

Breaking Ground

A wide-angle photograph of the interior of St. Paul's Cathedral in Pittsburgh. The view is from the back of the sanctuary, looking down the central aisle towards the ornate altar. The architecture is Gothic Revival, featuring tall, slender columns, pointed arches, and a high, vaulted ceiling. The floor is covered with dark wooden pews, and the altar area is decorated with flowers and candles.

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MAY/JUNE 2008

Celebrating Design

RENOVATING St. Paul's Cathedral

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Form based zoning makes inroads in Western Pennsylvania

Another spike in costs sends a chill through the market



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Volpatt Construction, Contractor
Celli-Flynn Brennan, Architect



MBA

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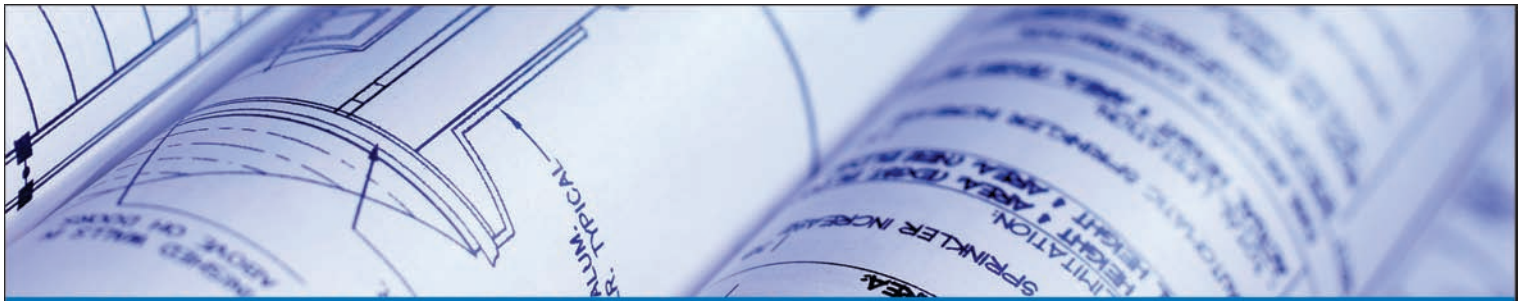
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Publisher's Note

When I first moved here in 1979, one of the elements that seemed to literally give me energy was the architecture of the city. My first jobs allowed me to spend a lot of time on the North Side, Oakland and Downtown. For a small-town kid, the variety of the architecture, and the preservation of the best of the buildings, gave me a sense that great things got done here.

The dynamics of those specific areas changed somewhat in the following years, especially in Downtown, but the architecture remained as a reminder of the care and skill of those who built them. The time I spent in Charlotte, Atlanta and Dallas during the 1980's reinforced that sense of awe. Curtain wall towers of gold glass can be impressive on a flat horizon, but none of these modern cities could even approach the architecture of Fourth Avenue, Pittsburgh's Wall Street.

As this edition of *BreakingGround* celebrates the role of design in Western PA's culture and development, there is a lot of focus on the iconic buildings and well-known architects. Part of me is still awestruck by the beauty of the Carnegie Institute or the Union Trust Building or Fallingwater. But it's good to be reminded, as architect after architect did for me, that there is some magnificent neighborhood architecture as well. Even in some of the more tired communities lie gems like Homestead's Carnegie Library, Brownsville's Flatiron Building, or almost any county courthouse throughout Western PA.

So, first, this is an advance apology for the omission of whatever building is dear to you, which was left out of the discussion that follows these pages.

Second, this is advance warning that this edition of *BreakingGround* isn't the sunshine pump you might like

it to be. If there was ever going to be a 'good news, bad news' edition, this is the one. What I'm referring to, of course, is the reality of the economy. Even that is a 'good news, bad news' story. The good news is that Western PA's doing pretty well; the bad news is that the rest of the country, not so much.

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Especially sobering is the inflation that has grown to a point of gravity on the market. Consumer price inflation is dampening long-term demand, but the inflation I'm talking about is for building products and basic materials. It feels a little like we've been watching the water rise slowly in the bathtub for a while, and someone opened the faucet up all at once. Price inflation will be the number one issue for projects in our region over the coming quarter or two, and the irony is that the pace of decline nationally isn't rapid enough to stop the rising tide in time. Even more than before, the third quarter of this year will reveal a lot about how bumpy or smooth the ride will be through 2010.

Not exactly a Hallmark Card introduction, I know. But, remember that a couple of storm clouds on the horizon keep the blue sky from becoming boring. There's still plenty of sunshine to appreciate in Western PA.



Jeff Burd

News From The Street

NAIOP Awards

The Pittsburgh Chapter of the National Association of Industrial and Office Properties held its 15th annual awards banquet March 5 at the David L. Lawrence Convention Center downtown. More than 800 people attended the event, which was highlighted by the induction of five members as the inaugural class of the Pittsburgh NAIOP Hall of Fame. Inducted were John B. Hoy, Senior VP of Maguire and Partners Property Group, Thomas Murphy, CEO of Jendoco Construction Corp., Jim Scalo, President of Burns & Scalo Real Estate Services, Larry Simpson, now Director, Real Estate Center of Excellence for ARCHIBUS Inc., and Ron Tarquinio, of TARQUINCoRE and RJ Equities.

KDKA's Larry Rickard emcee'd the evening, which honored the firms representing the categories for: **Renovation**, the Northern Light Tower, NLT Development



John Hoy



Ron Tarquinio



Jim Scalo



Tom Murphy



Larry Simpson

LLC, developer, NS Properties LP, owner, Lami-Grubb Architects; **Speculative Building-Industrial**, Cranberry Business Park Building 250, Chaska Property Advisors, Inc., owner and developer; and **Speculative Building-Office**, 1000 Town Center Way, Horizon Properties Group LLC, owner and developer, Astorino, architect.

NAIOP also honored the PA Department of Community and Economic Development, Allegheny Conference on Community and Economic Development

and Westinghouse Electric Co. as Supporters of Development; and, the Developer of the Year, Rodney Piatt and Horizon Properties Group.

Forbes' Top Ten Up-and-Coming Tech Cities Includes Pittsburgh

One of *Forbes* magazine's many 'Top' lists examines the cities where new technology is flourishing, and Pittsburgh weighed in at number 6. The analysis was done by Philip Auerswald, a professor of public policy at George Mason University.

Auerswald studied disciplines of science that most experts consider today's most promising frontiers of innovation, including advanced materials, nano-crystals and quantum dots, polymers and plastics, micro-systems and cell microbiology, and looked for regions where there existed the research resources, venture capital, leadership and vision to accelerate growth. Auerswald then looked at the patents filed by enterprises from the area that would be considered important patents, those cited by later filers of lesser patent applications. The greater the increase in the number of important patents in a given city, the higher it ranked on Auerswald's list.

Here's what Auerswald had to say about the region:

"Resuscitated after decades of economic malaise, the old steel town has become an innovative force in such areas as health care, biomedical technology, nuclear energy and robotics. A big help: Carnegie Mellon University's Robotics Institute is making great strides in robot development. The school's Collaborative Innovation Center, funded by Pittsburgh and the state government, has also helped entice stalwarts like Intel and Apple to build labs in the area."

TOP TEN Up and Coming Tech Cities

- | | |
|----|----------------------|
| 1 | Columbus OH |
| 2 | Santa Fe NM |
| 3 | Palm Beach FL |
| 4 | Houston TX |
| 5 | Milwaukee WI |
| 6 | Pittsburgh PA |
| 7 | Boise City ID |
| 8 | Iowa City IA |
| 9 | Lake Charles LA |
| 10 | Yuma AZ |

State Senate Approves Scarnati Legislation To Deny Public Benefits To Illegal Aliens

Illegal aliens who live in Pennsylvania will no longer be eligible for public benefits, including Medicaid, welfare and in-state college tuition, under legislation sponsored by Senate President Pro Tempore Joe Scarnati, that was approved by the Senate. Senate Bill 9 passed the Senate with a bi-partisan vote of 39 to 10.

Senate Bill 9 would also ensure that the Commonwealth's more than 100,000 illegal aliens face tighter scrutiny when applying for services.

Scarnati's bill would require anyone requesting public benefits in the Commonwealth to provide identification proving they are legal residents. Additionally, they would be required to sign an affidavit stating they are a U.S. citizen or an alien lawfully present in the United States.

Any applicant signing the affidavit stating they are a legal alien would have their status verified through the Federal Systematic Alien Verification of Entitlement Program (SAVE), operated by the U.S. Department of Homeland Security.

"This legislation was made necessary due to Congress' unwillingness to deal with the national crisis of illegal immigration," Scarnati stated. "Once again, states across the country are finding themselves dealing with federal issues that are hurting the taxpayers of their respective areas. Senate Bill 9 is a matter of protecting citizens who are in Pennsylvania legally and encouraging illegal aliens to locate elsewhere."

Any illegal alien who falsely claims they are residing in the country legally in order to obtain public benefits will have committed a second degree misdemeanor and be subject to arrest.

Under current federal law, illegal aliens are prohibited from receiving federal, state or local public benefits with the exception of emergency medical care, necessary immunizations and disaster relief. However, Scarnati said Pennsylvania law is simply too lenient in enforcing those provisions.

The Federation for Immigration Reform (FAIR) estimates the current local annual costs of illegal immigration from just three program areas amount to about \$36 billion nationwide. In Pennsylvania, the current estimated cost is \$285 million. That cost is expected to grow to \$812 million by the year 2020.

American Subcontractors Association Endorses ConsensusDOCS BIM Addendum

From its inception, building information modeling (BIM) has sought to foster the productive collaboration of multiple parties across a variety of disciplines through innovative and cutting-edge technology. Mirroring those collaborative principles, ASA has endorsed the addition of a BIM addendum to the ConsensusDOCS family of model contract documents. Approved by the ASA board of directors during its March 9 meeting at the ASA Business Forum & Convention 2008, in Charleston, S.C., the ConsensusDOCS BIM Addendum is the first and only industry standard document to globally address the legal uncertainties associated with using BIM. Set to be published as part of the ConsensusDOCS comprehensive catalog of contracts and forms by summer, the new addendum will provide a tool to use BIM from start to finish, thereby allowing subcontractors to more closely integrate project delivery with owners, contractors and design professionals. It is also flexible enough to be used as an addendum in more traditional contracting methods.

GREEN BUILDING NEWS

Green Building Alliance Moves to River Walk Corporate Centre

The Green Building Alliance moved on March 26, 2008 into new office space at River Walk Corporate Centre. The new offices were renovated by Jendoco Construction and Landmarks Design Associates to meet LEED® requirements. GBA's new office is accessed through River Walk Centre's main entrance at Bay 31 on Terminal Street. The new mailing address is:

River Walk Corporate Centre
333 East Carson Street, Suite 331
Pittsburgh, PA 15219

Phone and fax remain the same: 412-431-0709 (phone) and 412-431-1432 (fax).

Look for more information soon about an open house at GBA's new office space in late Spring.

Greensense 2008

The Green Building Alliance welcomed over 400 participants and 20 exhibitors to the David L. Lawrence Convention Center on March 5 for this annual conference, which featured John Knott, CEO of Noisette Co., and United States Green Building Council CEO and founder, Rick Fedrizzi as keynotes speakers.

During the conference luncheon, the Shades of Green Leadership Awards were presented, recognizing the

efforts of businesses, non-profits, government officials, and individuals in Western Pennsylvania who have contributed to the region's environmental transformation through green leadership within the built environment. The 2008 winners were Pittsburgh-based Centria (business); East Liberty Development, Inc. (non-profit); Washington County Commissioner J. Bracken Burns (government official); Kathy Greely and Guy McUmbert, Northwestern PA Steering Committee Co-Chairs; Peter Spinelli, Chair of Laurel Highlands Branch Steering Committee; and Bill Cagney, Business Manager and Financial Secretary of the International Union of Operating Engineers.

"This year's theme of "Capture Your Share of the Green Market" focuses on strategies for seasoned professionals and newcomers in the rapidly expanding green market," explained Green Building Alliance education manager Diane Bossart. "We attracted a diverse array of professionals, including architects, engineers, construction managers, building owners, facility managers, and real estate financiers and brokers. "

Newly Released Studies Confirm Value of LEED, ENERGY STAR Buildings

Two recently released studies, one by the New Buildings Institute (NBI) and one by CoStar Group, have validated that third party certified buildings outperform their conventional counterparts across a wide variety of metrics, including energy savings, occupancy rates, sale price and rental rates.

In the NBI study, the results indicate that new buildings certified under the U.S. Green Building Council's (USGBC) LEED certification system are, on average, performing 25-30% better than non-LEED certified buildings in terms of energy use. The study also demonstrates that there is a correlation between increasing levels of LEED certification and increased energy savings. Gold and Platinum LEED certified buildings have average energy savings approaching 50%.

"The NBI Study confirms that newly constructed LEED certified buildings use significantly less energy than their conventional counterparts, and that they perform better overall," said Brendan Owens, Vice President, LEED Technical Development, U. S. Green Building Council.

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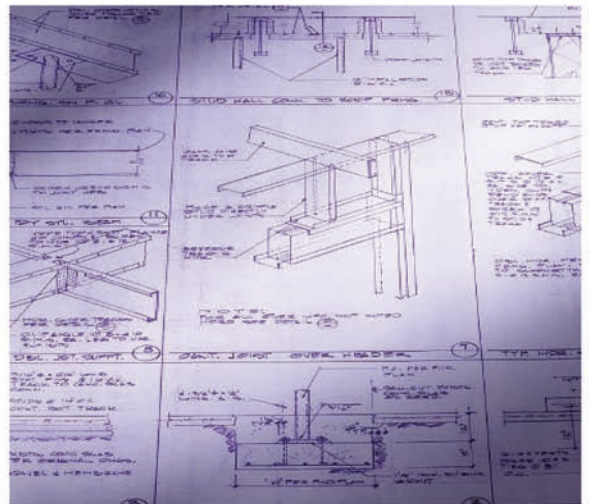


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Energy savings under EPA's ENERGY STAR program are equally impressive: buildings that have earned the ENERGY STAR label use an average of almost 40 percent less energy than average buildings, and emit 35 percent less carbon.

According to the CoStar study, LEED buildings command rent premiums of \$11.24 per square foot over their non-LEED peers and have 3.8 percent higher occupancy. Rental rates in ENERGY STAR buildings represent a \$2.38 per square foot premium over comparable non-ENERGY STAR buildings and have 3.6 percent higher occupancy.

And, in a trend that could signal greater attention from institutional investors, ENERGY STAR buildings are selling for an average of \$61 per square foot more than their peers, while LEED buildings command a remarkable \$171 more per square foot.

The group analyzed more than 1,300 LEED Certified and ENERGY STAR buildings representing about 351 million square feet in CoStar's commercial property database of roughly 44 billion square feet, and assessed those buildings against non-green properties with similar size, location, class, tenancy and year-built characteristics to generate the results.


The NBI study was funded by USGBC with support from the U.S. Environmental Protection Agency and can be accessed at:


http://www.usgbc.org/DisplayPage.aspx?CMSPageID=77#usgbc_publications.

View more information on the CoStar Group study: <http://www.costar.com/News/Article.aspx?id=D968F1E0DCF73712B03A099E0E99C679&ref=100>.

