This is a great networking opportunity and you can bring the kids. Watch for details on the event!

(Continued from page 2)

## Construction Jobs Coalition (cont.)

Coalition members developed the legislation with input from legislative leadership and the Governor's staff. Primary authors were Senate President Jim Metzen and House Speaker Tony Sertich. On April 16 ASA-MN president John Lloyd and Executive Director Mike Schmaltz joined 150 coalition representatives to lobby members of the state legislature; nearly every legislator was contacted that day.

Though introduced late in the session the bills (SF 2078 and HF 2364) moved through committee hearings and were well received by many legislators. It passed the Senate on May 11. The final hearing before the Joint Tax Committee was on Friday night May 15, it went until 1:30 a.m. There were 35 - 40 construction industry representatives there in support.

Co-Chair Rep. Lenczewski was adamant in her opposition to the TIF proposition and was not at all sympathetic to the loan guarantee fund. Co-Chair Bakk was very supportive of the bill's proposals. Bakk and Lenczewski went back and forth on the issues repeatedly. Lenczewski's staunch opposition so irritated Metzen that he repeatedly stepped in to explain issues and try to bring her around. Toward the end of the hearing Sen. Bakk took TIF off the table in an effort to get Lenczewski's support.

Unfortunately, the bill did not get sufficient support for final passage. The ASA-MN called both for letters of support and phone calls to the Governor from members and we want to thank everyone who participated. This was a good bill which brought an innovative approach to a huge problem facing our industry. The turmoil between the governor and the legislature; between the House and the Senate and the overall budget issues were too consuming to allow it to go through.

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## ASA-MN Members - Annual Meeting

*Monday, June 29, 2009, 11:30 a.m.*

*John A. Knutson & Co. - Conference Room*

*1755 Prior Ave. North*

*St. Paul, MN 55113*

- ›Lunch will be free for ASA members & invited guests
- ›Network with fellow ASA members - meet Board Members & Officers
- ›Election of Officers and Board for 2009—2010
- ›The Government Affairs and Program Committees will report on ASA Legislative and Educational Plans for the upcoming year
- ›Report on key events for the past year

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## Download and Use the ASA Logo

ASA provides and encourages use of the ASA logo for current ASA members *only* to display on their company communications, printed or electronic.

The logo is available on the ASA Website [www.asaonline.com](http://www.asaonline.com) under ASA Member Resources section. Use of the ASA logo constitutes acceptance of a license agreement - details are on the site.





# ASA-MN's 11<sup>th</sup> Annual Golf Tournament

**Tuesday, June 16, 2009**

**StoneRidge Golf Club**

Stillwater



**SCHEDULE:**

- 11:00 am. Registration, Starting Tee, Driving Range
- 12:15 pm. Be At Your Carts
- 12:30 p.m. Shotgun - Scramble is the Game
- 6:00 p.m. BBQ Dinner with all the fixings
- 6:45 p.m. Contest Winners, Raffle and Door Prizes

**COST:**

**Golf per person:** \$160 includes: green fee, range balls, drink ticket, cart, and BBQ dinner.

**Hole Sponsor:** \$200 includes: advertising at hole, club house, website and highlight materials.

**Beverage Sponsor:** \$150 includes: advertising on coupon, on site, website and highlight materials.

**BONUS BAGS - \$20.00 Per Golfer**

Cash Raffle Ticket, Beverage Coupon, Mulligan.

Bonus bags can be purchased with your registration or the day of the Tournament.

*Proceeds help support local construction student scholarships and subcontractor advocacy.*

**—SPONSORS—\***

- Advance Shoring**
- Collins**
- Construction Solutions**
- Cyber Solutions**
- HLB Tautges Redpath**
- J.A. Knutson & Co., PLLP**
- Knutson Construction Services**
- Kraus-Anderson Insurance**
- MCI Paint & Drywall**
- Medina Electric**
- McGough Construction**
- Minnesota Insurance Brokers-**
- Comptrol**
- National Fire Sprinkler Assn.**
- The Blue Book of Building &**
- Construction**
- VIRACON**

 **REGISTRATION PLEASE RESPOND BY June 9, 2009 REGISTRATION**

<b>Participator(s) Information</b> <i>(groups of 4 NOT required) Please Print Clearly</i>	<b>GOLF</b> p.p. \$160	<b>Bonus</b> Bags \$20 p.p.	<b>HOLE</b> Sponsor \$200	<b>BEVERAGE</b> Sponsor \$150	<b>TOTAL DUE</b>
<b>PRIMARY CONTACT</b> <i>Name - Company - Phone / email</i>					
<i>Name - Company</i>					
<i>Name - Company</i>					
<i>Name - Company</i>					

I have enclosed a check for registration fees or  Please charge my credit card:  VISA  MasterCard

Name on credit card \_\_\_\_\_

Number \_\_\_\_\_

Expiration \_\_\_\_/\_\_\_\_ CID # \_\_\_\_\_ Signature \_\_\_\_\_

**GRAND Total:** \_\_\_\_\_

We gladly accept any door prizes you may want to bring with you!  
— Thank you—

**PLEASE MAIL Payment (Payable to ASA-MN) and FORM TO:**

ASA-MN 16112 Wake Street NE Anoka, MN 55304 Office: (763) 413-0669 Fax : (763) 413-1131 www.asamn.org



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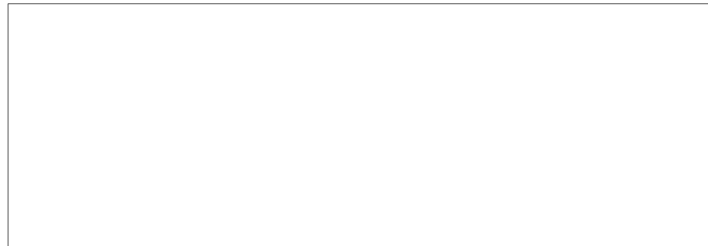
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Anoka, MN 55304

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asamn@msn.com | www.asamn.org

<b>ROUTING</b>	

*Mark Your Calendars for*  
**ASA-MN's 11<sup>th</sup> Annual Golf Tournament**  
June 16, 2009 (**Tuesday**) at StoneRidge Golf Club

Visit us at [www.asamn.org](http://www.asamn.org)



## ASA-MN Member Spotlight... **Nadeau Excavating, Inc.**



- Business: Nadeau Excavating, Inc.
- Founded: 1997
- Business Structure: Union Corporation (highway heavy local 49 and laborers local 132)
- Overall Business Scope: Excavation, site utilities, demolition
- Employees: 30
- Website: [www.nadeauexcavating.com](http://www.nadeauexcavating.com)
- Mission statement: Building better business concepts and relationships with clean work ethics. We exceed client expectations by offering quality workmanship, competitive pricing, and commitment from the top to every job.
- Current project of interest: MN Twins Stadium, Main Street Bridge-Minneapolis
- Industry affiliations/certifications: Member of AWC, Certified WBE/SBE/DBE. Affiliated with Nadeau Landscape, Inc. and Iron Technologies Inc.
- ASA member contact: Shonna Nadeau, 651-438-8692  
Email: [nadeau@embarqmail.com](mailto:nadeau@embarqmail.com)