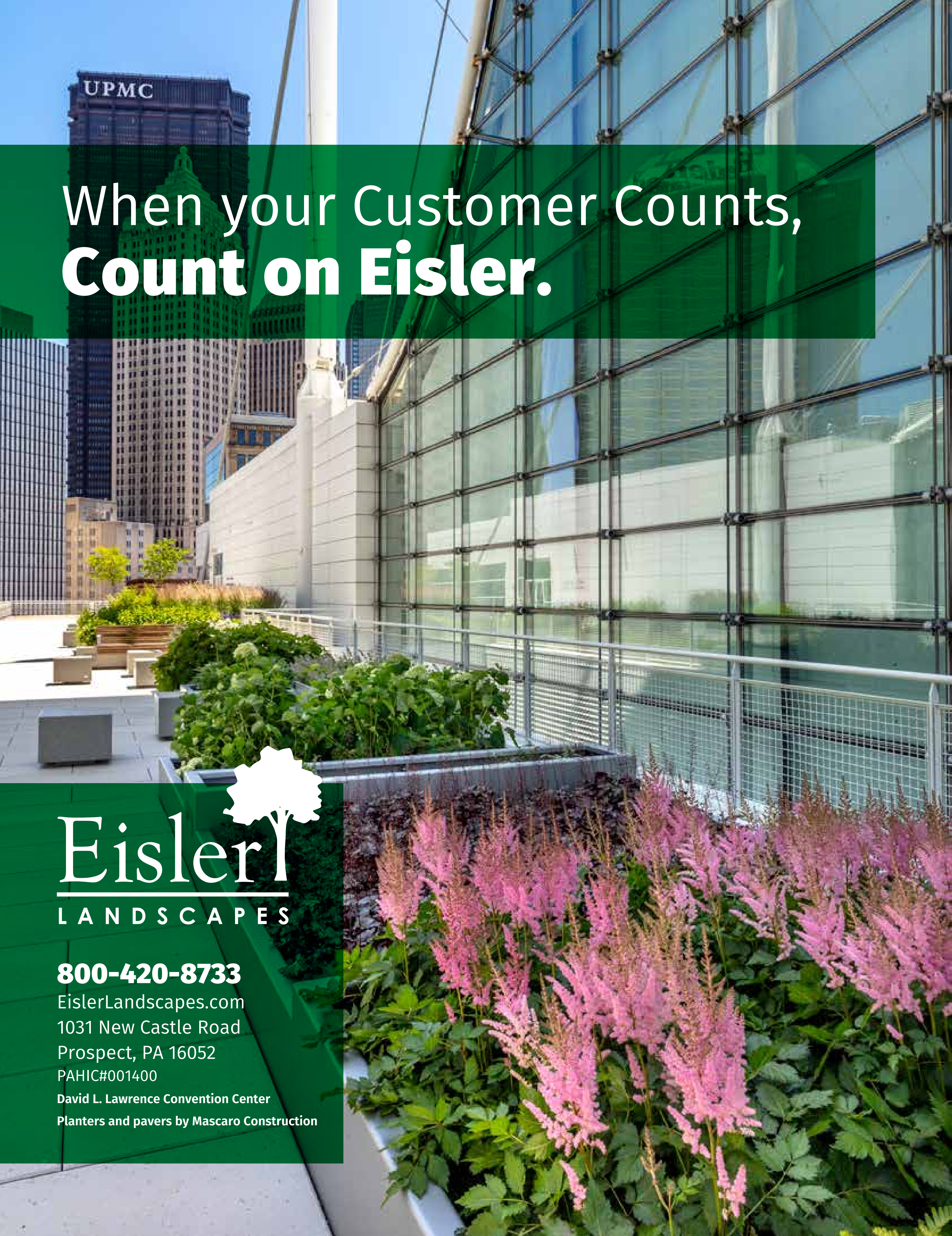
BreakingGround

THE MAGAZINE OF THE MASTER BUILDERS' ASSOCIATION OF WESTERN PENNSYLVANIA SEPTEMBER/OCTOBER 2022

WESTMORELAND COUNTY: MAKING ROOM FOR INDUSTRY

MBA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On the cover: Intervala lobby, RIDC Westmoreland Innovation Center. Photo by Candidly Yours Photography.

MBA

PUBLISHER'S NOTE

During the last few weeks of August, I had the opportunity to speak to a number of leaders in Westmoreland County about the economy and the outlook for construction and development in the county. What I learned in those conversations was surprising and refreshing. I track the construction and real estate markets for a living, but I had been less aware of how well things were going in Westmoreland County until those conversations.

Westmoreland County is a big place. One of the very basic blocking-and-tackling things that my outfit still does to take the pulse of the construction market is to regularly gather information on the building permits issued. Perhaps half of the municipalities in Westmoreland get a monthly stop or report, which covers about 90 percent of the home construction activity. Those places make up only about half of the geographic area of the county. We gather the rest of the information from quarterly or annual reports. In recent years, it has been obvious that the activity has shifted.

During the 1990s and early 2000s, there was a boom of sorts in the bedroom communities east of Monroeville, where farms were being converted to suburbs. Since the Great Recession, some of those communities that were booming have stayed busy, but the activity has picked up further out. The same thing is happening to an extent in the South Hills and North Hills, where land has become scarce in the Butler County and Washington County communities closest to the county borders. But, in Westmoreland County, there is still plenty of land to develop between Murrysville and Greensburg. The catalyst for the activity in the more remote areas of Westmoreland seems to be related to investments made by economic development leaders. That's the way economic development is supposed to work, but it is not always the case.

Public and public/private entities invest in projects for a variety of reasons. While you would expect that each grant or low-interest loan would be made with an expectation of a reasonable chance of success, projects have been selected to win votes, repay favors, or even reward friends of leaders. Investments, especially those made with taxpayer money, are frequently made with a rationale that is more aspirational than realistic. A project is funded with the hope that it will transform the community or people who live where it is located. That is an outcome that is possible, but that line of thinking is like entering marriage with the hope that you will change your spouse. Hope is a poor plan.

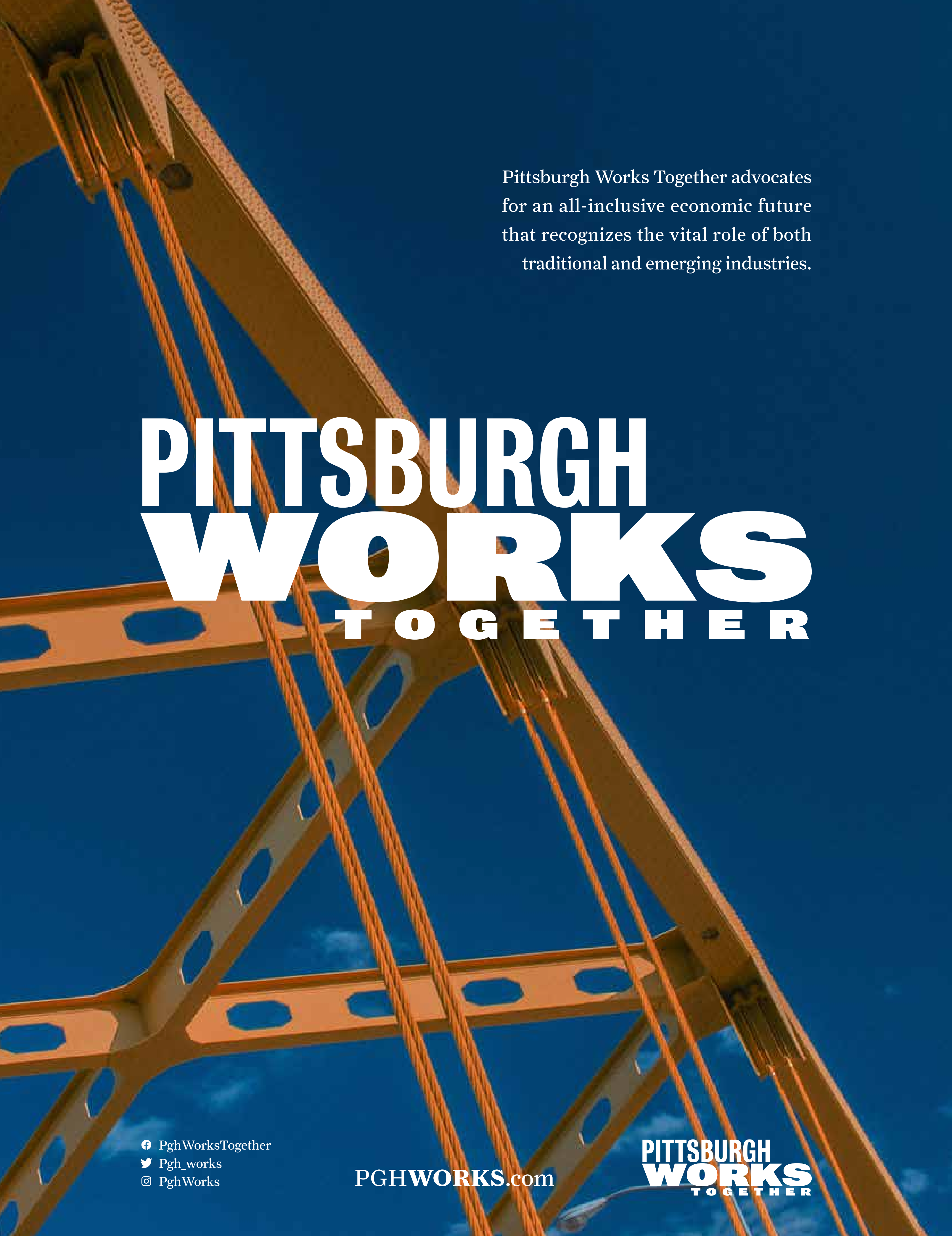
What struck me as I talked to the Westmoreland County elected officials, economic development leaders, and the private sector companies who deal with them is that Westmoreland County understands what is realistic and what is aspirational and is making its bets appropriately. As you will read in the feature article, leaders in Westmoreland County see that its residents are less likely to pursue a four-year college education in favor of working. They understand that the county is a Pittsburgh suburb in which farming is still the number one industry. Rather than trying to invest to affect a change to those realities, Westmoreland County leaders have leaned into its strengths when investing in the economy. As you will read, economic activity has followed, and the private sector has taken note.