Corrections/Amplifications

The March/April News from the Street listed the LEED Consultant for the Phipps Learning Center as Moshier Studio in error. LEED Consultant for the groundbreaking project is evolve:EA.

Also in March/April's edition we implied that the Construction Arbitration Service (CAS) was for handling "minor" construction disputes. The Construction Arbitration Service's filing is not pegged to the dollar amount at issue which, in a million dollar case, will lead to initial filing fees of \$10,000 or more from many of the arbitration services. CAS was established to expedite disputes of all sizes. More information is at www.acbaservices.com/constructiondispute/indexnew.asp. 



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REGIONAL MARKET UPDATE

One of the most overused literary quotes is Charles Dickens' opening to *A Tale of Two Cities*, "It was the best of times; it was the worst of times." Often used to describe periods of great change and uncertainty, like the French Revolution of the novel, the quote has a tendency to be applied to situations that are somewhat less extreme than the one Dickens chronicled.

Perhaps the more appropriate phrase to describe the state of the regional economy in Western PA right now would be something like, "It wasn't the best of times, it wasn't the worst of times either."

Any examination of a construction market should rest upon data, rather than anecdotes alone, so let's start with some of the first quarter numbers. As shown on the tables below, contracting for non-residential building construction totaled \$565 million from January 1 through March 31. Given that the volume in January barely topped \$100 million, the uptick in recent months has been strong.

Housing starts for the first quarter showed a further softening market for new construction, with 785 units of new housing permitted during the first quarter versus 832 total units in first quarter 2007. The decline in traditional housing, the single-family detached dwelling, was a bit steeper, falling almost 9% to 468 units compared to 513 units last year.

These activity levels certainly reflect the sentiment above, as both housing and non-residential volume during the first quarter declined compared to the same period in 2007. On the other hand, neither level represents the worst market conditions, although the housing numbers are close.

Building permits for new homes tend to lag the sales traffic by a couple of months, so the slowdown in January

and February was expected, since traffic in new developments was unusually light at year's end. Starts for new homes in March were virtually even with 2007, with 261 units compared to 269 last year. Anecdotal evidence from builders and realtors suggested a bottom of the market early in 2008, as traffic in new construction sales offices was up a reported 15% from the previous January. It's worth noting that a similar bottom appeared to have been reached in mid-2007, only to have the market plummet in the fourth quarter, when the national credit crisis dominated the airways. The factors reinforcing the indicators of a market bottom now, however, include continued evidence of positive job growth in Western PA, interest rates that are 300 basis points lower than mid-year 2007, appreciation of housing values, even as national prices decline, and the stability of the lenders in this region.

While no boom appears to be in the offing, the low volume is pushing inventories down towards the rate of household formation, which will ultimately create some pent up demand. First quarter performance, while nothing to cheer about, is certainly on track towards the small forecasted increase in single-family starts to 2,600-2,800 unit level.

Non-residential volume is on pace to hit the \$2.8 billion level forecasted at year's end. The 20% decline in first quarter 2008 compared to 2007 is precisely in line with what would be an annual decline of \$700 million, or 20%, from last year. That kind of decline should be alarming, but coming on the heels of a 25% increase in 2007 over 2006, the lower activity level will still represent a better-than-average year for the region's construction industry.

Hidden within those numbers is the backlog story, which is strong coming into 2008. Most of the larger projects contracted last year are still in the early stages of construction, and the region's largest project, the new Children's Hospital, while winding down, will still be going full throttle throughout 2008. Projects from 2007 that are still 'coming out of the ground' include

the \$400 million Majestic Star Casino, \$300 million Meadows Permanent Gaming Facility and Track, \$170 million 3 PNC Plaza, \$90 million UPMC Passavant Pavilion Addition, \$100 million Bakery Square,

and the \$120 million Providence Point community. Lost in all those projects are half-dozen projects between \$30 million and \$60 million, which will be winding up throughout the year.

RESIDENTIAL PERMITS	#SFD	#SFA	Total
Total Pittsburgh MSA 2008:1	468	317	785
Total Pittsburgh MSA 2007:1	513	319	832
% Change	-8.8%	-0.6%	-5.6%

NON-RESIDENTIAL STARTS	
Pittsburgh MSA 2008:1 (In millions)	\$565
Pittsburgh MSA 2007:1 (In millions)	\$710
% Change	-20.4%

Backlogs seem to be what is separating the 'haves' from the 'have nots' at the present, as the bidding slowdown in late 2007-early 2008 left some of the smaller to medium sized contractors feeling empty-handed as the spring approached. Bid results in both public and private projects reflected some of the anxiety. For the first time in three or four years the spreads between the low bidder and 'the pack' widened, often exceeding 15%.

Like the housing market, bidding and starts in January were slower than normal, but rebounded as spring approached. As April was winding down, some of the bigger projects planned for 2008 were being priced. The new Pittsburgh Arena, the Valley View Downs outside of New Castle, Dick's Sporting Goods, and several public projects valued at more than \$30 million were being bid in some manner or another. Assuming that the project budgets are able to be met, second quarter contract volume looks like it should exceed \$750 million, and mid-year volume should approach \$1.5 billion.

During the first quarter there was also news of more interesting deals in the rapidly rejuvenating central business district. Point Park University announced the acquisition of three buildings, totaling around \$8 million, to be used in their master plan for expansion. Equitable Gas reportedly agreed to take 235,000 square feet of the office portion of Piatt Place, and after a deal fell through

for the Union Trust Building last fall, Los Angeles-based Mika Investments bought the 595,000 square foot architectural gem in February, and has hooked German electronics giant Siemens for 180,000 square feet.

In addition to these big splashes, the downtown market continues to attract smaller investors as well, with more than a dozen buildings along the Penn-Liberty and First-side corridors being converted to residential or small commercial use.

One major issue that appears to have been worked out during the first quarter is whether the national economic problems were going to halt local progress. It's clear that the national slowdown in new construction will not coincide with one in Western PA, or central PA for that matter. More time must pass before we know whether that's a function of the popularly held belief that Pittsburgh always lags the nation (an opinion not well supported by fact), or whether the strength of the regional economy has allowed the recession to pass us by, as happens in some regions during every recession.

The momentum of the past few years has been keeping the effects of any recession-driven slowdown from showing up. It now looks like any influence from the national economy will be deferred until at least the third quarter of 2008. **B.G.**

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NATIONAL MARKET UPDATE

There's a story that is told about Albert Einstein commuting in New Jersey towards the end of his career. A young conductor noticed the great man searching frantically through his belongings as he approached. Upon reaching Einstein, the conductor assured him that he didn't need to produce a ticket. "We all know who you are, sir, and I'm sure you bought a ticket." As he moved away, the conductor noticed Einstein still looking for his ticket. Doubling back he reassured the scientist, "Dr. Einstein, it's OK, I know who you are." To which Einstein replied, "Young man, I am also certain of whom I am; what I don't know is where I'm going."

Two large uncertainties weigh heavily on the construction economy as the first quarter ended, leaving more questions about where the economy is going.

Of the two, the more certain is the prospect of a recession. In virtually every measure but the classical two consecutive quarters of declining GDP, the first quarter of 2008 seems to have convinced most consumers and business people that a recession is, or will soon be, happening. Chances are the economy will meet the negative GDP benchmark once we have two quarters of 2008 under our belt. Investment in the stock market is down, the dollar is horribly weak, inflation of some very basic necessities has settled in, and consumer confidence is at an all time low (at least since we've been measuring it).

Housing remains the other uncertain sector influencing the economy, although the uncertainty seems to be whether

or not we've hit bottom, rather than whether or not the recovery will start soon. Much like a particularly bad flu virus, the housing slump's symptoms are continuing to ebb and flow as it extends into its third year, with every new day producing recovering and declining symptoms.

Since the housing market is at the center of our current economic woes, let's start with an update on that sector first. There are some quantitative indicators that an end may have been reached in the declining starts. Actual permits or starts may continue to be up and down monthly throughout this year but some key figures are showing that the demand for new housing is building.

Home sales have begun to pick up again, although home values continue to decline. Sales through February were up slightly, and inventories of homes for sale fell three percent from February 2007, to just over 4 million homes for sale. The inventory levels represented a 9.6-month supply of homes, compared with a 10.2-month supply in January. Home values slipped in February, with the national median price falling to \$195,900, down 8.2 percent from a year earlier when the median was \$213,500. Even here there is some good news, because the decline is owed mostly to the fact that the steepest declines are occurring in areas with the most expensive homes, causing a greater drag on the median price.

The most optimistic signal from the market is that the source of housing demand, household formations, is lagging behind the pace of new housing. A new household is formed, on average, for every two people. Population grew in the U.S. by 3 million in 2007, but somewhere between 650,000 and 800,000 new households were formed, a pace that is roughly half what would be normal. What is keeping household formation, and the demand for housing, depressed is the uncertain economy. Household formations mostly take place in the young adult demographic, and an unusually high number of young adults are staying in their family homes, or sharing rental property, out of fear of buying at the wrong time. Availability of credit has been limited significantly for this untested group, making mortgages scarcer.

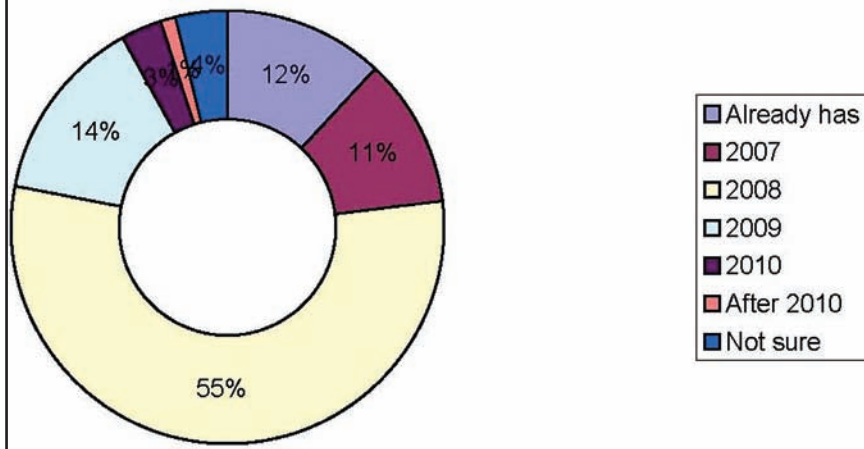
Assuming that the population grows a similar number again in 2008, the reduced housing start activity of one million or so total new units will be roughly one-third what the normal household formation demand should be for two consecutive years.

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Reed Construction Data chart shows a 3-month moving average of contracting dollars in the current market versus the start of recovery in 2004 (Institutional dollars in green, commercial in blue, heavy construction in red)

When will housing hit bottom?



Professional Builder survey of homebuilders shows 80% believe the housing decline will continue through this year or beyond.

With a dramatic reduction in lending costs acting as an incentive, and the emergence of more conventional lenders as more of the 'suckers' have been cleared out of the mortgage business, market conditions will be ripe for a shift in demand once would-be buyers begin to regain confidence in the overall economy.

A couple of national builder surveys done recently show that the homebuilders aren't expecting that shift in demand to occur this year. The chart above shows the results of a survey done by *Professional Builder* magazine. It demonstrates the ambivalence that has grown in the past quarter or so. While 55% believed that the bottom will occur in 2008, another 25% believed that the decline will continue into 2009 or later. This contrasts with the predominant builder sentiment of last summer that the recovery would begin by mid-2008. A survey done in March by the National Association of Homebuilders (NAHB) marked a growing sentiment that there will be a delay between the bottom of the market and recovery. That survey indicated a stabilizing in new housing by mid-year 2008, but no prospect for long-term, sustainable recovery until 2010.

Recessions have deleterious impacts on demand, eroding consumer and business spending, which in turn trims hiring and expansion plans. The reduced demand defers investment in new construction of retail, office and hospitality facilities, further reducing employment. Reduced employment lowers tax revenues and insurance premium payments, which lowers revenues for hospitals and spreads the malaise into healthcare construction. Lower tax revenues trim public building spending. It's an unpleasant litany of cause and effect that is in the middle of playing out as 2008 progresses.


The impact of the recessionary climate on non-residential construction had been limited through 2007, but first quarter data suggests that the tide has turned in those sectors of the market as well. Those factors putting downward pressure on the economy - growing inflation, tightening credit conditions and flagging consumer and business confidence - have slowed the pace of all non-residential construction.

McGraw-Hill Construction has reported that contracting in the first quarter was 2% lower than the same period in 2007; but adjusted for inflation, that volume shows a greater decline in square footage. Reed Construction Data showed a decline of 6.6% for the full first quarter, with non-residential building construction down 5%. Reed's data, shown in the chart on page 10, also indicates that the commercial, institutional and heavy construction subsectors are moving downward together since July of 2007.

Future construction indicators don't offer much inspiration for hope of a short-term decline either.

Architectural/engineering employment fell by 1,500 jobs in March, according to the Bureau of Labor Statistics. Moreover, the three-month hiring totals of 2,100 represent the lowest quarter since 2003. The American Institute of Architects index of architectural billings had slipped to 41.8, down from 58.8 in July 2007. The index indicates rising or falling billings, with an index of 50 representing break-even. Numbers below 50 indicate a falling trend for billings.

The recession and inflation pressures on public construction have reached a critical point as well. Recessionary pressures have reduced the sources or revenue (taxes on sales, fuel consumption, property and wages) at the same time that the inflation in fuel and construction materials has limited the amount of construction being done. This scenario means less construction can be done for the same dollars, and fewer dollars are available to government for paving or bridges or schools.

The first quarter of 2008 didn't have any real bright spots. Whatever hangover exists from the overextension of credit, inflationary monetary policy and overbuilding will have to be endured until the equilibrium of supply and demand is reached. On the darker days, do bear in mind that this part of the cycle is the normal correction that will lead to another round of expansion. The nation is still growing. The question of an expanding construction economy is when it will turn, not if it will. 

WHATS IT COST?

March and April have unfortunately brought an end to the period of anticipation of higher prices to come, and ushered in the fear of where all this might end. If there's a real 'Groundhog Day' sort of feel to this current spike in prices, there should be. For virtually the same reasons as the last four or five hikes, prices are running amok for steel, copper, petroleum and natural gas byproducts.

The beginning of April was the week that was for the major materials that effect construction. Let's look at them one at a time:

Increased prices for steel products of all shapes and sizes were announced in early April. The increases in all major categories were more than 10%, compounding earlier increases since December. The most breathtaking was the \$147/ton hike in the steel scrap surcharge that was an-

nounced for rebar, merchant bar and structural steel. This increase took the scrap surcharge to \$555/ton, just shy of double the \$280/ton that was holding in December. Mills also put in a \$100/ton increase in the price of tubing and piping on March 28, and an increase for plate and sheet products of between \$70 and \$110/ton, effective May 1. And the world's largest steel maker, Arcelor Mittal, announced that it was adding a \$250/ton surcharge to some of its U. S. contracts to offset rising energy and ore costs.

Along with these steep hikes came some of the same of the related market difficulties that plagued the market in late 2003 and early 2004. Quotes from suppliers and subs are coming across with ever-shorter expirations, some as short as one week again. According to the Institute for Supply Management's April 3 survey of purchasing executives at manufacturing plants, steel is also back on the list of items in short supply. Such news bodes ill for the summer.

Copper is off and running again as well. Futures pricing for copper in next month's delivery topped \$4 per pound in early April, matching the May 2006 highest price ever for a most-active contract. Like steel, supplies of copper are lagging demand, and are expected to fall short of demand for at least another quarter or two. Prices are beginning to generate crossover in materials for electrical supplies, with aluminum being substituted for copper.

Natural gas has been rallying again at the end of the heating season. While down slightly from the winter highs, the mid-April prices of \$9.75 to \$10 per decatherm are up 25% from spring 2007. The effects of higher natural gas prices are felt more in the production of downstream materials, like plastics and adhesives, for which it is a feedstock.

PERCENTAGE CHANGES IN COSTS

March 2008 over past—
1 mo. 3 mo. 1 yr.

Consumer, Producer & Construction Prices

Consumer price index (CPI-U)	0.9	1.7	4.0
Producer price index (PPI) for finished goods	1.9	2.8	6.9
PPI for materials and components for construction	0.9	2.2	3.1

Costs by Construction Types

Highway and street construction	4.0	6.3	12.8
Nonresidential buildings	2.2	3.5	6.7
New warehouse construction	-0.2	0.2	3.4
New school construction	0.4	0.4	2.4
New office construction	0.0	0.3	3.4
Multi-unit residential	1.5	2.5	4.4
Single-unit residential	1.0	2.1	3.3

Costs for Specific Construction Inputs

#2 diesel fuel	24.0	30.7	61.4
Asphalt paving mixtures and blocks	0.6	3.2	3.9
Concrete products	0.3	1.3	2.3
Brick and structural clay tile	0.8	0.5	-0.6
Plastic construction products	-0.5	0.2	1.2
Gypsum products	2.2	1.6	-18.7
Lumber and plywood	-0.2	-2.7	-5.8
Architectural coatings	-0.3	4.0	4.0
Steel mill products	5.5	8.7	8.2
Copper and brass mill shapes	6.9	15.5	22.0
Aluminum mill shapes	4.0	3.8	-0.9
Fabricated structural metal	2.0	3.8	6.9
Prefabricated metal buildings	1.6	5.4	6.9

Source Bureau of Labor Statistics

Compiled by Ken Simonson, Chief Economist AGC

The most pervasive and threatening increases are in the price of diesel fuel. Diesel was selling above \$4/gallon in April, almost 50% higher than the \$2.75/gallon of last spring. More chilling was the fact that local suppliers were quoting estimates of June/July diesel at \$6/gallon. The likelihood is that the quotes are self-defensive, and may even be aimed at getting better acceptance of the \$5/gallon intermediate price to come; however, there exist scenarios that justify levels near \$6, a price which is likely to put the brakes on construction projects in the region, at a time when the local economy seems to be defying the trend of the national market.

Diesel has multiple uses in construction, meaning that the impact of \$6 diesel will ripple throughout a construction project. The cost of the heavy equipment operation and the hauling of material will affect site work. Fuel surcharges will be tacked on to delivery of all products and materials. Materials that are milled or mined will become significantly more expensive. Paving should reach new pricing heights.

Perhaps the only bright spot in the forecast is the continuing softening of the national non-residential construction market and the extended housing construction slump. Falling demand for products nationwide could relieve

some of the pressure felt locally, but it appears that the decline in non-residential contracting will be mild and gradual, not conditions which would dampen the markets for steel, copper or petroleum products.

The duration of this spike, which is likely not to peak until at least summer's end, will have a significant impact on the regional non-residential market in 2008. Assuming that pricing will come back somewhat if energy prices recede, it's unlikely that any lasting decline will come before fall. That scenario could spell trouble for the completion of the Majestic Star, Valley View Downs and Pittsburgh Arena projects. An extended rally in energy prices, especially with spikes above \$120/barrel for crude oil, or a prolonged stretch over \$1,000/ton for steel, has the potential to kill work, and would threaten the completion of the North Shore Connector or the VA Ambulatory Care projects, scheduled to bid in third quarter 2008.

With either scenario, it's going to be a long summer. 

Experience Every Step of the Way



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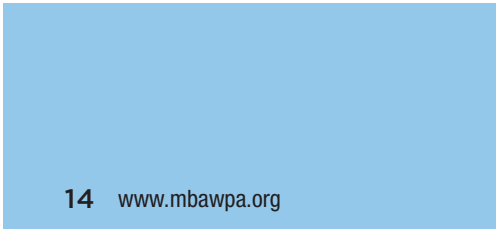
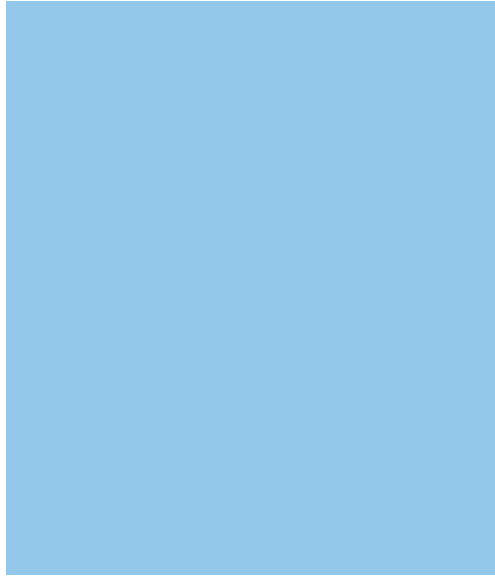
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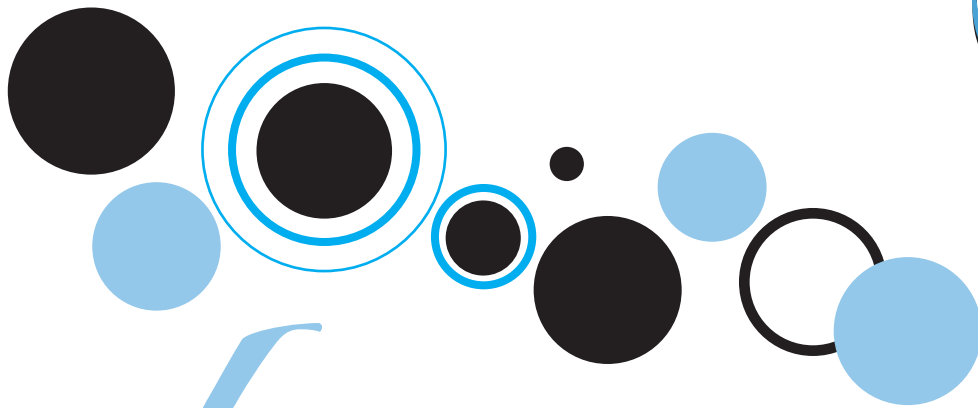
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Celebrating Design



LIKE THE VARIED NATURAL LANDSCAPE AND TOPOGRAPHY OF WESTERN PA, THE ARCHITECTURE OF OUR REGION HAS ITS UPS AND DOWNS. IF YOU HAVE THE OPPORTUNITY TO PROGRESSIVELY MOVE ABOUT THE REGION AND SPEND EVEN A FEW HOURS IN MANY OF ITS TOWNS, YOU'LL NOTICE THAT THE PLACES PEOPLE LIVE AND WORK BEAR WITNESS TO THE REGION'S HISTORY AND CULTURE THROUGH THE ARCHITECTURE. THERE ARE A LOT OF WORN OLD TOWNS BETWEEN THE SUSQUEHANNA AND THE OHIO, LAKE ERIE AND THE WEST VIRGINIA BORDER. IN EVERY ONE OF THOSE TOWNS YOU'LL NOTICE AT LEAST A FEW BUILDINGS THAT SOMEONE TOOK GREAT CARE AND SKILL TO DESIGN, AND WHOSE DESIGN HOLDS UP TODAY, EVEN IN THE MIDST OF THE SCARS OF THE RIVER VALLEYS, AS EVIDENCE OF THE CIVIC PRIDE OF THOSE COMMUNITIES.



Daniel Burnham designed Henry C. Frick's building during the time that skyscrapers were becoming possible. Photo courtesy of Pittsburgh History & Landmarks Foundation.

Here in Pittsburgh, the magnificence of the architecture can be found in the neighborhoods as well as the commercial areas. The relationship between the neighborhoods and the topography, how the hundreds of communities fanning out from the Point each have some design identity, is what creates the sense of beauty that exists in an older, once industrial city.

These old neighborhoods tell a story with their buildings. In former company towns like Turtle Creek, Ambridge, or Charleroi, you will often find repetitive design in the housing and commercial districts. But every few blocks will be a bank, or church, or even a post office that simply stands apart. You can sense how the sameness of the daily shift at the plant is reflected in the worker's homes, and also the effort to make that church or town hall express the creativity that the daily grind suppressed.

Perhaps that's giving a melodramatic interpretation to what might have been just an expression of bottom-line driven homebuilding or Roman Catholic guilt. It's most likely that the willingness to invest in detail or durable materials reflected the difference in how America of the past valued consumption and community.

The past decade in Western PA has seen two relatively booming periods for construction book ending an early decade recession. It's a little early to say for sure, but there are a lot of signs that a renewed awareness of the value of design is creeping back into the built environment in the

region. The emphasis in this revival of sorts seems to rest on sustainable design, and the almost indefinable "good design" as a community asset.

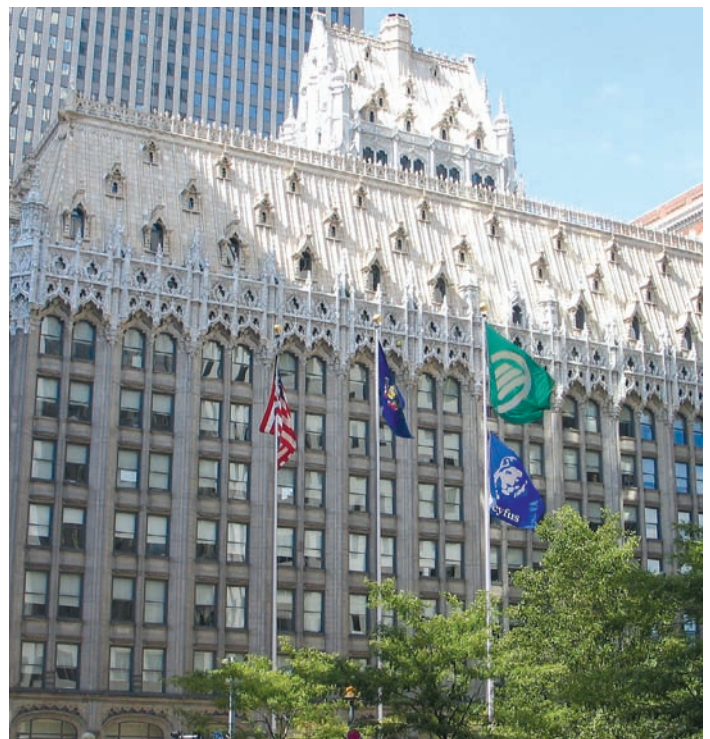
Good Design Matters

If you put a gun to an architect's head (and this is a hypothetical, by the way) and ask him or her to define good design, don't be surprised if you are greeted with some stammering at first. Most of us have an easier time describing good design by identifying what it is not. There are ugly or dysfunctional buildings out there that more readily come to mind, than the concept of what entails good design.

Once they warm to the subject, however, architects can fill your ear with the elements of exemplary design.

"Great design is great place-making," says Michael Stern, partner in Strada Architecture. "It's treating the places we live and work as valuable. All the great places in the world—London, Paris, Shanghai—are examples of great design that reflects the sense of civic pride that its people have."

Albert Filoni, managing partner at MacLachlan Cornelius & Filoni, sees good design as part of a focus on permanence. "Our whole society doesn't seem as interested in permanence or history or connectivity of buildings and people," he says. Filoni believes that designing a building with an emphasis on permanence creates good decisions about the durability of materials, and how the occupants of the building will interact with



H. C. Frick also built the Union Trust Building, designed by Osterling. Photo courtesy of Pittsburgh History & Landmarks Foundation.

the design. He sees a silver lining in the accelerated cost of buildings. "As things get more expensive we'll become more like Europeans, at least in this regard. The costs will be so high that you cannot afford not to have high quality in construction."

One of our civic legacies in Western PA is the architecture. As a seat of power and wealth in the industrial period of American history, Pittsburgh attracted architectural talent because its wealthy and powerful were compelled to build their buildings with an eye towards posterity, or at least an eye towards glorifying their own achievements. The Frick Building and Union Trust Building, both built by Henry Clay Frick, are great examples of the design excellence that private industrialists indulged during the period between the Civil War and World War I. Frick's architects, D. H. Burnham of Chicago, and Frederick Osterling of Pittsburgh, made other lasting impressions on our city. Burnham's Pennsylvania Railroad Station and Osterling's Arrott Building and County Mortuary, remain architectural landmarks to this era.

Public spending also tended towards design indulgence, as was the case with most government bodies throughout the nation. H. H. Richardson's Allegheny County Courthouse and Jail, Osterling's Mortuary and Washington County Courthouse, Trowbridge and Livingston's U. S. Post Office and Henry Hornbostel's City-County Building are a few examples of the commitment to civic pride and architectural significance that prevailed during the industrial era.



Richard Beatty Mellon commissioned Cram & Ferguson to design East Liberty Presbyterian as a monument to American Presbyterianism in the 1930's. Photo courtesy of Pittsburgh History & Landmarks Foundation.



Osterling's detailed upper floors gave human scale to the Arrott Building. Photo courtesy of Pittsburgh History & Landmarks Foundation.

The bottom line orientation that has driven the construction industry since the late 1970's has shoved design excellence to the margins. While it's easy and tempting to blame those greedy developers for the problem, we have to remember that the development reflects expectations that ultimately reflect on all of us. Consumer expectations for lower prices drive retailers to reduce the cost of merchandising, which will drive down rent expectations and design/construction cost of stores. Those lower expectations for rent in turn lower the top line of the developer's pro forma. His response can be to lower his bottom line expectations (not bloody likely) or to reduce what's in the middle, his development cost.

Dutch MacDonald recently departed EDGE Studio, where he was partner in a firm that won more than its fair share of design awards, because he felt the process of construction was too constraining on design. "There seemed to be such a specific set of ideas about what it meant to design a building, defining it narrowly," he explained. MacDonald moved to MAYA Design Inc. a self-described "design consultancy and technology research lab." MAYA's mission is to optimize the human experience with technology, including building technology.

"Where I am now, the concept of design is much broader. People come to us with products, prototypes that work, and ask us how they should look or be designed to create the best experience for the user," MacDonald says.



Strada Architecture's renovation of Cupples Stadium for Pittsburgh Public Schools also transformed a lifeless section of East Carson Street. Photo by Dennis Marsico.

Dutch MacDonald's concept of good design, that it improves the way people think and look and work, is ambitious in its reach to create environments that inspire all those aspects of human behavior, and it's a concept that is shared by many architects. The constraints he speaks of, however, are likely the result of the disproportionally high levels of risk and liability associated with construction. In other words, for every yin of design experimentation, there is a yang of risk management.