Employers and developers I talked with applauded the quality of the workforce and the availability of workforce training and upskilling. They gushed about the pro-business environment, especially in the area of permitting and certainty of regulation. These are pretty basic things, often things that companies that choose to locate outside Western PA say we are not very good at in Pennsylvania or other parts of metro Pittsburgh.

It is probably easier to be realistic in Westmoreland County than in the City of Pittsburgh or Allegheny County. Westmoreland is one of the more homogenous counties in the U.S. Politically, the county has shifted its politics to the right to the degree that its residents voted Republican in 2020 by a 63-to-35 percent margin. Those are the kinds of majorities that make it easier to make clear-eyed assessments.

Irrespective of the more accommodating political environment, the economic leaders in Westmoreland County have made investment decisions that are in line with the county's strengths and needs. They listened and met the market's demands. That is paying dividends in New Stanton and New Kensington alike. Perhaps it is a prescription that could be applied in other parts of the region where transformative redevelopment has stalled. Bending policies and investments to the needs of the market works better than the other way around.

Jeff Burd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REGIONAL MARKET UPDATE

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The threat of recession is cooling the global economy, but the indicators of economic slowdown have yet to appear in the Pittsburgh economy. As the third quarter winds down, however, there are construction-specific factors that are causing headaches for project owners and business owners. Some of these factors are dragging the volume of work lower across the board.

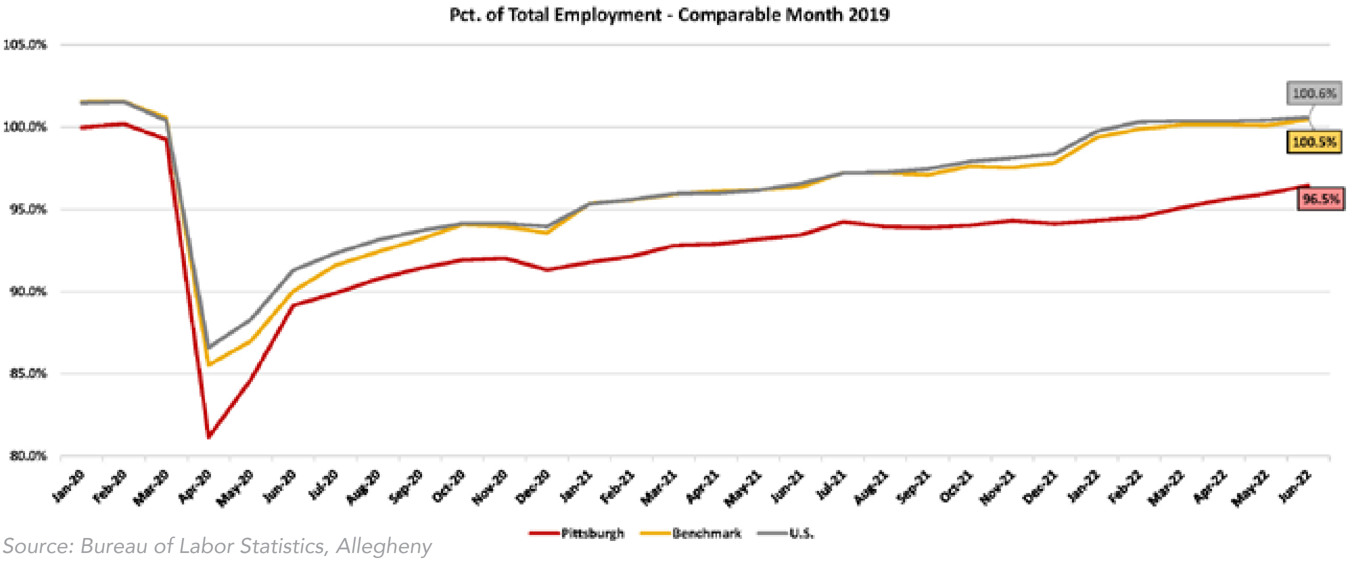
Pittsburgh's labor market remained steady through the mid-summer, which is both good and bad news. The unemployment rate fell to 4.5 percent in June, below the pre-pandemic level in February 2020 (although above the winter 2019-2020 lows of four percent). The number of unemployed fell to 53,000, again below the pre-pandemic levels. June's data was the latest available at the metropolitan level, but the trend nationally suggests that unemployment will fall below 4.5 percent by Labor Day.

What also remained steady was the decline in the total workforce in metropolitan Pittsburgh. There were 1.122 million people working in the seven-county region at the end of June, roughly 71,000 fewer than were working in February 2020 and 60,000 fewer than in June 2019, which was the last seasonal comparison point before the pandemic. There are few indications that this decline is related to economic opportunities, as regional employers appear to be struggling to fill open positions to the same degree as employers nationwide. Rather, the smaller workforce seems to be a function of accelerated retirement of Pittsburgh's significantly older workforce. If that is the cause of the decline, it will be more difficult for successful Pittsburgh businesses to grow. From 2011 to 2019, Pittsburgh's civilian workforce grew by more than 40,000. Similar growth in the coming decade is unlikely without a dramatic change in demographics or population.

More promising is the year-over-year growth in employment, particularly in the sectors that were hit hardest by pandemic mitigation measures, like leisure and hospitality. Hiring in June resulted in 36,000 jobs, or 3.2 percent more employment than in June 2021. That surge brought the level of employment in June 2022 to 96.5 percent of the level three years earlier. The 36,000-job growth in June also eroded some of the workforce shortfall, suggesting that employment opportunities may be attracting new workers that are offsetting the accelerated level of retirees.

The overall economy in metro Pittsburgh has mostly recovered from the effects of the pandemic by mid-2022. There are lingering impacts, particularly on the full-time return to office work, but the level of economic demand has recovered, and the Fed-induced slowdown had not visited Pittsburgh by July.

Pittsburgh's construction market is somewhat insulated from the macroeconomic issues that are causing a slowdown nationally. The biggest projects in the region are being driven by factors other than occupancy and rent growth. To the extent the inflation can be managed, the hospital and education projects and the airport will proceed. While inflation and elevated capital costs are certainly problems for the major projects in the pipeline, the nature of those institutional projects offers more flexibility for partial scope deferral or adjusted return on investment than a commercial project would allow. Higher interest rates and inflation are making commercial real estate development more difficult,



Source: Bureau of Labor Statistics, Allegheny Conference on Community Development.

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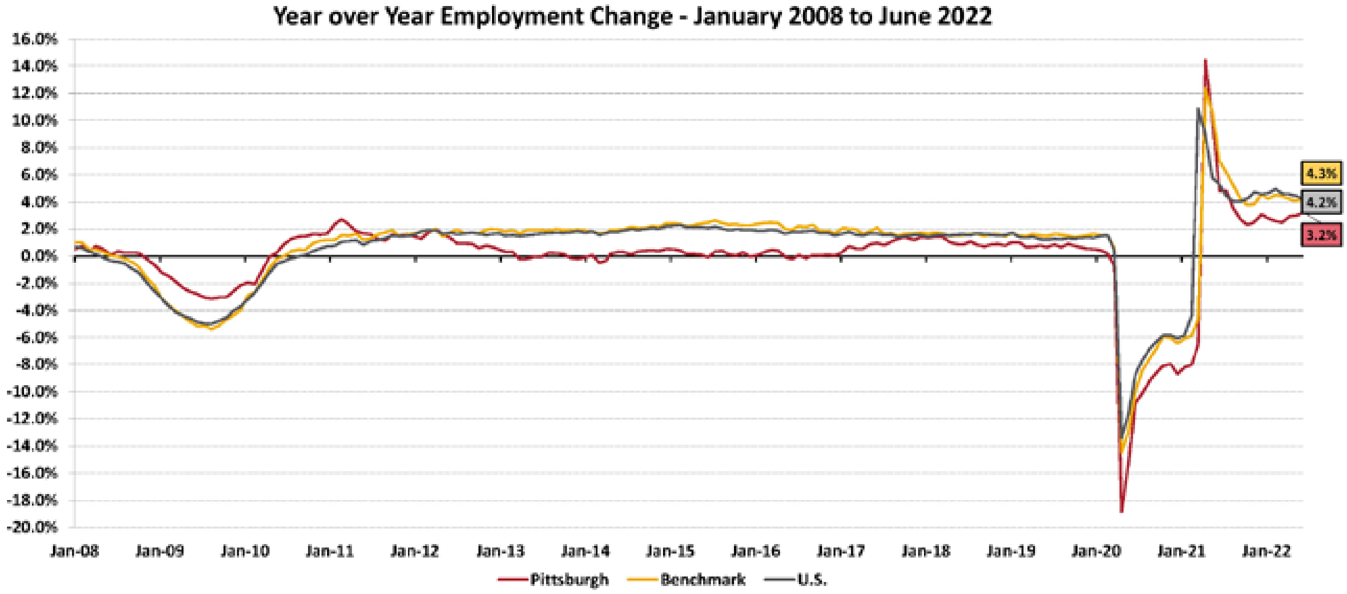

Source: Bureau of Labor Statistics, Allegheny Conference on Community Development.

however, and that sector, which has been strong for a decade, will see less construction started in 2022 and 2023.

The office market will be the most hindered by the business conditions, primarily because of the uncertainty about permanent occupancy levels. With roughly 15 percent of office leases expiring each year, there will be opportunities for tenant improvements and construction due to tenant relocation, but new construction volume will be lower.

Industrial properties should continue to have strong fundamental performance, but the relatively high volume of construction underway will need to be absorbed before other planned projects move forward. The news on absorption is good. Avison Young reported more than one million square feet of net positive absorption in the first half of 2022. The same report showed average net asking rents topped $7 per square foot, an increase of almost $2 per square foot compared to 2018. Newmark, in its first half Pittsburgh industrial market update, reported that industrial vacancy fell almost a full percentage point during the past 12 months to 5.5 percent. Working against these positive trends are concerns that the boom in distribution and fulfillment centers may have peaked. Comments made by Amazon at its first quarter earnings call suggested that the online retailer has overbuilt its distribution network and will slow expansion temporarily. That remark could chill speculative development and plans by other online retailers for new space.

Despite the potential slowing of demand, industrial developers are pushing major projects forward in Western PA that should go vertical in 2023 if absorption remains positive.

Multi-family construction lagged the volume of 2021 by more than 33 percent through the first seven months of 2022; however, the immediate pipeline of projects that have been entitled and bid includes approximately 1,500 units. Occupancy is above 95 percent in most Pittsburgh submarkets and rents have increased by 7.9 percent year-over-year through August. Those are favorable conditions for new construction, as is the limited inventory of homes for sale. The outlook for the full year of 2022 is for approximately 1,800 units of new apartments to begin, with a similar volume in 2023.

Market conditions for single-family residential are less sanguine. Mortgage rates eased back from late June highs of six percent but are still keeping a significant share of prospective buyers on the sidelines. Unusually high price appreciation has also eliminated a slice of buyers, particularly at the lower end of the market where first-time buyers typically shop. Inflation for residential construction has remained around 20 percent year-over-year, even as some of the headline materials, like lumber, have declined in price. And, the inventory of buildable lots has declined slightly, making a serious supply problem worse.

All of these factors have been limiters on the new home market nationwide, with the latter problem being significantly worse in metropolitan Pittsburgh. While these conditions help prop up apartment construction, they have slowed down single-family construction by 16 percent through the end of August. During the January-through-August period, there were permits for 1,938 single-family detached and attached homes. Permits were issued for 2,304 homes during the same period in 2021.

Generally speaking, escalating costs and problems with the supply chain have delayed construction projects to a greater degree in 2022. The cumulative impact of those delays has dragged contracting volume lower during the third quarter. Through the end of August, contracting and construction starts (excluding the construction put in place at the Shell Franklin project) totaled $2.55 billion, compared with $2.78 billion through the end of August 2021. At the current pace, the unfavorable market conditions should be a drag on the market of about $300-$400 million for the full year, although construction forecast for the full year is still a healthy $4.4 billion.

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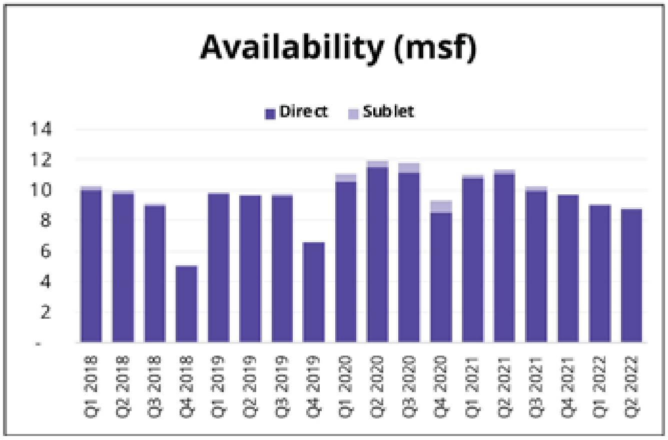
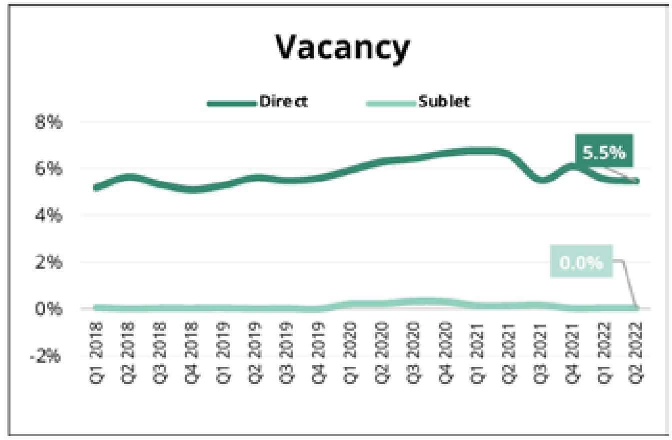
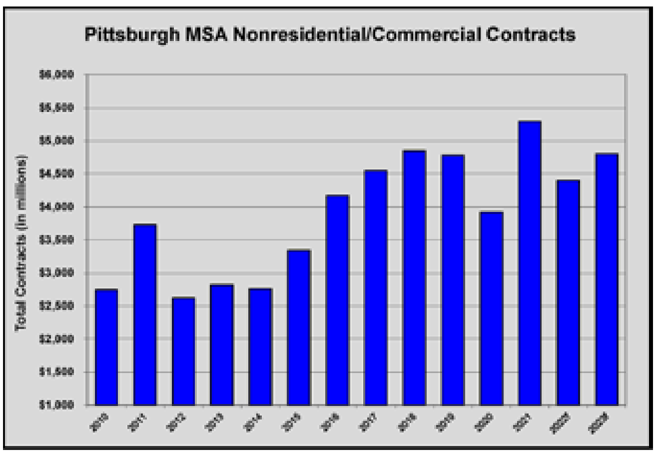




Despite nearly two million square feet of industrial space under construction, available space declined for the fifth consecutive quarter and vacancy fell to 5.5 percent. Source: Avison Young.