Many of the architects who remain embroiled in the construction industry feel that the profession has an obligation to act as the advocate of design. "If you look at the AIA's mission statement, you'll see that one of our roles is to promote good design," notes Paula Maynes, of Maynes Design. The current AIA Pittsburgh chapter board chair, Maynes expands on that idea. "Architects should work to enhance the quality of life and the built environment. We should be a knowledge community defining why good design matters."

"Good architects feel a commitment to the community they live in," says Michael Stern when asked about the architect's role in the community. "So they feel a connection to that community and have a sense of obligation to comment on or influence the discussion about design."

Paula Maynes believes that advocacy is working. "I can see a difference in attitude with my clients, that it isn't just first cost that matters, but the life cycle cost as well. We try to focus clients on the flexibility of the space, the operating costs, and on the space projecting the image they want the public to have of them."

Sustaining an Economy

It is much more understood outside of the region that Pittsburgh is viewed as a green city, a place where green construction is being pioneered. It's an impression that the leaders of the region and green building leaders want to project, but it is also a reality. Earlier this spring its peers

voted Carnegie Mellon the #1 architectural school for sustainable design. That's a perception victory. But it's also true that CMU was advocating energy efficient design and sustainable practices two decades ago, and continues to push the envelope of sustainable education today.

Rebecca Flora, of the Green Building Alliance (and this year's U. S. Green Building Council's board chair), is passionate about the opportunity to use Pittsburgh's green leadership to create economic development. The Green Building Product Initiative is all about creating business and

jobs for manufacturers of green products. But the current energy in sustainable design suggests economic possibilities that are more subtle, and just as long-lasting.

As more and more students at CMU, Penn State and Pitt are taught sustainable design, a foundation of knowledge about sustainable practices gets reinforced, and the body of knowledge becomes an exportable commodity, although not yet with a commoditized price. In the way that Silicon Valley became the repository for expertise in software and computers, Western PA is becoming the home of green. "The kids I work with at CMU aren't just taking their knowledge into the practice of architecture," says Christine Mondor, partner in evolve:EA. "They are going out into the world with this, to other parts of the country, to China and Africa."

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The Stuckeman Family Building for the School of Architecture and Landscape Architecture (SALA) at Penn State, was designed by WTW Architects and Overland Partners Architects of San Antonio, together with LaQuatra Bonci Associates, landscape architects. The building was recently awarded an American Architecture Award by the Chicago Athenaeum.

The experience is something that can work as currency as businesses rethink their energy practices, and construction moves to a philosophy of conserving resources. Christine Mondor and her partner and husband Marc, travel widely as consultants for sustainable architecture, but the practice isn't really about architecture as we usually think of it.

"Sustainable design isn't a noun," Mondor says with a note of frustration. "There isn't such a thing as a 'sustainable design'. It's a relationship between us and our environment. Design is an action, and designing to create the best environment means much more than the building itself. Sustainability is also about a big difference in value systems"

One of evolve:EA's services is education in LEED certification. It's surprising then to hear that Christine Mondor sees LEED as limiting in some ways. "What LEED certification says is that on this project this was what was done at this particular point in time. It's certainly a good thing if the client is committed enough to get the project certified, to hang a LEED plaque on the wall; but there are so many more aspects to sustainable design," she emphasized. "We're working with our clients to think about doing as much as they can (which will include LEED certification), asking how the design can help their employees and customers do the right things."

The concept of doing the right thing broadens the idea of doing the 'green' thing beyond any codified matrix of certification, and moves the dialogue about sustainable practice to another level. For the authors of energy efficient and environmentally responsible standards, like USGBC or EnergyStar, the effort to get the built marketplace to accept verifiable standards has been herculean; and the regional advocates, like GBA in Pittsburgh, still face daily obstacles in getting owners to commit to working for LEED certification. The objective standards that LEED represents protect against the 'greenwashing' that plagues consumer marketing. But looking past LEED certification isn't a negative, and even consumers may be seeing that.

During the presentation of her annual consumer study on the green market, called Energy Pulse, at Greensense 2008, Susan Shelton revealed that the company viewed as 'most green' by consumers was WalMart. Even though WalMart is not always portrayed as the friendliest to labor or the environment, consumers responded to its merchandising practices like offering only energy-efficient light bulbs or cleaning products that biodegrade, and its efforts to educate consumers about doing the right thing for the environment. The same kind of thinking got high marks from consumers for BP, an oil company.

Here in this region, the educational efforts of the GBA, Carnegie Mellon, and countless concerned designers and contractors, have resulted in a leadership role that means better bottom lines for business as well. The 'green city' goals of the O'Connor and Ravenstahl administrations have created attractive incentives to developers for building to LEED standards. GBA's Product Initiative is helping to create sales for manufacturers in new markets by funding green product development. Those additional sales create additional jobs. And the region's knowledge base and expertise in sustainable design, which is completely portable, attracts commissions and fees for Pittsburgh area firms that are the basis for repeatable business growth.

Changing Business's Mind


The next few years could well be some of the most difficult American business has seen since the Great Depression. The prospect of a deep recession doesn't bode well for value-based decisions; however, the primary factor in the slowdown, runaway energy costs, may well be the driving factor behind a permanent shift in the way we think about the role of good design.

For the past few decades in America the consumption cycle has constantly shortened. Driven by the perception that lower cost was the abiding value of the American consumer, manufacturers made products that could be sold for less, but that had much less durability. Our wealth, and the consumer culture, made that OK because we were collectively willing to just buy a new one of whatever was wearing out.

If the overriding concerns of the next few decades are recovering from this consumer hangover by reducing government debt, finding other energy sources and using less nonrenewable energy, and throwing less stuff away, the focus of design and construction will shift to decisions based more on life cycle cost than of first cost. Shifting the horizon out a ways will foster more discussion about the value of great design and sustainable practices throughout a project. With the knowledge assets already in place and impassioned here in Pittsburgh, the region will reap the economic benefits of moving from trendy to expert. **EG**



Photo by Elaine Petrakis



Restoration of St. Paul's Cathedral

You want to know what the biggest challenges were? laughed Ray Volpatt Jr. "Where should I start... the completion date was inflexible, work hours were limited to afternoons and evenings Monday through Thursday, the Church had to be available for services at a moment's notice, we painted a 90-foot high ceiling and weren't permitted to build a scaffold, we had to match stone and woodwork that is 100 years old, we discovered an aquifer which runs next to the Church, we had to protect two of the oldest trees in Oakland, and in the middle of it all we were stopped for Mayor O'Connor's funeral and Bishop Wuerl's farewell mass...how much time do you have?"

What's the old line about work? If it was easy, everybody would be doing it. Every construction project is a series of problems to overcome. Renovating an iconic structure like St. Paul's Cathedral, to update it without looking like it was restored, is one of those once-in-a-lifetime challenges.

"The challenging aspect of these kinds of great restoration projects is always remaining true to the original," says architect Tom Celli. "In the case of St. Paul's, we were working with a French Gothic structure that has lots of antecedents in France, but not many in the United States." Celli's firm, Celli-Flynn Brennan Architects & Planners, was given the commission by the Catholic Diocese to design solutions to accessibility and usability problems, without having the modifications being noticed.

The good news was that St. Paul's Cathedral was the mother church of the Diocese, and as such could attract donors to ensure that the cost of the renovations would not be an obstacle. That fact, of course, didn't mean that cost would literally be no object, just that it might seem that way. The need to spare no expense while maintaining a budget had a direct bearing on the contracting of the project.

Diocese officials wanted to make sure that the scope of work didn't get away from them early on, and looked to Celli-Flynn for budgeting. Volpatt Construction was working with Celli-Flynn on a project at St. John Newman. The project was Volpatt's first job with both the architect and the Diocese, but they had engendered enough confidence that Celli-Flynn asked the contractor to help with budgets on St. Paul's.



Looking towards the organ loft after restoration was completed. Photo by Elaine Petrakis



Painter from John Tiedemann Inc. works 60 feet off the floor, with the organ in the background

"We got comfortable with each other during the budgeting meetings," recalls Ray Volpatt. "The schedule didn't allow enough time for documents to be developed for a hard bid, so we proposed that they hire us as contractor while we worked together towards a GMP."

While the Diocese had a history of competitively bidding much of their work, Director of Property Planning, Jim Zielinski says recent experience had given them confidence to adopt other methods of delivery, and felt the conditions at St. Paul's warranted it. "We found that going the way of hiring a contractor during design to provide preconstruction services is the best route to take on a complicated project," explains Zielinski. "The Diocese also brought in an MEP consultant, Jesse Campayno (of Campayno Consulting Services), to sift through those issues."

Ray Volpatt Jr. and Volpatt Construction Vice President, Gary Monaco, saw a lot of little unknowns throughout preconstruction, areas where penetrating century old walls and millwork could lead to almost anything, and tried to price them as contingencies. By the time a guaranteed maximum price was put together, the contingency was above \$300,000, roughly 10% of the contract value. Volpatt sensed that there was a comfort level between all parties and proposed taking the contingency out of the contract, and working through the unforeseen conditions as change orders as the work progressed. "We knew that there were going to be things that the owner would want

PROJECT TEAM

Volpatt Construction	General Contractor
Celli-Flynn Brennan Architects	Architect
Richard Glance	Architectural Stone Consultant
Claitman Engineering	Mechanical Engineer
CJL Engineering	Electrical Engineer

Trade	Subcontractor
Electrical	Ferry Electric
Mechanical	McKamish Inc.
Plastering	J. J. Morris & Sons
Masonry	MI Friday
Painting	Rocco Cugini
Tile/Flooring	Massaro Industries
Paving	T. A. Robinson
Doors	Automated Entrance Systems
Glazing	River City Glass
Elevator	Marshall Elevator
Roofing	Ralph J. Meyer & Sons

that wouldn't be in the contract and that couldn't be planned in advance," remembers Ray Volpatt. "Our plan was to be as fair as possible and to look for the most cost-effective solutions to whatever came up."

One of those unforeseen conditions was that the Dedication Mark was directly in the path of where the main duct shaftwall was to be built. For the non-Catholics out there, the Dedication Mark is a sacred cross, embedded into the plaster, and blessed and anointed with oil by the bishop at the time of the dedication of the church. Jim Zielinski was especially adamant that the Dedication Mark could not be moved, at least not without the Rector Priest's authority.

For roughly three weeks, during which Rector Priest Father Breier was being treated for cancer, Volpatt and Zielinski pushed back and forth on the issue. "Finally my dad had a meeting with Father Breier and told him that the air-conditioning could not be put in without moving the Mark. Father Breier just said, 'Move it'," recalls Volpatt. As it turned out, the cross in question was an indicator, rather than the original Dedication Mark.

The project was to be built in two phases. Phase one involved the interior work, plus replacement of sidewalks, and the construction of a chiller pit on the Craig Street side of the building. The work began in May 2005 with the addition of the chiller pit, which needed to be 14 feet deep, and had to be hidden from passersby on Craig.

Replacing the sidewalks turned out to be fairly typical of the project. The Diocese wanted to fix the front walkway and put in new steps. The simple replacement work quickly evolved when it was discovered that the source of the sidewalk's heaving was the freeze and thaw resulting from an aquifer running through the middle of the property. St. Paul's now has the only sidewalk in Oakland with an eight-foot deep stone and pipe drainage system.



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Phase Two addition to the west side of the cathedral.

The heart of the project, however, was the renovation of the Gothic interior. Several key objectives drove the project. In addition to the air-conditioning, the building needed to have its lighting replaced. An auxiliary worship space in the basement was to be converted into gathering space; and the cathedral's ceiling was to be repaired and painted to give the appearance that the stone columns were extended to buttresses. And the church was to become handicap accessible during the Phase Two addition.

Tom Celli was glad to address the lighting. "The older parishioners found the lighting too dim to read the hymnals," he said. "What were there were Art Deco aluminum chandeliers from 1938 that were beautifully custom-made, but had no place in a French Gothic cathedral." Besides providing inadequate lighting, the chandeliers disrupted visual lines throughout the interior.

In addition to bringing air-conditioning up through sacred wall markers, the architects designed other creative spots for the ductwork. Unused confessionals were converted into chases, and new faux confessionals were built, requiring that century old hand carved oak millwork be matched for profile and finish.

More complicated matching was needed for the addition in Phase Two. The exterior was expected to match the one hundred year old stone, and the interior of the elevator and lobby addition needed to match the same radius and ribs of the ceilings in the main cathedral. "It took two years of investigation to find the same Indiana limestone," says Jim Zielinski. "The tooling and cuts were to match the six-to-eight cuts per inch of the original; the mortar was expected to match the existing. We had to open up the walls behind the confessionals to investigate how to span the opening where the addition was coming into the building."

Even the finish work was unconventional. "The interiors were brown and scratch plaster, including the ceiling vaults," says Ray Volpatt. "That work was done in August, and the humidity prevented the plaster from drying. We had to test the PH of the walls daily until it was just right or Sherwin Williams wouldn't warranty the paint."

Perhaps the most excruciating matching job was in reusing windows that had been removed from St. Canise church, including the stone frames. MIF Masonry was charged with painstakingly removing decades of paint, and cutting and fixing the stone frames to infill into the new stone walls of the addition. Hunt Glass rebuilt four of the five stained glass windows. And Ranier Devido had to fabricate stone that would not only match but accept the reused windows and stained glass. "Friday's guys said it was the tightest, cleanest fit they had ever seen with stone," remembers Volpatt.

The work of the subcontractors seems to be a focal point for both the contractor and the owner. "There was great cooperation among the subs and engineers-everyone seemed to be understanding that this was the 'mother church' of the Diocese," marveled Jim Zielinski. "It felt like a labor of love for everyone involved. You could feel it at the level of the superintendents and carpenters."



The Fifth Avenue elevation of St. Paul's Cathedral after restoration by Mariani & Richards.

"The subs made this job," asserts Ray Volpatt Jr. "From all the extraordinary work done to put in an updated mechanical system, to Ferry's guys crawling around putting cans in the ceiling ninety feet up, and Tiedemann and his rig to paint the ceilings, and all the specialties; the job required so much craftsmanship."

No conversation about the St. Paul's project can be really complete without mentioning one of the specialty contractors, John Tiedemann Inc. from North Arlington, NJ. Tiedemann's trade is a subset of painting, that of church decorating and liturgical design. In order to meet the staging limitations of the job, which meant getting to ninety foot high ceilings without moving pews and then moving out of the way each morning, the painter brought along a rather customized lift. "I'd never seen anything like it," remarks Ray Volpatt. "It's a lift built out of an old Jeep frame, with aluminum outriggers that could set down between pews, and a bucket that reached ninety feet up to clean and paint the ceiling, and twenty feet out in any direction."

The lift, while unorthodox, passed muster with OSHA, and allowed the liturgical painting to stay up with the schedule. That turned out to be a good thing, because the critical path took a lot of unexpected hits along the way. When the schedule was set for Phase One, the drop dead date was the centenary mass to be celebrated in late October 2006. Phase Two could then follow until completion. Fate had other plans. As the final push for Phase One was gearing up, Bishop Donald Wuerl accepted the position of Archbishop of Washington DC, and almost a week was lost in preparation for his farewell mass on June 11, 2006. Less than 60 days later, Mayor Bob O'Connor passed away, and his funeral was held at St. Paul's, again delaying work. Despite the setbacks, St. Paul's was ready when then Archbishop Donald Wuerl returned to celebrate the centenary mass on October 22, 2006. And Phase Two was completed in time for Bishop David Zubik's installation on September 28, 2007.