Following an unexpected spike in construction in 2021, nonresidential/commercial volume has fallen more than $300 million year-over-year. Source: Tall Timber Group

Going into the fall, the outlook for inflation has improved and most of the interest rate hikes have already occurred, although another full point of short-term increases loom. Long-term interest rates are still favorable for borrowing and bond-issuance. There is the potential that a quicker decline in inflation may be an incentive for borrowers to defer closing on loans in hopes of catching a significantly lower rate in spring 2023; however, most construction projects should find market conditions improving from the fourth quarter of 2022 through 2023. Assuming that this forecast plays out, construction volume should be at least 10 percent higher in 2023.

While the Shell Franklin cracker plant project, which has anchored the construction market for five years, will be completed by 2023, construction will be well underway on the multi-year $1.4 billion Airport Terminal Modernization Program and the $900 million UPMC Heart and Transplant Hospital at UPMC Presbyterian. Roughly $500 million in major capital expenditures should be underway at multiple University of Pittsburgh projects. Multiple $50 million-plus apartment projects will start. The first phase of the $200 million-plus Oakland Crossings development will have begun. There are even two $100 million K-12 projects – at Quaker Valley and Hempfield Area – that are expected to bid. Much of the increase in 2023 is certain.

Other conditions in the market are less certain. The longer delays between pricing and purchasing have increased the risk of construction in 2022, especially for specialty contractors. Those contractors have faced difficulties in buying equipment or materials for the prices that were used to figure bids. Likewise, delays in delivery and tight labor supply have tested even the best of productivity estimators. There is more financial pressure on contractors than the volume of construction would indicate. Moreover, the delays have pushed backlogs by three-to-six months, which is having a noticeable impact on bidding.

Contractors must balance the need to build backlog with the ability to profitably deliver their existing work in progress. The normal ratios of backlog to revenues have not applied in 2022, leaving many contractors with projected shortfalls in revenue, even as their backlogs have grown. That is a combination that makes it difficult for contractors to add to backlog, because the risk of non-performance (or less profitable performance) has increased. This risk is exaggerated by the shortage of labor. As a result, owners and construction managers are seeing fewer bids than expected. Thus far, pricing appears to be staying competitive; however, this might not be true in the fourth quarter, a time when contractors are typically building backlog for the coming year.

Labor Day is a demarcation point in the construction year. Its arrival invariably acts as a wake-up call for the industry and the bidding activity that follows often sets the tone for the following year. If bidding is slow through the holidays, the prospects for the following year are gloomier. In 2022, however, the market may need a slowdown to permit the return to more normal conditions. BG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NATIONAL MARKET UPDATE

Evaluating the state of the U.S. economy has rarely been more difficult than in the third quarter of 2022. Depending on the metric being evaluated, the U.S. economy is slowing, strong, on the verge of recession, or nearing full employment. Consumers are spooked and fear worse times are coming and are spending at near record high levels. Metrics from the construction markets are equally unrevealing.

Construction spending fell in July for the third consecutive month. Total construction declined by 0.4 percent to $1.78 trillion, on a seasonally-adjusted annual basis. That level is some $200 billion higher than a year earlier but, adjusted for inflation, reflects less construction activity. Spending is declining for both residential and commercial construction; however, July's nonresidential spending was 70 percent higher than the same month in 2019. That increase is amplified by inflation, but the volume hardly suggests recession. The housing market is similarly unconvincing as a recessionary indicator.

Data from July confirms that the combination of higher mortgage rates, record-high prices, and inflation has cooled the housing market. The August 16 report on housing starts showed a decline of 9.6 percent from June and 8.1 percent from July 2021. Privately-owned starts were at 1.4 million units, with single-family starts falling to 916,000. Permits for new construction remained higher, at 1.68 million, mainly as a result of permits authorized for nearly 700,000 multi-family units.

Source: National Association of Realtors

Existing home sales fell for the sixth consecutive month in July, with the annualized number of homes sold falling to 4.81 million, according to the National Association of Realtors (NAR). The median sale price fell by $10,000, to $403,800; however, that price was 10.8 percent higher than one year earlier. The inventory of homes for sale edged higher from June to 1.31 million units. That number is unchanged from July 2021.

The inventory of new homes for sale increased 3.1 percent in July to 464,000 units, the highest level since March 2008. The Commerce Department reported on August 23 that new home sales plunged almost 13 percent from June to July, to an annual pace of 511,000 homes. July's new home sales were 29.6 percent lower than July 2021.

NAR Chief Economist Lawrence Yun believes that the peaking of 30-year mortgage rates at six percent in June pushed buyers to the sidelines. Yun observed that the share of first-time buyers fell to 29 percent, down from 30 percent a year ago. He also shared that the share of second-home purchases had declined from 16 percent in July 2021 to 14 percent in 2022.

Economists have raised concerns about the decline in residential investment as a leading indicator of a recession. There is history to validate that concern; however, there are several reasons why declining residential investment indicates recession, none of which are present in summer 2022.

Declines in residential investment have coincided with causation in at least two of last three recessions (prior to COVID). In the 1989-1991 period, overbuilding – especially of multi-family properties – was driven by loose lending standards. Savings and loan lending led the glut in multi-family. Likewise in 2007, the mortgage bubble that drove new home construction popped, tipping off a global financial crisis. In both of those cycles, inventory of homes raced well ahead of demand prior to the financial pain of recession. And, in both cases, the interest rate environment was neutral or slightly restrictive ahead of the recession.

Today, many of the fundamental metrics are not flashing warning signs, even though residential investment is declining. Mortgage rates have jumped by roughly two percentage points since January, even as prices continue to increase. Fewer people are buying. The rate of contract

Source: U.S. Census Bureau

cancellations has increased dramatically on new construction. Credit worthiness has not declined, however, as lenders are requiring more from borrowers rather than less (as occurred in the mid-1980s and -2000s). Debt service coverage for new mortgages has increased, to about 25 percent of median disposable income, but that is not an historically high level. Moreover, debt service coverage for existing mortgages remains below 10 percent of income. Since the mortgage crisis wrecked the economy 14 years ago, borrower quality is better, debt service costs are lower, and the average maturity of mortgages has extended to nearly 15 years.

The inventory of homes for sale may increase slightly over the next year or so if the decline in demand persists, but new supply is not accelerating. Unless mortgage rates decline precipitously, residential investment will remain lower. And unless other recessionary factors ratchet up – notably higher unemployment rates – declining residential investment will not plummet as it has in other post-World War II recessions. Should the economy slow into recession, expect the Federal Reserve Bank to begin cutting rates, which may well lead to the housing market leading a recovery.

Construction is typically a leading indicator of the economy's direction and both residential and commercial construction are currently slowing. The factors influencing the slowdown are as much a product of supply-side problems as a recessionary decline in demand. If you were to predict the impact of the Federal Reserve Bank hiking rates by two percent in a thriving economy over a four-month period, July's level of activity is what you would expect.

Similar mixed signals are coming from other sectors of the economy.

There are few metrics that reflect diverging signals better than the data on the consumer. The headline consumer sentiment reading was at historic lows in June and have since rebounded to levels lower than during the Great Recession. Likewise, more granular surveys about consumer sentiment echoed this attitude. The share of consumers who delayed major purchases rose above 50 percent in May and has drifted higher since. More than six out of 10 people are concerned about having adequate savings. That is double the level of concern one year earlier. Spending on goods declined for the 15th consecutive month in July, as consumer shifted more money to services.

Source: U.S. Census Bureau, Federal Reserve Bank of St. Louis

Consumer spending, on the other hand, remains high.

Source: Bureau of Labor Statistics

Personal consumption spending hit new highs in June. Retail spending, which includes gasoline, increased 0.4 percent in July, even as the price of gas dropped 1.9 percent. And spending on durable goods, which fell in May, rebounded in June to within 1.5 percent of the all-time high level reached in April 2021. The gap between what consumers are telling surveys and what they are doing has never been greater.