Accomplishing the restoration of a landmark church, which needed to be used throughout and for several once-in-a-generation events during the project, required uncommon cooperation. "I really credit Kevin Scott (Celli-Flynn's project architect) for his diligence," says Jim Zielinski. "We held weekly meetings, often at night because of conflicts, and he really gave of his time without any hesitation."

The opportunity to work on a true cultural landmark seemed to inspire that in every member of the project team, regardless of the obstacles. Ray Volpatt summed up his feelings about the challenge. "I'll be hard-pressed to find another project in my career that's as difficult as this one, but I know I'll never work on one that's as rewarding either." **BG**

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MacLachlan Cornelius & Filoni

The year 2009 will mark the 120th anniversary of the firm that Edward Stotz founded at age 21 as the achievement of a nearly lifelong drive to be an architect. That firm, now known as MacLachlan Cornelius & Filoni, is the region's oldest continually operating architectural firm. Aside from the unusual longevity, the firm can make the claim (although it doesn't) of four degrees of separation from a meeting with Geronimo. Founder Stotz once shook hands with the Apache chief. Stotz's sons hired partner-to-be Don MacLachlan, who in turn hired current managing partner Albert Filoni.

The connection to Geronimo is unimportant, but the unbroken connection with the firm's founders is not. MacLachlan Cornelius & Filoni has the opportunity to not only draw inspiration from some of the region's great buildings, but it also can check the project files for bills of materials and submittals.

Edward Stotz, the senior, gained the qualifications for architecture as it was done in the 1880's, by apprenticing at a firm, and learning to draw and detail. Stotz's passion was matched with good fortune, as his apprenticeships took place under some notable architects, including Frederick Osterling, whose work includes several landmarks of today. Stotz's career was long and notable itself, and his success was almost prototypically American. Working in a booming city, at a time when Pittsburgh's greatest buildings were being designed, his fledgling firm got the boost it needed when Stotz boldly approached the Pittsburgh Public Schools to seek the commission for the new Fifth Avenue High School. Though he lacked the resume and political pull, Stotz impressed the board with his pluck, and was awarded the project that would launch his career.

Fifth Avenue High became the city's first fireproof school. Within a few years the firm also designed the Greenfield Elementary School, and Schenley High. "When Schenley opened it was heralded across the nation as a model high school," says Filoni. "And we're still quite proud of the project today."

Tracing the timeline of the firm, you find a number of well-known buildings, most of which are still functioning today as they were originally intended. In addition to the schools, MacLachlan Cornelius & Filoni designed the Hartley-Rose Building downtown, Oakmont Country Club's clubhouse and St. Kieran's church in the first two decades of the 20th Century. MacLachlan Cornelius & Filoni designed Mercy Hospital's enlarged School of Nursing on the Bluff, National Tube Co.'s research lab, and Monongahela National Bank, also known as the Triangle Building and now the Wood Street 'T' station, in the 1920's.

In the 1930's and 1940's Charles Stotz would lead the firm into an area of practice, historic preservation, that would influence its work right up to the present day. The lack of work during the Great Depression allowed Stotz to accept funding from the Buhl Foundation to survey the early architecture of Western PA. The research unearthed 542 structures built prior to the Civil War, and gave Charles Stotz the material for a book, *Early Architecture of Western Pennsylvania* (1936), and a reputation that resulted in commissions to restore nearly 50 historic structures. During this period MacLachlan Cornelius & Filoni worked on Old Economy Village, Fort Ligonier, the Drake Well Museum, and began the study that would lead to nearly 30 years of restoration and development of Fort Pitt and Point State Park.



Looking west along the CAPA High School's front elevation.

"That history has had a great impact on the firm," says Albert Filoni. "Different principals at different times have lead the firm with interests of their own. Charles Stotz was interested in historic preservation and forts, Edward Stotz in high schools and liturgical construction. Don MacLachlan and Lou Fosner lead us to hospitals, and all that lead to Heinz Hall, if you can believe that!"



The detailed interior of the sanctuary of St. Bonaventure Catholic Church in Shaler Township.

This resume of work and the relationships that developed with foundations like the Heinz Endowments would lead to work for the newly formed Pittsburgh Cultural Trust that ultimately will define the MacLachlan Cornelius & Filoni of the previous generation, the renovations that became Heinz Hall, the Byham Theater and the Benedum Center for the Arts.

A half-century of preserving and restoring historic buildings may be the basis for a culture that reflects the preservationist's interest in permanence. "We haven't done a lot of curtain wall buildings," jokes Al Filoni. "Masonry buildings tend to last, and we worry a lot about those kinds of materials that will endure."

The emphasis on durability probably has influenced the clients coming to MacLachlan Cornelius & Filoni. During the past few decades, offices, retail and industrial buildings have moved toward designs that reflect the often-temporary nature of their ownership. "We've been lucky in that a lot of our clients, particularly colleges and universities, want to build something with permanence, energy efficiency and ease of maintenance," reflects Filoni. "But we'd like to do commercial buildings too."


Emphasizing energy efficiency has naturally lead MacLachlan Cornelius & Filoni to embrace sustainable design as part of their practice. The firm boasts six LEED accredited professionals, and purchases renewable energy credits to offset the energy used in their Bank Tower offices.

Historic preservation and institutional projects do tend towards traditional designs, and Filoni finds a personal irony in that reputation. "I was trained at Harvard when the Bauhaus people were there, and I still feel guilty that we design sort of traditional projects."

One of the recent projects for which MacLachlan Cornelius & Filoni has received acclaim, is not a traditional high school design. The Creative and Performing Arts (CAPA) School, located at the corner of Ninth Street and Fort Duquesne Boulevard in downtown Pittsburgh, gave the firm the opportunity to interpret the school's use for theater and performing arts into a building that reflects and inspires creativity. The Site is on a corner between the angular Burt Hill-designed FiServe building and an eight-story, multi-hued masonry building at 121 Ninth Street being restored by Francois Bitz. MacLachlan Cornelius & Filoni's design successfully transitions between the two. A blend of masonry and glass, the building features a 630 square foot video screen, which displays the work of the students and is visible from the Allegheny River and North Shore.

One lesser-known aspect of the CAPA project is that it came in on budget. That fact flies in the face of the "MCF Factor," a joking reference to the firm's reputation for designing expensive buildings. Al Filoni feels that the firm may be unfairly labeled, since its clients' needs are what drive the budget, and its clients keep coming back to them. The contractors who work with MacLachlan Cornelius & Filoni seem to keep coming back as well. Filoni believes that's also a byproduct of their listening to their client's needs, and trying to design something a bit special. "The market has been competitive and a lot of builders haven't been asked to do anything special for so long that they forget how to do it. We think our work is also interesting for the contractor to build."

Another factor in MacLachlan Cornelius & Filoni's continuity as a firm is the low turnover. "The whole group of us here-I think the least amount of time here of the eight stockholders is ten years-is committed to taking the time to create a workplace that's really like a family," explains Filoni. "We're not out to get bigger; in fact, it's one of our goals to not get bigger. Our focus is in getting to what our client wants, and I think we have a group of people who are real good listeners."

Albert Filoni knows the talk of family atmosphere sounds like commercial jargon, but the philosophy of good listening extends to contacting the firm. MacLachlan Cornelius & Filoni has eschewed adopting automation with their phones that would leave a caller with a voice mail attendant. "If you call our firm you'll always get a human being." 

Legal Perspective

SUBCONTRACTORS FACE UPHILL BATTLE WHEN CHALLENGING RELEASES

James R. Mall, Esq.
Meyer Unkovic & Scott, LLP

General contractors typically require subcontractors to sign partial releases and waivers of liens as a prerequisite for processing the subcontractors' payment requests on construction projects. But a subcontractor who ignores the language in the applications they file with contractors to receive payment risks losing the right to recover on a claim that can be tied to an event that occurred during the period covered by the payment application.

Two recent Pennsylvania court rulings demonstrate the difficulties subcontractors face when they challenge the releases and waivers that they have already signed.

In the first case, the court ruled that the subcontractor could not pursue an impact claim against the contractor alleging that the contractor's actions increased the subcontractor's costs because it had signed a partial release.

Kleinknecht Electric Co. entered into an electrical subcontract with Jeffrey M. Brown Associates, Inc., a general contractor. The actual cost of the work exceeded the original contract price, which made it necessary for Kleinknecht to submit change orders. Throughout the project, Brown required Kleinknecht to submit partial releases and waivers of liens as a pre-condition to payment.

When the project was finished, Kleinknecht filed two claims against Brown and its surety, Federal Insurance Company:

For payment for the extra work it had performed.

For money in the "cost of impact" claim valued at nearly \$3 million that it had previously filed against Brown for conduct that made Kleinknecht's work more costly.

The court denied both claims. It followed a strict interpretation of the language in the partial release, holding that Kleinknecht was barred from pursuing any claim, including the impact claim that existed at the time it executed the partial release. The court reasoned that since Kleinknecht had previously asserted the claim in the change order it was undoubtedly aware of the existence of its claim and had failed to reserve its rights or limit the terms of the release.

The court did note, however, that Kleinknecht could have preserved its claim by limiting the terms of the release or reserving its rights to bring claim in the future.

But when it comes to releases and waivers, subcontractors are between a rock and a hard place. Whether a contractor will issue payment on receipt of a qualified partial release is always open to question. For

that reason, contractors and subcontractors must consider the consequences of signing any partial release or waiver of liens without preserving existing claims. If the claim is reserved, there is a question whether a subcontractor will ever receive payment. If the claim is not reserved, however, it could be waived.

In the second case, the court sent a clear message that a subcontractor waives its right to claim damages for delay, e.g., the costs it incurs while waiting for the project to proceed, when it signs a change order containing a release from all claims.

....contractors and subcontractors must consider the consequences of signing any partial release or waiver of liens without preserving existing claims.

Scandale Associated Builders & Engineers signed a contract with Bell Justice Facilities for concrete work to build a federal penitentiary. The subcontract did not specify a completion date for the Scandale's work, but it did contain a "no damages for delay" clause. The subcontractor did not complete its work until more than a year after the anticipated completion date, in part because earthmoving on the project was suspended after state and federal agencies issued stop orders. The subcontractor also claimed that its work was delayed by the contractor's tardiness in issuing a project schedule

and by untimely redesigns. The parties executed change orders as a result of the delays. One change order contained a comprehensive release concerning all delay and extra work claims. The contractor refused to pay the subcontractor the final balance until the subcontractor signed a final waiver releasing its claims. The subcontractor refused the contractor's final settlement offer, which required the subcontractor to sign the final waiver. The subcontractor sued the contractor for delay and impact costs among other claims.

The contractor asserted that subcontract's "no damages for delay" clause was enforceable. The subcontractor countered that the clause was unenforceable because of certain exceptions in state law. The parties also disputed whether a change order constituted an enforceable agreement and satisfaction of the subcontractor's delay claims.

The court sided with the general contractor. No matter that the contractor might have interfered with the subcontractor's work by rescheduling it and making design changes. No matter that the contractor might have failed to issue a project schedule and replace another subcontractor in a timely fashion. The subcontractor

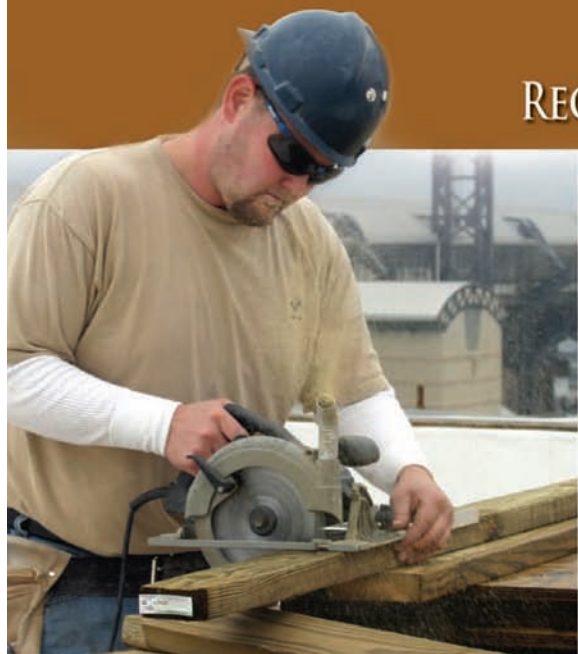
signed a change order that plainly stated that it was a complete and final payment for its work, including delays and other impact costs. The change order clearly served as an enforceable release of the delay damages. By signing the change order, the subcontractor waived its right to all damages connected with changes to its work. Because the change order constituted a waiver of the subcontractor's delay damages, the contractor was entitled to judgment as a matter of law on the subcontractor's delay claim.

Subcontractors must carefully review change order language covering releases and waivers. If the release form contains language similar to the language in the forms that Kleinknecht signed, they may be signing away their rights to claim damages. Because releases are a potent legal tool, subcontractors should consult with qualified attorneys before blindly accepting the language in them. **BC**

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Financial Perspective

Local Business Privilege Tax - The PA Supreme Court Changes the Rules

By Stephen Blair

In a recent decision that will be of interest to construction professionals, the Pennsylvania Supreme Court held that a contractor's revenues from a construction project in Harrisburg, Pennsylvania, were subject to the Harrisburg business privilege tax, in spite of the fact that the taxpayer did not maintain an actual business office in Harrisburg. In the case of V.L. Rendina Inc. v. City of Harrisburg and Harrisburg School District (December 27, 2007), the contractor had only a trailer at the Harrisburg job site. The office was not a permanent office which served as a base of operations for other projects elsewhere. This was an unexpected and surprising decision because it represents a departure from the rules as they had been generally understood for more than 20 years.

Those doing business in the construction industry within Pennsylvania have, since 1986, been relying on a rule established by the case of Gilberti vs. The City of Pittsburgh. Louis Gilberti is an architect who maintained his sole business office in Pittsburgh, but he received a substantial portion of his revenues from on-site supervision of a construction project located outside the city limits. Gilberti wanted to pay business privilege tax to Pittsburgh only on receipts attributable to services he performed within the city. The Pennsylvania Supreme Court, however, ruled that Gilberti was required to pay business privilege tax to Pittsburgh on all of his revenue, even revenue earned outside the city, because he maintained his business office in Pittsburgh. The Gilberti court explained that this is a tax on the privilege of engaging in business, and the taxpayer exercises this privilege where he maintains his office from which he manages and controls his business. The court held that although the scope of Gilberti's business included transactions which occurred outside of

the city, this fact did not change the conclusion that he could only exercise his privilege to do business in the place where he maintained his office.

In recent years there have been a number of cases decided by Pennsylvania's Commonwealth Court dealing with local business privilege taxes as they have been applied to construction contractors. These cases have relied on the Gilberti decision, and every single one of these decisions has consistently held that the taxpayer could not be required to pay business privilege tax to any jurisdiction other than where he maintains a permanent bona fide business office. For a number of years, therefore, the general understanding within the industry has been that a limited presence (such as a trailer at a construction job site) by the taxpayer was not sufficient to enable municipalities to impose their business privilege tax upon taxpayers transacting business in their jurisdiction.