One possible explanation for the gap is the low unemployment level. The July Employment Situation Summary revealed that employers had re-hired all the jobs lost at the beginning of the pandemic in 2020. Unemployment stands at 3.5 percent, equaling the low mark of the previous business cycle in 2019.

Although less pessimistic than consumers, business owners have also expressed concern about the impact of higher rates on customer demand. There have been reports of reduced capital expenditure budgeting, but through August employers were still hiring workers at a pace that was faster than the rate of layoffs. Doubtless some of this continued hiring activity is a residue of the strong cash positions small businesses may still enjoy from the forgiven Paycheck Protection Plan loans and the soaring corporate profits. The latter grew by 6.1 percent in the second quarter, reaching a 72-year high of 15.5 percent gross margins.

Evidence of a slowdown that is leading to recession has been spotty in the manufacturing sectors as well. June factory orders rose two percent. The Institute for Supply Management's (ISM) bellwether monthly surveys of purchasing managers are showing activity that is slower in some sectors, but better than expected. The ISM Manufacturing purchasing managers index (PMI) declined to 52.8 (versus the expected 52) from 53 in June. July's reading was the 26th consecutive month of increasing factory activity. ISM non-manufacturing PMI rebounded from 55.3 to 56.7 in July.

Below the headline results, purchasing managers expressed concerns about softening prices and growing inventories, although optimistic comments about coming months outnumbered concerns by six-to-one. Notable among the specific survey responses were declines in new orders and employment below the neutral reading of 50, increasing inventory levels (57.3 compared to 56 in June), and decreasing price pressures (60 percent responding yes compared to 78.5 percent in June).

The overall cooling was reflected in the labor markets for the first time in August. Employers added 315,000 jobs in August, according to the September 2 Employment Situation Summary. Unemployment rose to 3.7 percent because the number of workers ticked up 30 basis points. Initial claims for unemployment compensation, which were rising slowly through summer, leveled off below 250,000 as August ended. Continuing unemployment claims remained slightly above 1.4 million. Employers have expressed what hiring caution exists in the number of open positions for hire, which increased again to 11.2 million in July, down from an all-time high of 11.8 million in March 2022. Open positions still outnumber the number of unemployed by 4.7 million.

The second estimate of gross domestic product (GDP) for the second quarter, issued on August 25, reaffirmed that the U.S. economy declined, although by a smaller 0.6 percent. Notwithstanding the technical indicator of two quarters of declining GDP in the first half of 2022, the U.S. economy is not behaving as though it is in recession. Most economic indicators are less positive than a year or six months ago but remain positive. August's slower pace of hiring is yet another sign that consumers and businesses are responding to the higher interest rate environment with caution that is slowing growth and cooling prices. That trend, in turn, increases the chance (while still slim) that tightening monetary policy will bring inflation under control without tipping the economy into recession.

The readings on consumer and producer inflation, which will be released the week before the Federal Open Markets Committee decides its next rate hike, will be more consequential than normal. The July data raised confidence that inflation has peaked. Should that be the case, or if the downward trend accelerates, the Fed can more confidently slow its hikes, perhaps by as little as half a percentage point. There is no assurance that disinflation will continue; however, if prices have begun to fall while interest rate hikes slow, the environment for development and construction will improve significantly by the end of 2022.

WHAT'S IT **COST?**

The macroeconomic data from the second quarter strongly supports the conclusion that the monetary policy tightening by the Federal Reserve Bank is bringing inflation down. The housing market declined steeply quarter-over-quarter. Gross domestic product declined for the second straight quarter. Bond traders pushed medium- and long-term rates down a half point. Data on inflation, meanwhile, remained hot. To some degree this is due to the backward-looking measures, which are reflecting prices from the earlier stages of the Fed's tightening. But inflation is likely to remain elevated into 2023 because there is a lag between the cause and effect of a slowing economy.

It is better to look for signs that the supply and demand imbalance is easing to judge whether inflation is trending lower, and there are definite signs on the supply side. Oil production is increasing in the U.S., as it is in Russia due to greater discounted purchase by China. OPEC has pledged to hike production. Mining is increasing globally. Chip manufacturing has increased for months. And the slowdown in the Chinese economy means that the supply of commodities available for U.S. manufacturers is greater.

The August 11 reading of producer prices (PPI) gave the first indications that inflation is cooling for manufactured products. PPI for final demand declined 0.5 percent from June to July, the first such decline since April 2020. Prices for services and goods for nonresidential construction industries fell further, down 1.3 percent; however, in part because bid prices rose 5.4 percent, the PPI for inputs to new nonresidential buildings was 23.9 percent higher than a year earlier.

There were notable monthly increases in July in the index for insulation (3.3 percent), paving mixtures and blocks (2.7 percent), concrete products, (2.2 percent), and asphalt at the refinery (3.6 percent). Virtually all major materials and processed goods remained more than 10 percent higher than July 2021. There were double-digit declines in the PPI for the month and year-over-year for iron and steel scrap (-11.2 and -19.7 percent) and stainless-steel scrap (-19.0 and -23.4 percent). Aluminum and copper were each down near double digits. Several categories saw significant declines from June to July but remained inflated year-over-year. Most notable was #2 diesel fuel, which fell 16.3 percent for the month, but was 71.3 percent higher than July 2021. Fabricated structural metal fell 2.1 percent in July but was up 23 percent year-over-year. The index for asphalt and tar roofing and siding products fell 0.4 percent in July but increased 18.8 percent since July 2021. Steel mill products fell 3.7 percent from June to July but increased 6.4 percent year-over-year. And the decline in the price of lumber and plywood slowed to -0.5 percent for the month and was 7.7 percent lower than 12 months earlier. BG

PERCENTAGE CHANGES IN COSTS	July 2022 compared to		
Consumer, Producer & Construction Prices	1 mo.	3 mo.	1 yr.
Consumer price index (CPI-U)	0.0	2.5	8.5
Producer price index (PPI) for final demand	(0.5)	1.5	9.8
PPI for final demand construction	5.1	6.0	23.1
PPI for new nonresidential buildings	5.4	6.2	23.9
Costs by Construction Types/Subcontractors			
New warehouse construction	5.6	5.4	33.2
New school construction	5.2	5.4	19.5
New office construction	4.7	6.2	24.2
New industrial building construction	6.2	7.6	28.2
New health care building construction	5.9	6.2	21.0
Concrete contractors, nonresidential	1.7	3.1	21.1
Roofing contractors, nonresidential	5.2	8.1	23.4
Electrical contractors, nonresidential	5.4	7.6	19.0
Plumbing contractors, nonresidential	3.2	4.2	14.8
Construction wages and benefits	N/A	2.0	4.0
Architectural services	0.3	0.8	2.9
Costs for Specific Construction Inputs			
#2 diesel fuel	(16.3)	6.0	71.3
Asphalt paving mixtures and blocks	2.7	9.5	21.9
Cement	1.8	2.2	8.9
Concrete products	2.2	4.8	14.3
Brick and structural clay tile	0.5	1.5	9.4
Plastic construction products	1.0	3.8	22.4
Flat glass	0.1	0.2	6.9
Gypsum products	0.3	7.6	16.3
Lumber and plywood	(0.5)	(14.2)	(7.7)
Architectural coatings	0.6	1.5	26.9
Steel mill products	(3.7)	4.6	6.4
Copper and brass mill shapes	(9.7)	(14.5)	(7.9)
Aluminum mill shapes	(4.0)	(11.3)	12.5
Fabricated structural metal	(2.1)	(1.1)	23.0
Iron and steel scrap	(11.2)	(30.8)	(19.7)

Source Bureau of Labor Statistics, Updated August 11, 2022
Compiled by Ken Simonson, AGC Chief Economist

WESTMOREL
COUNTY:

AND

MAKING ROOM FOR INDUSTRY

Charles Dickens' oft-quoted (and overused) introduction to A Tale of Two Cities is an apt description of the economic conditions in Westmoreland County. A vast county with multiple economic identities, Westmoreland County is home to communities that are experiencing the best of times, as well as communities that are still recovering from the worst of times.

Roechling Industrial purchased the last available lot in Westmoreland Technology Park 1 in mid-May, creating room for immediate and future expansion. Photo courtesy Westmoreland County Industrial Development Corporation.