Indeed, the Commonwealth Court had ruled that Rendina was not subject to the Harrisburg business privilege tax because the simple trailer parked at the job site was not a true "base of operations" for the contractors' business. The Supreme Court, however, held that the lower court had no basis for requiring

an actual, physical, permanent place of business in the taxing municipality as a prerequisite to the imposition of any business privilege tax.

According to this new Supreme Court decision, there is actually no Pennsylvania law that limits municipalities to imposing a business privilege tax liability upon only those taxpayers who maintain a full, permanent and functionally independent business office within the boundaries of the taxing municipality. Although maintenance of an in-city base of operations from which a taxpayer directs business activities conducted outside of the city may be a condition to permit the city's taxation of such activities, it does not follow that the existence of such an office is a necessary condition for the taxation of business activities that occur wholly inside of the taxing

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municipality's boundaries. Thus the Supreme Court held that the establishment of a base of operations for the taxpayer's entire business enterprise was not a necessary requirement for the creation of a business privilege tax liability resulting from business activities conducted by the taxpayer within the city. The nexus for taxing in-city activities was established by the contractor's presence in the city, specifically their presence at the job site. The Supreme Court concluded that the maintenance in a taxing jurisdiction of a job-site trailer for a major, long-term construction project represents commercial activity relying on the privilege to do business afforded by the municipality. Accordingly, the contractor was subject to the city's business privilege tax.

As a result of this case many taxpayers may find that they will be required to file local business privilege tax returns in more places. They should certainly consider doing so in those places where they maintain a trailer or some other form of substantial presence, even if it is not of a permanent nature. They will, therefore, be dealing with the increased administrative burden of filing business privilege tax returns in more local

jurisdictions. This can be burdensome since they probably are unfamiliar with the local rules that are applicable in their various filed locations, and they may not even know whether the local governments impose a business privilege tax or not (not all municipalities in PA impose such a tax).

The only good news is that these taxpayers will be able to reduce the amount of tax they pay to their primary headquarters jurisdiction, since they cannot be required to pay tax twice on the same revenues. Pennsylvania maintains a website which can be a useful source of information in this area; see <http://munstatspa.dced.state.pa.us/Registers.aspx>. It is also important to seek the advice and expertise of a certified public accounting firm that is well-versed on state and local taxation issues. **BG**

Stephen Blair is a Tax Manager at Alpern Rosenthal, one of the region's largest Certified Public Accounting and Business Advisory Firms. He can be reached at 412.281.2501 or sblair@alpern.com.

The graphic features a dark red background. In the center, the word "POP" is written in large, white, bold letters, each inside a white circle. To the right of "POP", the word "City" is written in a white, cursive-style font. Surrounding the central text are several light gray circles, each containing a topic in white text: "development news" (top left), "creativity" (top center), "talent" (top right), "innovation & technology" (far top right), "job growth" (bottom left), "diversity" (bottom center), and "arts & culture" (bottom right). Below the "POP City" text, the phrase "Changing the conversation about Pittsburgh." is written in white, followed by "One issue at a time." in a smaller white font. At the very bottom, a white banner contains the text "Free weekly emagazine. Sign up at popcitymedia.com" in dark red.

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MBE/WBE Company Spotlight

6 Degrees Consulting

Bob Lawson likes to compete. That drive helped propel him to a Division 1 football scholarship at the University of Pittsburgh in the early 1980's. It also sparked him to turn a career in business development and marketing for Fortune 500 companies into a start-up in the region's construction industry.

After finishing at Pitt in 1985, Lawson got an opportunity to work for the local Pepsi operation because of his competitive nature. Pepsi was in the midst of the 'cola wars' and decided to look for a more driven sales staff, and an athlete fit into that plan. Following that, while working for KDKA TV and CBS radio for almost a decade, Lawson began to sense that corporate culture wasn't satisfying him. He realized that he'd rather develop business for himself instead of someone else.

On July 1, 2006, Lawson founded 6 Degrees Consulting to provide marketing and business development services for small businesses in the area. Very early on, he noted an opportunity. "I was doing business development for a minority contractor and realized there was this void in the local market for certified minority contractors," remembers Lawson. "I started doing the research on the market, and was encouraged by a lot of people to develop the business. It really got my competitive juices flowing."

Lawson's work for his subcontractor clients has built the foundations of relationships with a number of the region's general contractors. "Talking to them, I realized that I could find business with them," he says, "To a person, everyone I spoke with said that if I did this the right way, there was a huge opportunity."

Moving from doing sales and marketing for contractors to providing subcontracting services wasn't something Lawson wanted to rush into headlong. During his research he discovered what most small construction businesses do about the Catch-22 of bonding. He was going to be limited in bonding until he had some work under his belt, but without bonding he wasn't going to get much experience. Lawson intended to focus on drywall and interior construction, and was also interested in being a supplier of select materials, but again saw his newness limit the amount of credit available to order.


"While I was researching the business, I came across reports in Atlanta, Tampa, several other places, that suggested that brokering deals would allow a start-up the

opportunity to get cash flow and experience to grow," he explained. Lawson developed a partnership with an interiors contractor that allows him to respond to general contractor needs as he builds the capital and his own crews. "My goal is to become self-performing as quickly as possible." Lawson created B-Diversified Construction, and is certifying the business as a minority-owned enterprise in anticipation of the move to self-performance.

6 Degrees, as B-Diversified, has most recently been working with A. Martini & Co. on work at UPMC and Shadyside Hospital, and with Jendoco Construction at the Propel Charter School in Munhall.

Lawson feels that one of his strengths is that he's developed business skills first. "I can't get out there and hang drywall or take off plans. I have to find good people for that." He laughs, "What I'm used to though is the paperwork, and contracts, the stuff no one else likes to do. They refer to me as the admin around here."

He also has a secondary motivation beyond the profit motive. "There is a youth employment component to B-Diversified that is as important to me as the construction," Lawson says. "With some of the local churches and volunteer agencies I want to introduce kids to working in the trades. This summer I'll be working with 10-15 youth in the residential side of the business. My goal is to get them thinking about what's possible, so they can understand that you can tear a house apart and then rebuild it. It's important for kids from poor neighborhoods to see that they can have a working career."

Bob Lawson feels that at risk youth need an option to distract them from the false dream of some of the get rich quick options that tempt them. He applies the same long-term vision to 6 Degrees Consulting. He's been cautious in what business he approaches. "I expect these first few years to be when I pay my dues, but I'm excited about the opportunity to become one of those companies that people seek out." 

COMPANY FACTS

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Management Perspective

Passing on Networking Skills to the Next Generation

By Jon O'Brien

In the construction industry, a common cliché exists: we don't just build buildings, we build relationships. Yes, it's true, networking is a vital part of this industry, whether you're a project manager looking to move up in the industry or a principal for an architectural or construction company looking for more work. You have to network and build relationships to obtain your goals. Is our industry, particularly our region, cultivating the next generation of leaders to be well-polished professional leaders that understand the importance of networking?

There is not a 'right' time to start networking, especially in an industry where human contact is inevitable. Networking is a constant part of the commercial construction industry for professionals, and there's no written manual on "How To Network." Many learn on their own or from within their own company or industry affiliations.

"The networking aspect of a career in construction over my career has been tremendous for two main reasons; one, I have met some of my closest friends working in the construction industry; and two, I have also been able to advance my career, benefiting my company's bottom line, due to some of the people that I have been fortunate enough to meet and form relationships with," said John E. Deklewa, Vice President, John Deklewa & Sons, Inc. "I am always looking forward to sharing my experiences – both good and bad – with upcoming employees in our company."

With the construction industry's need to attract and retain its current workforce, mentoring advice on any topic related to career development, like networking, is very important. Companies within the industry have taken different approaches on the issue.

"At Easley & Rivers, we take the teamwork approach to our company's involvement in industry networking. If we receive an open invitation to an event, we'll make sure management knows about the event and they can filter it down into their departments," said Tom Milletary, Executive Vice President, Easley & Rivers. "And if it's an event during work hours, we'll coordinate amongst staff

to make sure our productivity does not suffer – we wouldn't want productivity levels to drop due to an entire department being out of the office. But no matter when the event is held or what type of event, our company places a strong emphasis on those individuals networking to return to work and inform their fellow employees of what's going on."

On the design side, IKM Incorporated takes a similar approach of involving the entire company in an employee's development. IKM provides mentoring for its younger professionals to assist in career development and, in return, the firm has been able to receive the full potential of its up and coming employees.

"The new regime of principals has taken the approach of creating a family atmosphere at IKM," said Mark Witouski, Vice President, at IKM. "IKM has always been supportive of an employee's career advancement, however now there's more of a well-rounded approach. One week we might provide mentoring to assist younger professionals with the [architect's] registration process. Then the next week we might offer a financial session on one's personal investments. At IKM, it's an ongoing education of life."

Expanding the conversation beyond direct career information is an important aspect of networking. Opportunities for informal networking are more frequent than industry events. Educating employees on topics outside of the profession can be an excellent way to expand their knowledge foundation, and create a more engaging conversationalist. Hobbies, books, and sports are terrific choices to expand communications topics beyond work.

"One of the reasons we purchase tickets to sporting events is in hopes that employees would take a client to a game to network and improve the relationship," said Todd Dominick, President, Rycon Construction. "I used to find myself telling project managers that they should take a client to a hockey game, but a lesson I've learned over the years is that you cannot push an employee to attend an event or join a social group. There has to be a sincere sentiment for this person to do it."

At Massaro Corporation, the process of guiding younger professionals through the maze of industry associations is not an immediate action, but it does require a personalized touch.

"We sit down in the hiring process and let individuals know what they can expect if they work for Massaro," said Steve Massaro, Vice President, Massaro Corporation. "As an individual progresses in their career, we see where they fit into local associations. Associations are a great tool to incorporate networking and connecting people to others in the area, but associations are not a one-size fits all; we look at the personalities of a person and see where they fit."

There are numerous opportunities for individuals to become active through associations. These groups can provide a vehicle to improve one's career. The Society For Marketing Professional Services (SMPS) and the Business Marketing Association (BMA) are two local marketing associations that strive to improve one's marketing talents and relationship building skills. Both associations unite marketing professionals from all ages, from the young graduate out of college to the seasoned professional.

"At SMPS, we offer educational programs for the professional development of marketing professionals," said Sharon Landau, Marketing Director for Landau Building Co., and Board Member of SMPS Pittsburgh Chapter. "When creating our schedule of events, we try to line up programs and seminars that are going to strengthen one's relationship building. The networking aspect of SMPS does not stay local in the chapter. Our national affiliate set up an intranet system where members from around the country can connect. This e-network is great if your company is planning to enter another market or if you're a younger professional and have questions about how other areas conduct business."

At the Business Marketing Association Pittsburgh Chapter, the focus is more on business-to-business marketing. Education programs are geared for all ages.

"The Pittsburgh area is a strong area for business-to-business marketing and the BMA fills a niche by uniting professionals in B2B," said Melissa Jones, Marketing Director for Babst, Calland, Clements and Zomnir, P.C. and Board Member of BMA Pittsburgh Chapter. "Every spring the BMA offers an educational series that serves as a primer for younger professionals and they can see what they're in for with a career in B2B, plus the more seasoned professionals receive a refresher by attending the BMA education courses."


Associations are a great resource for young professionals to build relationships in their careers, providing valuable networking advice. Around the turn of the century, the Master Builders' Association established the Young Constructors, whose main objective is to expose and educate young industry leaders, 45 years of age and younger, to all aspects of the construction industry through continuing education and peer networking.

"One of the original goals of the Young Constructors was to acclimate young professionals in construction, that may be used to the field life, into a more relaxed, social setting," said James Frantz, President, TEDCO, and the first Chairman of the Young Constructors. "We placed a strong emphasis on strengthening the communication skills of the Young Constructors constituency. I believe we were successful, and I'm glad the next wave of young professionals is carrying the torch of the Young Constructors."

The architect's equivalent to the Young Constructors is the Pittsburgh's Intern & Young Architects Forum (PIYAF). This group's purpose is to address issues of particular importance to recently licensed architects and interning architects. PIYAF encourages professional growth and leadership development through interaction and collaboration within the AIA and industry groups.

"I have seen firsthand the positives that derive from peer-to-peer networking at the young professional level with PIYAF," said Doug Shuck, Principal, WTW Architects. "Our firm's future leaders are able to connect with others at the same point in their careers to create a viable communication network that emerging design professionals can utilize throughout their careers. Productivity today is about whom you know to call and solve a problem quickly and PIYAF connects young professionals early in their careers."

Shuck believes young architects should strive to build relationships with contractors early in their careers to provide the key relationships to carry through the rough times that can come up on projects. The relationships can be partnership foundations for future business, design build, or CM projects. These associations create a mutual respect for each other's professions, architecture and contracting.

Advice and coaching related to networking can be beneficial to future leaders of the design and construction industries, and the Pittsburgh region is fortunate to have companies and associations that assist in career development. These wonderful resources might prevent an individual from making a networking mistake or two along the way, but the best education in relationship building cannot be taught by book or passed down from generation; the best advice is to get out there and proudly represent yourself and company in the community to build the relationships that will last a career and beyond. 

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Trend to Watch



Form Based Codes Are Coming

One of the hot development trends over the past decade has been the growth of the suburban mixed-use development that mimics some of the best aspects of urban land development. These projects, which boomed especially in regions with rapid suburban growth-like Charlotte, northern Virginia and central Florida often adopted the name 'fill in the blank town center.' As New Urbanism gathered steam as a trend, these kinds of developments began being referred to as Traditional Neighborhood Developments (TND).

Mixed-use or TND projects are welcomed in suburban planning and zoning offices because they have very little downside for the municipality. The projects attract more residents and more commercial tax revenues with less land use. But a TND can be a problem for traditional zoning, since the result of land use ordinances (often the intent) is to segregate building types, often keeping residential buffered from commercial uses.

As the popularity of the mixed-use project grew, planners and architects began to examine why the developments were so attractive to residential buyers. The answers showed that people liked the scale of the development, which often harkened back to a 'Bedford Falls' vision of small town America. Residents didn't mind living next to an office or retail establishment, or even above one, because the building's style and its relationship with the neighborhood were of residential scale.

In the early years of this decade, recognition of this trend and its attributes lead to the creation of zoning that was based on the development's form more than the traditional zoning issues of density and setbacks. Form-Based Codes (FBC) grew up in areas of higher growth or existing suburban sprawl, and have only found their way into eastern PA in the past year or so. The popularity of Form-Based Codes extends to the design and development community, and makes life much easier for the regulator; thus the spread of FBC is

accelerating, including the planning for adoption of FBC as an overlay in Cranberry Township later this year.

It's probably easiest to think of the difference between traditional zoning and Form-Based Codes as the difference in orientation between looking at an aerial view and a ground level view of the properties, and an emphasis on the built environment versus the regulatory statistics. Within broad acceptable land uses, FBC emphasizes building height, how it's oriented to the street and surrounding buildings, building elements like windows and doors, and how you access the building. The nature of these developments allows for more flexible land use, meaning that a developer can shift building end use to meet what the market is demanding, even after going through municipal review.

In Cranberry, the application of FBC will be done as overlay districts, rather than as a new comprehensive plan. The township allowed for areas of higher density in some of its existing comprehensive plan, and the new overlays will simply add definition.

"We're calling it a TND Ordinance," explains Ron Henshaw, Director of Community Development for Cranberry Township. "The TND isn't one shoe that fits all. So we're developing three types, with different levels of density and commercial intensity."

Because there were already specific plans submitted for development that could apply, Cranberry Township can easily define its intended locations for form-based zoning. Their vision for a town center, on land set aside for such a use, describes a high-density urban residential component, with mostly single-family housing, and higher density of retail and office use. This will be TND-3. Cranberry's proposed TND-2 will apply to developments like Park Place and Bellevue Park, which include detached single-family and attached housing, allowing for commercial development of less intensity. The areas overlaid as TND-1 will be almost solely residential, with few commercial components.

Adopting new FBC ordinances, and enforcing them is easier, claims Will Selman, Senior Planner for Lancaster County, because the public can better grasp what is

being proposed. "The emphasis is on what the development is going to look like, and it grows out of a shared physical vision for the community," says Selman. "Zoning calculations and setbacks aren't easily visualized by the average citizen, but the form of the building is."


Selman is a board member of the Association for New Urbanism in Pennsylvania. A group dedicated to promoting the best properties of New Urbanism here in PA. He asserts that FBC is especially useful in promoting infill and retrofit of older neighborhoods because the development form already exists, and the threshold of tolerance for land use is pretty low.


Selman also sees FBC as developer-friendly. "What grows out of form-based zoning is predictability in the review process," he says. "Developers can be more certain about what will pass muster, and the review process is much smoother. A compressed public review reduces the developers cost."

One of the more important community benefits of Form-Based Codes is that they more readily regulate at the scale of an individual building, and the simpler and more obvious regulations encourage individual development, rather than the large tract assemblage of land and lots that current land use regulations encourage.

Architect Michael Stern, partner in Strada Architecture, believes that FBC does a better job of protecting community standards as well. Strada is the local architect for the Majestic Star Casino. "Probably because of my recent experience, I'm less convinced of the value of public review as a watchdog for good design," noted Stern with some humor. "Form-based codes are a better approach because they focus on buildings and streets and how they relate to the pedestrian."

Stern's viewpoint may be biased, but the haggling over the Majestic Star points out the advantages of FBC. The zoning rules that govern North Shore development do little to govern the design, creating arguments over what was agreed to, and encouraging the Barden Group to push the envelope of what's allowed, since the process has dragged out and become so politicized. Form-based zoning can't eliminate politics, but it would limit discussion about design subjectivity to what does and does not conform to the community's codified vision about size and appearance.

Form-based codes are gathering momentum throughout the nation. As municipal and county planners get acquainted with FBC, they tend to get on board very quickly. A Form-Based Codes Institute has been formed to advocate and explain the concept. Unless you don't plan to own, develop, design or build in the next few years, go to www.formbasedcodes.org to learn more. 



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The Case for Negotiated Contracts

While we're in the midst of an extended period of booming construction in Western PA, the rumbling in the distance is the sound of the national construction market stumbling towards a decline. We may miss the decline here, but in case things start to slow down, as we get closer to 2009, it's a good time to think about the temptation to take advantage of a slow market by steering to more competitive bidding.

At the basis of the theory of the value of competitive bidding is the assumption that the contractors (and the sub tiers bidding to them) will work to reach the highest possible price that still allows them to secure the job. Most of us think of it the other way around, but the theory of competitive pricing is actually based upon the bidders profit motive (would you really want to work in a building that was built by the guy who wanted to build the cheapest building?).

On the other hand, the popular theory on negotiating contracts is that it maximizes the profit for the contractor, meaning that the owner pay more than he has to. This wasn't a theory that has just been propagated by owners, by the way. Nearly every contractor, or subcontractor, who looked for negotiated work, did so because they perceived the reduced competition meant higher numbers.

Like the competitive bid theory, this one has its own holes, since a negotiated contract is often perceived by the client to mean that the contractor has all the unknowns covered. This perception leads to a lot of fighting, but also to contractors starting projects with a profit expectation that declines steadily throughout the job.

During this most recent expansion in regional construction, more owners and architects seem to acknowledge the high activity level by trying alternative methods of contracting. The move towards more negotiation may have been in grudging acceptance of market conditions initially, but more and more, all parties involved have grown to see that negotiating early with a construction team brings more, rather than less certainty, to a project.

"I believe that negotiating is absolutely, every time, a better delivery method than bidding," says

Steve Massaro, Vice President at Massaro Corp. "The owner gets preconstruction cost control and budgeting, and input from the general throughout design on buyout and savings. Then when the general prepares the GMP, he's bidding it anyway."

Cost control seems to be the one big obstacle facing every owner right now, and one of the common themes in any discussion of preconstruction services by the general contractor. While the popular myth holds that architects hold tyrannically to their design, budget be damned, the reality is that most are happy for the help.

One of the misconceptions that plague the practice of architecture is that the designer is going to have a keen working understanding of the

day-to-day market conditions that effect pricing. By the nature of the practice it's almost impossible for any single architect to be active enough in the market to know costs with the same accuracy as a contractor's estimator. The difference between expertise, which the architect brings to the project, and awareness of market conditions is what creates uncertainty about the project budget.

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James Zielinski, who manages construction and facilities for the Catholic Diocese of Pittsburgh, notes that the Diocese began moving away from hard bidding as a rule because of the uncertainties. "We typically prepared complete bid documents and bid the projects, but that lead to projects being way over budget, and a lot of constructability problems," explained Zielinski. "We have begun to interview contractors early on in the process and select one for preconstruction services. Then we can look at the project's costs and constructability during design, and make decisions about awarding a contract for construction, or even putting the job out for bid."

"I prefer negotiating with a contractor. I have a strong belief that the owner is better served because the project moves in a straight line," asserts architect Arthur Lubetz. Long a proponent for negotiation, Lubetz is not known for wanting to compromise his designs, and feels negotiating helps with that. "Working together with the contractor helps identify places to do things differently, to save money in places that allow us to keep design elements that are important to us or the client."

In traditional design-bid-build methodology, the important design features are at the mercy of the final numbers, and at that, the costs of what the architect and owner want are tougher to save by 'value engineering'. The value of preconstruction analysis is that the 'sacred cows' can be identified and protected, even on small jobs.

"I think it's even more important on smaller jobs," says Massaro. Smaller projects would seem to have less room for a percent or two for preconstruction services, but Steve Massaro disagrees. "What's a point on half-million, \$5,000? We can find that very easily during preconstruction." Massaro has an even stronger opinion about cost cutting after the design. "If you're doing VE at the CD stage you're not getting dollar for dollar savings to what you'd get in design. Even the subs will hold back some money at that point."

Mark Dellana, Executive Vice President of Development/Construction for DOC ECONOMOU, was the Vice President of Development for the Soffer Organization during the construction of the South Side Works. Soffer brought contractors on board during early stages of development, and found a higher level of comfort. "Negotiating used to be a bad word for a developer, but we'd rather find somebody we're comfortable with and work out a price as the project develops," explains Dellana.

Soffer's model also focuses strongly on the subcontractors. "We'd ask the general to be in on scope review meetings with the subs at pricing time," says Dellana. "We wanted

to be sure that the sub has everything included, but we also ask about insurance, bonding, references, etc. We don't always want the low bidder, especially with the major trades like steel and MEP trades."


Dellana asserts that Soffer was willing to put their money where their mouth is. "If we felt strongly enough, we would ask the general to use a sub that we thought was better qualified, even if they weren't the low bidder," he says.

"I'd negotiate more often; it's a lot less painful," joked North Hills architect Paul Slowik, of Paul Slowik & Associates. Like Dellana, Paul Slowik is concerned with subcontractors. "Bidding projects opens things up to subs that don't always work with all the generals bidding," he says. "One wild plumbing number can mess up the whole mix, and the generals can't just ignore a bad number just because it doesn't come from his sub."

Slowik's is a point that is often overlooked by competitive bidding proponents. While the concept of bidding holds that the bidders who know it's flawed will ignore the uncompetitive number, the reality is different. Communications on bid day, especially in the last hour, are frantic, and not very confidential. The bad number more often than not drives down that sub market unnecessarily, and generals may not have the time, or inclination, to ignore a number that might get them the job. The environment doesn't breed comfort.

Negotiating projects does require a comfort level that has to come from experience, or the exercise becomes more of a sales job. "I usually only get to negotiate with clients that have experience with it," admits Paul Slowik.

Contractors can also have a comfort barrier to overcome. "We do very little true negotiated work," says Joe Burchick, owner of Burchick Construction. "There's an internal cost to negotiating that I'm not as comfortable with. You've got to put more effort into sales than we do." Maintaining relationships is a function of spending time, and money, with prospective clients. For a lot of firms, the effort doesn't suit their style, and they find it frustrating to see much of their marketing effort come back to the low number in the end.

For those interested in trying to find projects that offer opportunity outside the hard bid arena, it is worth noting that the frustrations will occur, and sales and marketing will be necessary to get consideration. The key element for all those who are prospering while negotiating their construction, regardless of what side of the table you sit, is trust. 

AWARDS & CONTRACTS

F. J. Busse Company is building out 27,000 square feet of office in Commerce Court for Lucent Alcatel. **KSBA Architects** designed the project, which should total approximately \$1.8 million.

F. J. Busse was awarded a contract for renovations to 6,200 square feet of space in the basement of the Software Engineering Institute for Carnegie Mellon. Construction on the \$550,000 project began in February. **Pfaffmann + Associates** is the architect. **Busse** was also the successful contractor on the renovations to 5,700 square feet of the seventh floor of the Heinz 57 Center for Pennsylvania Bar Institute.

TEDCO Construction Corp. was awarded the \$30 million renovation to the former G. C. Murphy's store on Fifth Avenue. The project is being developed by Millcraft Industries, and involves adaptive re-use of seven buildings along Fifth Avenue at Market Square, creating 60,000 square feet of retail/mixed use space and 50 loft condos. The architect is **Strada Architecture**.

Allegheny General Hospital has selected **TEDCO Construction** as contractor for its 10th Floor Joint Center. **Valentour English Bodnar & Howell** are the architects for the \$1 million renovation.

TEDCO Construction was selected as the contractor for West Virginia University's Downtown Student Housing project in Morgantown. The \$17.6 million apartments were designed by **Paradigm Architecture**, and developed for WVU by American Campus Communities of Dallas, TX. The 90,000 square foot buildings will house 362 students.

Carnegie Mellon University has selected **Jendoco Construction** as construction manager for renovations to Hammerschlag Hall. The \$1.5 million project involves renovations to approximately 8,000 square feet. **Loysen + Kreuthmeier** are the architects.

Propel Schools selected **Jendoco Construction Corporation** as contractor for a \$1.5 million project at the charter

school in Munhall, PA. **Lami-Grubb Architects** is the architect for the 20,000 square foot interior renovation. **Jendoco** has been awarded a design/build contract by Duquesne University for a new Wellness Center. The \$300,000 project involves interior renovations to 3,800 square feet of a three story office located in downtown Pittsburgh.

The team of **Jendoco Construction Corporation** and **The Design Alliance** was awarded the 2007 Faith & Form Religious Architecture Merit Award for Religious Architecture Renovation for the Calvary Episcopal Church project.

Nicholson Construction Company was recently named the 2008 Quality contractor of the Year by ADSC: The International Association of Foundation Drilling. The award was presented at the ADSC Annual Meeting in Palm Springs, CA. The award, which recognizes companies that demonstrate the highest level of quality control in their work, is based upon "measured adherence to contract standards and specifications as well as documented conformance with internally-prepared quality control plans."

Burchick Construction Company Inc. has recently been awarded a project for the Bank of New York (BNY) (formally Mellon) Building Three, floors three, four and five renovations. The scope of work consists of demolition and tenant fit out of the three floors totaling approximately 60,000 square feet. Completion of the fifth floor is scheduled for May 1 with a July 1 completion date scheduled for floors three and four. The architect on the \$2.8 million project is **DRS Architects Inc.** and the Mechanical consultant is **H. F. Lenz Company**.

Yarborough Development is the successful contractor for \$1.7 million general construction of the new University High School Stadium in Morgantown. **Williamson Shriver** is the architect for the \$3 million overall project, for Monongalia County Schools.

The University of Pittsburgh Medical Center awarded **John Deklewa & Sons** two projects. At Children's Hospital North, **Deklewa** is doing a \$1.2 million renovation of Operating Room #4 Recovery and Support Space at the Franklin Park facility. At Presbyterian University Hospital the project is a \$1 million renovation of the Hematopathology Levels 3G and 6C. **Burt Hill** is the architect for both projects.

LSG Sky Chefs selected **John Deklewa & Sons** for renovations to an In-Flight Kitchen Facility for at the Pittsburgh International Airport. The \$1.2 million project involves renovations to approximately 7,500 square feet at 452 Tower Road. **MCA Architects**, from Portland, designed the project.

Excelsa Healthcare has awarded **A. Martini & Company** four new contracts for x-ray, CT scan, critical care unit and cardiac cath labs at their Frick, Westmoreland and Jeannette Hospitals totaling \$2 million. **Burt Hill** is the architect for Excelsa.

Carl Walker Construction has been awarded a \$16 million contract from Winthrop University Hospital to add three additional floors to its existing parking structure in Minneola, New York. The new parking capacity will be used to accommodate employee parking at the medical center. The addition to the parking structure will provide approximately 700 parking spaces on three newly constructed levels. The parking structure is three bays wide, and has a footprint of approximately 70,000 square feet.

Mascaro Construction is providing preconstruction services to the General Services Administration (GSA) for the construction of the new 223,000-square-foot Toledo Federal Courthouse, featuring six courtrooms on a 7.5 acre site in Toledo. The initial schedule requires construction to begin in 2011. The design team is **URS and Yazdani Studio of Cannon Design**.

Over the next eight months, **Mascaro** will work closely with the University of Pittsburgh, Wilson Architects, Renaissance 3 Architects, and Affiliated Engineers to develop the Chevron Science Center Annex project. The initial design consists of two-floors of lab space constructed between Chevron Science Center and Eberly Hall. The project team is analyzing alternate designs that will expand the Annex project and potentially create four floors of lab space. The preconstruction phase is expected to complete in late 2008 and construction to begin during the second quarter of 2009.

Mascaro was the low bidder on the structural steel and decking package for the University of Pittsburgh's Benedum Hall upgrades. This package is part of the Phase

I upgrades to construct a new building that will connect Benedum Tower to the auditorium. This new two-story structure will become the home of the Mascaro Center for Sustainable Innovation (MCSI). **Mascaro** is the construction manager at risk for the MCSI project and **EDGE Studio** is the local architect.

Landau Building Company was recently awarded a contract from the West Virginia University Hospitals to construct an addition to the existing Cheat Lake Clinic located in Morgantown, WV. Construction has commenced and will be completed by the end of 2008. The architect is **Zilka & Associates**, Inc. from Cheswick, PA. Marshall County School District recently awarded a contract to **Landau Building Co.** to perform renovations to the Cameron Junior/Senior High School in Cameron WV. **McKinley & Associates** is the architect.