If you wish to apply Dickens to Westmoreland County, however, it would be more appropriate to think of the story as A Tale of Three Counties.

The largest county by geography, Westmoreland County has a greater population than all but one county west of the Susquehanna River. Driving east to Johnstown, you pass through Indiana and Cambria counties before re-entering the Westmoreland County municipality of St. Clair Township, some 40 miles east of Murrysville. Its southwestern boundary is the Monongahela River, with the steel town of Monessen. Steel also dominated the economies of the towns in the northwestern corner of Westmoreland County, along the Allegheny River. Yet, two-thirds of its land is still used for agriculture. The Laurel Mountain Ridge, with its myriad trails and two ski resorts, makes up most of southwestern Westmoreland County.

While the paragraph above may sound like a Chamber of Commerce brochure, imagine having to govern such a county or conduct economic development in a cohesive fashion. Westmoreland County is a Pittsburgh bedroom community, rural farmland, gritty manufacturing town, and tourist attraction rolled into one. Even in times of political unity – and we are not there now – it would be a challenge to meet the needs of white-collar suburbanites, former mill workers, and farmers at the same time. Yet, Westmoreland County is succeeding at some of the blocking and tackling of economic development. The results are coming because the leadership is leaning into what Westmoreland County is doing best and who its people are.

A Tale of Three Counties

"There are 350,000 residents in Westmoreland County, and we are only 35 to 40 minutes from Downtown Pittsburgh and our number one industry is still farming," says Sean

Source: Tall Timber Group, Pittsburgh Homebuilding Report.

Kertes, chair of the Westmoreland County Commissioners. "Agriculture is number one. Tourism is number two. Manufacturing/trades is third. Manufacturing is about 12 to 14 percent of the total employment, depending upon what numbers you use."

Kertes is describing the three very different economic bases upon which the county is built. Although Westmoreland County, like all Western PA, has undergone a tectonic economic shift since the 1970s, those three main industries have long legacies in Westmoreland.

Agriculture obviously can trace its roots to the county's founding in the 18th century. Tourism has evolved since the Industrial Revolution, beginning as retreat from city life for the wealthy. The outdoor beauty of Westmoreland County was explored by people inspired by the naturalist movement and the influence of Teddy Roosevelt and others who espoused the benefits of exercise and nature. The development of Hidden Valley and Seven Springs, along with iconic amusement attractions like Idlewood and Fort Ligonier, drew tourists throughout the 20th century. Today, the Live! Casino Pittsburgh in Hempfield Township draws crowds from all over central and western PA.

Of the three legs of Westmoreland County's economy, manufacturing and trades are where the leadership has focused its development efforts. Kertes says that the opportunities for growing industry in Westmoreland will come from adapting the places where manufacturing once flourished and adopting what the people of the county already have to offer.

"We see our population decline and by implementing our comprehensive plan from 2019, we are focusing on aligning our workforce with the blue-collar trade side of industry. We are a farming, tourism, and manufacturing hub and we are going to embrace that," Kertes explains. "We're going to work with the companies that are here and focus on the education that serves them. We want young people to know what is available to them and how they can make a living. There are great four-year colleges here, like St Vincent, Seton Hill, and University of Pittsburgh. Four-year degrees are not necessary for most of the economic opportunities in Westmoreland County, however. We have white collar office jobs but that's not where the bulk of our people work. And that is reflected in the kind of businesses we're trying to attract to the county."

The demographics of Westmoreland County present a challenge for growth. Like most of metropolitan Pittsburgh counties, Westmoreland County has seen its population decline due to fewer births than deaths and little migration. The median age of a Westmoreland County resident was 47.2 years old at the time of the 2020 Census. That is about 20 percent older than Pennsylvanians overall and 25 percent older than the median U.S. resident. Forty-five percent of Westmoreland County's residents are over the age of 50 and

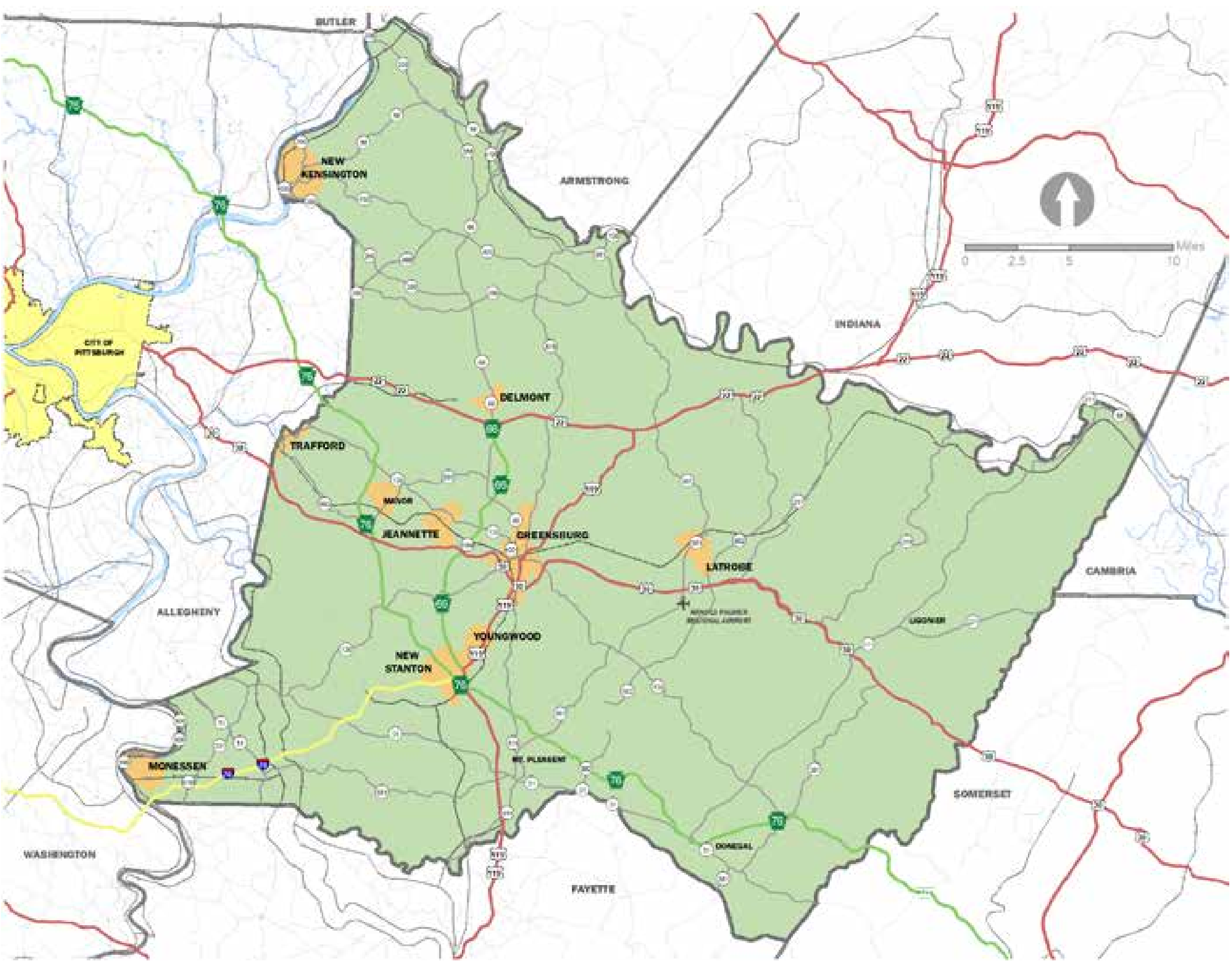
30 percent over the age of 60. That is 25 percent more than that same cohort statewide.

Earning power in Westmoreland County is roughly the same as anywhere else in the U.S. Per capita income in Westmoreland County is just under $35,000 per year, less than $600 less than per capita income statewide and $400 less than per capita income across the U.S. Poverty in Westmoreland County is significantly lower than the commonwealth as a whole. Fewer Westmoreland County residents – 9.5 percent of the population – live below the poverty level than the number statewide (12 percent) or nationwide (12.2 percent).

Westmoreland County residents are less likely to have moved during the past year than the average American (8.4 percent vs. 13.8 percent). A greater share of Westmoreland County residents are veterans. A much lower share is foreign-born (1.7 percent versus 13.5 percent). A slightly lower percentage of Westmoreland residents are college grads but 94.8 percent are high school graduates, a 10 percent advantage over the U.S. share. An interesting statistic that could be a key to one of the county commissioners' plans is the more than 17,000 vacant homes located in Westmoreland County, mostly in the older towns that once were home to industry.

"Like most of the counties in Western Pennsylvania we are still dealing with blight. We are taking a very aggressive approach with our American Rescue Plan dollars to tackle blight in small communities that have been forgotten for the last 50 years," Kertes says. "When you look at Jeannette, Monessen, New Kensington, or Arnold - communities that were very industrial -those communities have suffered greatly. The people in the communities are strong but there are a lot of homes that have been abandoned. There is an opportunity to prepare for new growth by tearing down old buildings. We are spending $10.4 million throughout the county for blight removal. That equates to almost 500 homes being removed."

Kertes points to Monessen as an example of the concerns expressed by communities and private industry in the northern and southern corners of Westmoreland County. Monessen has direct interstate highway, river, and rail access and benefits from the Army Corps of Engineers' investing in multi-million-dollar upgrades to the locks and




RIDC Westmoreland Innovation Center.
Photo by Make Roots Productions. Use courtesy RIDC.

dams. Development is hindered by empty legacy industrial and residential properties that could be cleared to create redevelopment opportunities.

At the other end of the county, in New Kensington, there may be proof of the concept of clearing way for new development. Once one of the most vibrant small towns in Western PA, New Kensington was hollowed out by the industrial decline of the 1980s, eventually losing most of its industry, downtown commercial, and its hospital. Since the mid-2010s, however, a focused partnership of city, county, state, and nonprofit organizations have invested in nearly 150,000 square feet of new construction in New Kensington. More than 30 new businesses have been located in the city and the first signs of real economic development are evident in decades.

"The city, through its redevelopment authority, purchased the former Schreiber Industrial Park. It is now being called New Kensington Advanced Manufacturing Park. They plan to invest the capital needed to ensure that those buildings - about 1.2 million square feet of old industrial space – are positioned to attract new businesses," says Jason Rigone, director of planning and development for the county and executive director of Westmoreland County Industrial Development Corporation (WCIDC). "Filterbuy came in from Alabama and set up a [137,000 square foot] manufacturing location. We see that location as an opportunity for real growth. It needs capital invested but it's strategically located. It's cost-effective. The market rates will not be what you see in Lawrenceville or the Strip District. Companies will be able to do manufacturing to support technology-driven industries but want to be outside Allegheny County."

New Kensington's struggles have kept demand for property down, which means that its residential stock is priced low. That represents another significant opportunity for revitalization, as home prices soar elsewhere and the nearby communities in Allegheny County become effectively built-out. Similar real estate dynamics exist in the other small towns with legacies like New Kensington.

One of the most significant new projects in New Kensington is the Digital Foundry, a collaboration that provides education, training, and incubator space designed to help students and workers transition to the digital future. Originally envisioned as an entrepreneurial hub as a partnership of R. K. Mellon Foundation, Penn State New Kensington, the Economic Growth Connection of Westmoreland County, and the City of New Kensington, the Digital Foundry operates from Penn State's 15,000 square foot facility, The Corner, in the center of New Kensington. While the Digital Foundry focuses on future workplace, its mission is in synch with another

The Digital Foundry in New Kensington is located at Penn State New Kensington's Corner facility. Photo by Jim Cunningham.

important strategy being applied in Westmoreland County, workforce training.

"Our biggest task right now is addressing the young people who are entering our workforce. The average age of our worker is 45 to 46 years old. That is why we're making improvements to the blighted area to try to attract young people. We're in reinvesting in communities because we think our actions speak louder than words," says Kertes.

Westmoreland County is home to several technical education and training centers, and workforce training centers like the Operating Engineers massive training center in Salem Township. Westmoreland County Community College (WCCC) also has a focus on education that fosters the skills needed by the employers located in the county. One of the more impactful strategic decisions made by WCCC was to locate its Advanced Technology Center (ATC) in the RIDC Westmoreland Innovation Center.

In addition to the associates degrees and certifications in drafting, machining, mechanical and electrical trades that you might expect from a community college, ATC offers degrees in robotics, advanced manufacturing, applied industrial technology, and electronics engineering. Employers in emerging technology fields, like Siemens, Argo AI, and Intervala, have cited the location of the ATC as a factor in their choice of RIDC Westmoreland Innovation Center as a location.

"I think having Westmoreland County Community College's ATC on campus in our building allows the companies there to train workers easily on site," says Don Smith, president of RIDC. "There is a high-quality workforce in Westmoreland County. Certainly, for manufacturing companies the fact that the workforce is experienced with shift work is a plus."

"RIDC Westmoreland seemed to be the ideal fit from the standpoint of the opportunities that Westmoreland County has for businesses as well as the location where our people reside and would be working," agrees Melanie Keenan, chief financial officer for Intervala. "We also took the footprint of the building into account. We're in a state-of-the-art facility now on a campus with other businesses. There is a strong industrial heritage and large hardworking labor force here. Workers in this area are agile, many having mastered diverse skills in an array of fields as industry has changed over the years."

Rich Gasperini, principal of Genfor Real Estate, is a Murrysville native and owner of an advisory and brokerage firm specializing in industrial properties. He credits the county leadership for its emphasis on education and training that satisfies the workforce demands of employers who make

and build things, many of which are looking for space in Westmoreland County.

"That kind of workforce development is necessary," Gasperini says. "Not everyone is going to work in the Strip District or sit at home and code all day. Blue-collar jobs are an important part of our economy everywhere."

An emerging strategy that is aimed at improving conditions in the larger agricultural part of Westmoreland County is the expansion of broadband Internet access. Getting high-speed access will improve quality of life for residents and put rural communities on the same footing as the suburbs and cities for education, administration, and commercial activities. Expanding access is also critical to any plans for expanding the county's employment base beyond its current footprint.

"We're doing a countywide broadband expansion. When you get to the eastern part of the county, those places do not have broadband internet. We have contracted with Michael Baker Jr. Inc. to do a ground force, door-to-door study to see what's available in each municipality," Kertes says. "We must have high-speed Internet available for everyone who needs it. If you look at healthcare, education, or resident care, bandwidth is important. Having gigabyte speed is critical. We think that would change everything for those small communities."

"What we're focused on as well is looking at economic enhancement areas. There are opportunities in our business parks, our industrial parks, our downtowns, and commercial centers that have businesses that need gigabit service or higher," says Rigone. "We want to ensure that we're laying down that infrastructure technology to support growth for those companies that need that higher level. We're planning so that in the next three to five years we can install that infrastructure and energize technology-driven industry in the county."

There is activity growing in Westmoreland County's tourism industry too. The county has invested millions in upgrading the Arnold Palmer Regional Airport infrastructure to accommodate increased travel. There are plans underway to double the terminal to 90,000 square feet. The county's airport authority expects to take bids on the $25 million expansion in mid-2023. The July 28 announcement that the airport's busiest airline, JetBlue, would be merging with Spirit Airlines provides additional certainty to the project. Westmoreland County officials are also pressing its legislative leaders for the funding needed to increase commercial access to Arnold Palmer Regional Airport.

"We are working on the Laurel Valley Transportation Improvement Project, which is going to connect the Arnold Palmer Regional Airport with a wider road for commercial vehicles to the I-70 Turnpike interchange," explains Kertes. "We hope that that will create more development around the airport by improving transportation."

Rigone notes that energizing the airport area could create other long-term opportunities that would shore up an inherent geographic issue that costs Westmoreland County some amount of new business: the lack of proximity to an international airport.

We are trying to put the pieces together to really energize that airport location. We recognize that we lose a lot of projects because we are on the other side of two tunnels from Pittsburgh International Airport," he says. "Our goal is to develop our airport to provide not just destination services but business-related services. I would advocate for a commuter link not to Pittsburgh but to Philadelphia, Dulles, or JFK to reach the rest of the world."

Another catalyst for tourism has been the Live! Casino Pittsburgh, which opened in November 2020 and has already expanded to add a banquet and event venue that can accommodate 650 people. While casinos tend not to be catalysts for retail, as a tourist draw Live! Casino Pittsburgh has attracted other development.