Marks-Landau Construction, LLC was awarded a contract as Construction Manager for Genesis Partners for the construction of the first of six buildings located in the Market Place at Charles Pointe. The Market Place will feature more than 230,000 square feet of office, retail and residential space. The first building is a 58,000 square foot, Class A office building. **Marks-Landau Construction, LLC** is a wholly owned subsidiary of **Landau Building Company**.

P. J. Dick Inc. has been selected as the Construction Manager-At Risk by the University of Pittsburgh for construction of the new \$22 million Robinson Court Athletic Complex, which will house soccer, baseball and softball fields as well as stadium seating and support facilities. The architect for this project is **L. Robert Kimball & Associates**.

P. J. Dick is also providing construction-planning services to FWG Real Estate for the proposed \$100 million-plus Oakland Portal Project. The plans for this project currently consist of a mixed-use facility that will house a hotel, office space, and parking facilities in the Oakland area of Pittsburgh.

American Beverage Corp. selected **Uhl Construction** as contractor for a \$3 million expansion of their Verona facility. The project involves approximately 22,500 square feet of new construction. The design team includes Olsen/Hill Design Associates architects, Negley Design, Olsen Engineers and Murray Associates.

Massaro Corporation has been selected by Direct Sites, Inc. to be the design/builder on the \$400,000 renovations to 2,200 square foot space in Green Tree. The space will be utilized as a VISA Gift Card fulfillment center. Work is scheduled to begin the last week of March and run for eleven weeks. Direct Sites, Inc. is the parent company of GiftCards.com, LLC.

Duquesne University has chosen **Massaro Corporation** to lead a design/build team for cosmetic improvements to the fountain located on the university's main campus. Scheduled to begin in the summer of 2008, this improvement will be completed within 5 weeks to accommodate the return of students and faculty for the fall semester of 2008. **Massaro** was also awarded the Duquesne Gumberg Library Hillside Rehab project. This 3,400 square foot renovation project will be complete in August of 2008 and will include a plaza and hillside rehab. The architect for the project is **WTW Architect**.

Point Park University has selected **Massaro** as the contractor for Phase II of renovations at 10 Wood Street on their downtown campus. This 15,000 square foot project will include complete renovations to floors 6, 7, and 8 as well as asbestos abatement. **TKA** is the architect on this renovation.

Massaro Corporation will be performing preconstruction services for Saint Vincent College Science Center. **Massaro** will be working on this academic building between February of 2008 and January of 2009. **MacLachlan Cornelius & Filoni** is the architect on this project.

Massaro Corporation has been hired to serve as the design/build contractor for the Expedient Data Center and Office Room Modifications located at 810 Parish Street in Pittsburgh. This renovation will include replacing flooring, creating offices, remodeling restrooms and demolition. The 15-week project will begin in early April.

Massaro Corporation has been selected by Point Park University for a design/build project on their new student housing located at 322 Boulevard of the Allies. Six of the eight floors of this building will be renovated into suite-style apartments to accommodate 100 beds. **McKamish**, **Star Electric**, and **Preferred Fire Protection** are the design/build mechanical electrical and fire protection coordinators on this \$6 million project, scheduled to be complete by August of this year. **TKA** is the architect on this project.

Massaro Corporation has been selected by CVS Caremark to be the design/build contractor for a 47,000 square foot interior renovation to an existing space located at Penn Center East – Building Two in Wilkins Township.

Massaro Corporation has also been selected by the YMCA to be the contractor for a new \$10 million, 50,000 square foot facility in the South Hills of Pittsburgh. **Astorino** is the architect.

Massaro Corporation has also been awarded miscellaneous interior renovations at Kaplan/ICM School

in downtown Pittsburgh. **Massaro Corporation** will do a design/build project with **DRS Architects** at La Roche College for summer renovations.

Massaro CM Services and **L. Robert Kimball and Associates Architects and Engineers** have been awarded the Blair County Ballpark project in which they will evaluate the existing conditions of the stadiums architectural, mechanical, electrical, plumbing, fire protection, site amenities, and athletic specialty systems. They will also be working together at Concord Elementary School providing a constructability review for the Board of Education of the City of Pittsburgh. **Massaro CM Services** has also been awarded pre-construction services by Phipps Conservatory and Botanical Garden. The architect is **The Design Alliance**.

Massaro Corporation has been awarded the new Cork Factory Elevator Addition. This \$357,000 project, on schedule to be completed in June of this year, includes a three-story elevator to an existing parking garage and retail space. The architect on this project is **Antunovich Associates**.

Massaro Corporation has been chosen as the contractor for cafeteria renovations at UPMC Mercy Hospital in Pittsburgh. This 4,200 square foot renovation will include selective demolition, casework, new ceilings, serving areas, and new painting. This renovation will take 3 months to complete.

Allegheny County awarded **Mosites Construction** was the contract for construction of the Duquesne Flyover, a \$12 million new ramp which will connect Route 837 to Center Ave. and South Linden St. and afford access to RIDC's Riverplace City Center of Duquesne without delays from active rail lines.

Poerio Inc. was the successful contractor on the University of Pittsburgh's Cathedral of Learning Sprinkler Upgrade Phase III. The design team for the \$960,000 project included architect **Celli-Flynn Brennan Architects & Planners** and engineer **H. F. Lenz Co.**

Rycon Construction was selected as contractor for the fit-out of the new Reed Smith offices, to be built in 3 PNC Plaza. **Gensler** is the architect for the project, which involves 192,000 square feet of construction on seven floors for a staff of 655 people.

Carnegie Mellon University selected **Rycon Construction** to do renovations to fraternity houses at 1085-1097 Morewood Avenue. The \$1.5 million project will be completed this summer. The architect is **Lami-Grubb Architects**. **BG**

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FACES & NEW PLACES

Michael Kuhn was promoted to Vice President at **Jendoco Construction Corp.** Mr. Kuhn is a graduate of the Pennsylvania State University's Architectural Engineering Program, and has been involved in many aspects of the business primarily focusing on Project Management and Estimating. He is LEED Accredited and currently serves as Secretary on the Board of Directors for the Green Building Alliance. He is also a chairperson for the Master Builders' Association's Young Constructors.

The **Gateway Engineers**, located in Green Tree, recently promoted **Jason Jesso**, RLA, ASLA to Director of Operations. He joins the Project Support Services Team where he will assume greater responsibility at the company-wide level. While Jesso will continue to execute projects and serve as the Butler, PA office Team Leader, he will also assist in many corporate operational initiatives.

The **Duggan Rhodes Group** named **W. Michael Birmingham**, CCE, PSP Project Executive. He has been with The Duggan Rhodes Group since 2002. As Project Executive, Mr. Birmingham is primarily responsible for the direct management and oversight of projects within The Duggan Rhodes Group's construction dispute resolution services division as well as the construction project controls/scheduling services division. Mr. Birmingham was also recently certified as a Planning and Scheduling Professional (PSP) by The Association for the Advancement of Cost Engineers International (AACEI). This is in addition to his accreditation as a Certified Cost Engineer (CCE).

Rycon Construction Inc. has hired **Chris Burns** as Preconstruction Manager.

The newest additions to the professional staff at **WTW Architects** of Pittsburgh are **Andrew C. Churchill**, **Laura B. Gibson**, **Samantha A. Smelko**, **Abigail C. Anderson**, **Carolyn M. Curcio**, **Adam P. Stadt**, **Douglas M. Lieb**, **Kristin E. Goral**, **Casimir J. Pellegrini**, and **Abigail Mountain**.

George Germany has joined **Massaro Corporation** as a Project Engineer. George joined the Massaro team from the Housing Authority of the City of Pittsburgh where he worked for the last seven years as a Project Manager.

George earned his bachelor's degree in history and education from Akron University in Ohio. **John D. Hoover** joined **Massaro Corporation** as a Project Engineer. John earned a Bachelors Degree from the University of Pittsburgh in History.

Graham Kukucka joined **Massaro Properties, LLC** as a Leasing Representative. Graham is a 2007 graduate of Allegheny College where he earned a Bachelor of Arts degree in Managerial Economics. He is a member of Young Real Estate Professionals and NAIOP.

The **Associated General Contractors of America** (AGC) announced the appointment of **William Bevan III** to the position of Chairman of the AGC Labor & Employment Council. Mr. Bevan is a partner at Reed Smith LLP, a full-service law firm, serving the construction industry. The AGC Labor & Employment Law Council is a network of experienced construction labor and employment attorneys from across the nation who regularly represent local AGC Chapters and Chapters' members.

Seubert & Associates has re-organized its claims approach creating the position of After-Accident Advisor, or AAA, to provide clients a single point-of-contact for all claims. Three After-Accident Advisors are currently on staff. In addition to **Connie Acker** and **Elizabeth Pesce**, both of whom have 20 years of experience in Seubert's claims department, the agency has hired **Chris Gove**, Ms. Gove joined Seubert from York Claims Service, where she was branch manager of the Pittsburgh office and their complex claims analyst. Prior positions include district claims manager for Harleysville Insurance, division claims manager at CNA, and technical claims manager at Kemper Insurance. Supporting the AAA team is another new hire, **Louise Manfredi**. Ms. Manfredi has worked in nearly all phases of the insurance business, handling everything from trucking PUC filings to USAirways workers' compensation claims to claims for an insurance captive. She was chief investigator for the City of Pittsburgh and an adjuster with various carriers, including CNA, American States, St. Paul and Zurich. **BG**



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NAIOP Awards

The Pittsburgh chapter of the National Association of Industrial and Office Properties held its 15th annual awards banquet March 5 at the David L. Lawrence Convention Center downtown. More than 800 people attended the event, which was highlighted by the induction of five members as the inaugural class of the Pittsburgh NAIOP Hall of Fame.



Mike Belsky, of presenting sponsor Columbia Gas, with John Artuso of Construction Engineering Consultants.



(Left to Right) NAIOP President Tom Bisacquino, Secretary of the Department of Community and Economic Development, Dennis Yablonsky, Chief Executive Officer Allegheny Conference on Community Development, Mike Langley and Chief Executive Officer, Westinghouse Electric Co., Aris Candris.

Young Constructors Kickoff at the Hard Rock

The Young Constructors committee of the Master Builders' Association held its 2008 kick-off even Thursday, March 27 at the Hard Rock Café. Approximately 70 young professionals from the region's contracting, development and design firms listened to Pittsburgh Mayor Luke Ravenstahl discuss his key growth and development initiatives, and had a lively question and answer session with Mayor Ravenstahl.



Michael Stimpson of Massaro Corp., Mayor Luke Ravenstahl, and Dennis Troy of DTI Development.



TEDCO's Dan Bell with Mayor Luke Ravenstahl.

ASA Membership Meeting

The American Subcontractors Association held its annual membership meeting at the Rivers Club on March 4. The evening featured an economic update from Jeff Burd of Tall Timber Group, and presentations on the Powdermill Nature Preserve, Consol Headquarters and St. Paul's Cathedral. The event was attended by 112 members and guests.



Volpatt Construction President, Ray Volpatt Jr., presents the details of the St. Paul's Cathedral project to the ASA annual meeting.



McKamish's Dave Casciani with Ray Volpatt and David Raves of Maiello, Brungo, Maiello.



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(left to right) Rebecca Flora of GBA, Mark Sherman from Centria, business winner; J. Bracken Burns, Washington County, Government winner; William Cagney, Community Leadership winner, Pittsburgh; Peter Spinelli, Community Leaders winner, Laurel Highlands; Kathleen Greely, Community Leadership winner, NWPA; Nathan Wildfire, East Liberty Development Inc, Non-profit winner; Guy McUmber, NWPA; Rick Fedrizzi of USGBC, and Maelene Myers of East Liberty Development Inc, Non-profit winner.




(left-to-right) Dick Rittelmann of Burt Hill, Rebecca Flora, keynote speaker John Knott, Rick Fedrizzi, and Don Carter of Urban Design Associates.



Allegheny Conference CEO, Mike Langley, with Executive VP of Economic Development, Dewitt Peart at the NAIOP banquet.

Greensense 2008

The Green Building Alliance presented its annual day-long education event on March 5 at the David L. Lawrence Convention Center. In addition to educational seminars and keynote presentations, GBA also honored its Shades of Green winners during lunch. 

Friday, July 11, 2008 • 6 pm to 10 pm • Heinz Field, East Club

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Breaking Ground

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MBA Membership

MBA MEMBERSHIP

The Master Builders' Association (MBA) is a trade organization representing Western Pennsylvania's leading commercial, institutional and industrial contractors. MBA contractors invest in a skilled workforce, implementing award-winning safety programs and offer the best in management and stability.

The MBA is a chapter of the Associated General Contractors of America, the nation's largest and oldest construction trade association. The MBA is committed to improving the construction trade association through education, promoting technological advancements and advocating building the highest quality projects for owners. To learn more go to www.mbawpa.org.

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Closing Out

No more “Monopoly hotels”!

By Kevin Turkall

As stewards of the built environment, the development team has an intrinsic responsibility to blend the art of design with the science of construction. If building owners and developers (along with their architects) would genuinely consider the intrinsic long term value of high quality design in their buildings, they would soon realize the added cost— including the architect’s fees - are less than the sales tax!

What other product has such a long life cycle on such a large scale? The buildings we erect today are standing monuments that speak to the state of our economy, the taste and abilities of the owner and the architect. Today’s construction is a living commentary on our optimism and decision making for the next 50 years.

Good design is not necessarily expensive design. It is the successful marriage of client program needs with the architect’s construction experience. A truly great design is not limited solely to the appearance of the building, but incorporates all facets of the image, comfort, efficiencies in energy consumption and circulation, use of natural lighting, and of course, cost.

The cost of design should not be judged exclusively in terms of initial construction expense but equally on operating pro forma, demand for the space and re-sale value. The incorporation of curved walls or sloping glass at strategic locations not only increases the aesthetic interest of the building but can significantly reduce operating costs and therefore increase building value. All of these factors contribute to curb appeal which may be the difference between your building and others when attracting new lease tenants.

Adding significant quality design to a building may increase initial construction cost by a few dollars per square foot, but on a typical five year lease, factoring in tax benefits, increased demand for the building, and potential energy savings, the net cost is nearly irrelevant in the overall operating budget.

Simple considerations such as the building orientation as related to solar path, wind, and regional climatic effects can have extreme results on heat gain, cooling loads, natural light for reading, and other factors affecting occupant comfort. The slope of the roof, amount and type of glazing, or the opportunity to create shade with a simple roof overhang all can improve building performance while adding to the aesthetic beauty of the structure. Durable materials such as stone, masonry, or high performance metals can add texture and shape while providing long term performance and low maintenance.

With appropriate consideration, good design is a great investment which will pay high dividends throughout the life of the building. The next time you find yourself setting a budget for a project, take a moment and think about performance as something more than numbers on a page. Try to visualize how an exciting, durable and sustainable building can improve the pro forma, instead of squeezing the costs as far as you can.

Good design makes for good business too.

Kevin Turkall is the owner of Designstream Architectural Studio. Kevin has been practicing architecture in the Pittsburgh region for 26 years.

Try to visualize how an
exciting, durable and
sustainable building
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This philosophy permeates throughout our entire organization. And since we are the region's largest mutual bank that is independent of Wall Street, our sense of responsibility, civic pride and customer commitment will only strengthen in the future. If all of this sounds unusual, it is.

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