"There has been a lot of activity associated with the casino. There could be more opportunities as the Westmoreland Mall becomes more of an entertainment district," Rigone predicts. "Having additional elements like hotels is the next step to make sure that you have all of the components to establish an entertainment district."

As much as any county in Pennsylvania, Westmoreland County appears to have put in place leaders in the public and private sectors that are pulling in the same direction. The praise for workforce training and a pro-business environment for regulation and entitlement comes from virtually everyone who does business in the county. Westmoreland's politics lean conservative, which helps keep the cost of government lower and maintains what is its trump card: lower taxes.

"There's a big difference in our county, municipal and school district tax rates compared to the neighboring counties," says Kertes. "Westmoreland offers proximity to a major city, and we have a business-friendly government. We try not to impede any opportunity to bring jobs into the county. But at the end of the day, lower taxes are a critical deciding factor."

The lower cost of doing business is meaningful to an industrial or manufacturing economy. Companies in that space have large physical assets, inventories, and payrolls, which are targets for taxing authorities. Resisting the temptation to extract more taxes from its largest employers is one of the reasons that Westmoreland County is benefitting from an industrial resurgence of sorts.

Industrial Matters

Unless you are involved in commercial real estate, it is likely that you would not be aware of the size of Westmoreland County's industrial footprint. Roughly 21 percent of the 133 million square feet of industrial space in the seven-county Pittsburgh metropolitan area are located in Westmoreland County. The total vacancy rate of industrial space in

Westmoreland (6.78 percent) is slightly higher than the overall region's; however, that rate is more strongly influenced in Westmoreland County by more manufacturing space, which tends to be more volatile. The vacancy rate for warehouse/distribution space in Westmoreland is lower than the overall region's vacancy rate, even though there has been significant new construction.

What developers and brokers give Westmoreland County leaders the most credit for has been the willingness to respond to the long-standing shortage of pad-ready industrial properties. In the 1960s and 1970s, developers like Sampsons, Pete Dozzi, and Richard Kacin pioneered the industrial park concept in western Westmoreland County. The WCIDC has been the lead in preparing for industrial developments in recent decades, and currently builds or markets 20 different industrial parks throughout the county. The character of those parks varies from one location to another, generally depending upon the proximity to infrastructure.

"It's a large county and we see different opportunities in different locations. We're investing capital in sites for larger manufacturing and larger e-commerce projects to ensure we have product ready to go. We recognize the challenges with topography and the timing associated with preparing sites, especially regarding permitting and financing," says Rigone. "We are also seeing a lot of activity from existing companies that are in growth mode. We are managing several projects currently that are in the 100,000 to 200,000 square foot range. Some of that is consolidation of multiple locations to allow for growth and some is pure expansion. We invest a lot of our time with existing business because we recognize that they are the ones that are adding jobs."

"We have seen a tremendous increase in activity over the past 24 months especially in the industrial sector. That has been anything from traditional manufacturing, advanced manufacturing, and technology, all the way to distribution and e-commerce. A lot of the activity within our business parks has been for speculative development as well," continues Rigone.

In total, WCIDC has sold 76 acres in five separate transactions since August 2020, with 52 under contract currently to five buyers. The biggest splashes have been from speculative development along the I-70 corridor in the less populous Sewickley and East Huntingdon townships. Developer Al. Neyer LLC has developed 250,000 square feet of industrial spec product at Commerce Crossings in Sewickley Township (and is closing on another parcel to build an additional 150,000 square feet in Westmoreland Technology Park II). WCIDC recently secured a $2.25 million Pennsylvania Industrial Development Authority (PIDA) loan to begin the second phase of development at Westmoreland Distribution Park North. That phase will include clearing and preparing three pads for development of approximately 625,000 square feet of buildings on almost 79 acres of land in East Huntingdon Township. Work should begin before the end of the year on the $6.3 million project.

"I think it's validation of the highway transportation hub of our county in New Stanton. A lot of the activity in that I-70 corridor has been with e-commerce and distribution companies," Rigone says. "There's going to be an announcement here shortly of a million square foot distribution center moving forward in the New Stanton area."

Another of the success stories of the I-70 corridor has been the RIDC Westmoreland Innovation Center. Located in Hempfield and East Huntingdon townships, just outside New Stanton, the complex spans 2.8 million square feet and has been the home to three major manufacturing companies. Originally built as a Chrysler plant, Volkswagen built cars at the site in the 1980s. Sony adapted the plant to manufacture television glass in the mid-1990s but closed its doors in May 2006. A partnership with RIDC has led to success leasing portions of the buildings to multiple tenants, many of which spin out of technology research based in Pittsburgh.

RIDC has secured leases for more than one million square feet at present, almost the entirety of the available ground floor space. More than 1,000 people are employed at the various facilities on the campus. On August 11, PennDOT and the PA Turnpike Commission announced a partnership with RIDC to build the Pennsylvania Safety, Transportation, and Research Track (PennSTART) on the RIDC Westmoreland grounds. The $20 million PennSTART facility will include research and testing grounds for emerging transportation technologies, notably autonomous vehicles (AV).

Tim White, RIDC's senior vice president of business development and strategy, points out that PennSTART represents an opportunity for new transportation technologies, particularly AV, to get a manufacturing foothold in Western PA. Regional leaders have looked for ways to embed the benefits of Pittsburgh's emerging technology research and avoid seeing downstream employment go elsewhere.

"The real opportunity for us, particularly in the autonomy sector, is connecting regional manufacturers to the research and development base in the city. The concern about autonomy is that we would then be tied to one industry," White explains. "There's obviously a transportation and safety component to PennSTART, but the more folks that are testing and innovating, from a deployment standpoint, they will need more facilities to manufacture. It may not be a large-scale manufacturing like automobiles, but it could be sensors for example."

White explains that a large facility like RIDC Westmoreland Innovation Center can be used to build a base of manufacturing that supports the emerging technologies. With multiple manufacturers in proximity to one another, the opportunity to integrate the supply chains expands, making the local manufacturers less dependent on importing components.

"There are other test tracks around the country, but they are either totally public safety, or totally controlled by a university, or they are directly controlled by a private

enterprise. We're going to try to be a Jack-of-all-trades and service all three of those sectors," White says. "I think that can create an interesting mix where you have Carnegie Mellon doing sponsored research for a big company or the federal government, but also have local companies like Motional or Locomation renting space. And then you have the state's emergency services training spending a good deal of time out there. It creates an interesting intersection of constituents. The real challenge for us is how to leverage that into economic development spillover. We see this is establishing a node there, but we can build nodes of activity in other outlying counties that are integrated with our research hub."

Executing a vision like White explains is difficult at best, but RIDC has an advantage in that many of its Pittsburgh properties have been home to the companies that would be partners in establishing manufacturing outside of the city. That is especially true in the robotic and autonomy sectors.

To the northwest of the I-70 corridor, an older industrial corridor that bisects Westmoreland County continues to expand. From Murrysville, there are numerous legacy industrial developments along the Route 22 and the roads that intersect it. In 2022, several larger projects are bringing new construction to the corridor.

"We also see opportunity in the Route 22 corridor in Murrysville, Penn Township, and in Salem Township where there is infrastructure. There is validation of that with Frank Fuhrer Wholesale making a major investment at the corner of Toll Road 66 and Route 22, with its 300,000 square foot warehouse," Rigone says. "There is also private development occurring in places like Bushy Run Corporate Park in Penn township. Across Route 22, we are seeing a mixed-use development going in that will be the headquarters of Dedicated Nursing Associates, which is the nursing staffing company. We think that corridor has an opportunity for products that support the smaller manufacturing companies. Our Industrial Park III has been sold out for a number of years, so we have been trying to identify a parcel to invest to support the growth along that Route 22 corridor."

Rigone revealed the WCIDC has control of a 110-acre site in the Greensburg/Hempfield area that is being envisioned as a mixed-use development that could be live-work-play. Originally conceived as meeting future demand for office space, the project has been re-thought in light of the uncertain prospects for office demand. Rigone says the planners are thinking the best use may be for advanced manufacturing, with residential and commercial supporting the development.

The idea of live-work-play in central Westmoreland County may seem a reach, but the momentum seems to support bolder action than might have been proposed in the past. With a more cohesive economic development approach, a business-friendly environment, and a clear-eyed assessment of the county's strengths and weaknesses, the leaders in Westmoreland County have fostered significant growth over the past five years. Others see reasons for optimism about the next five.

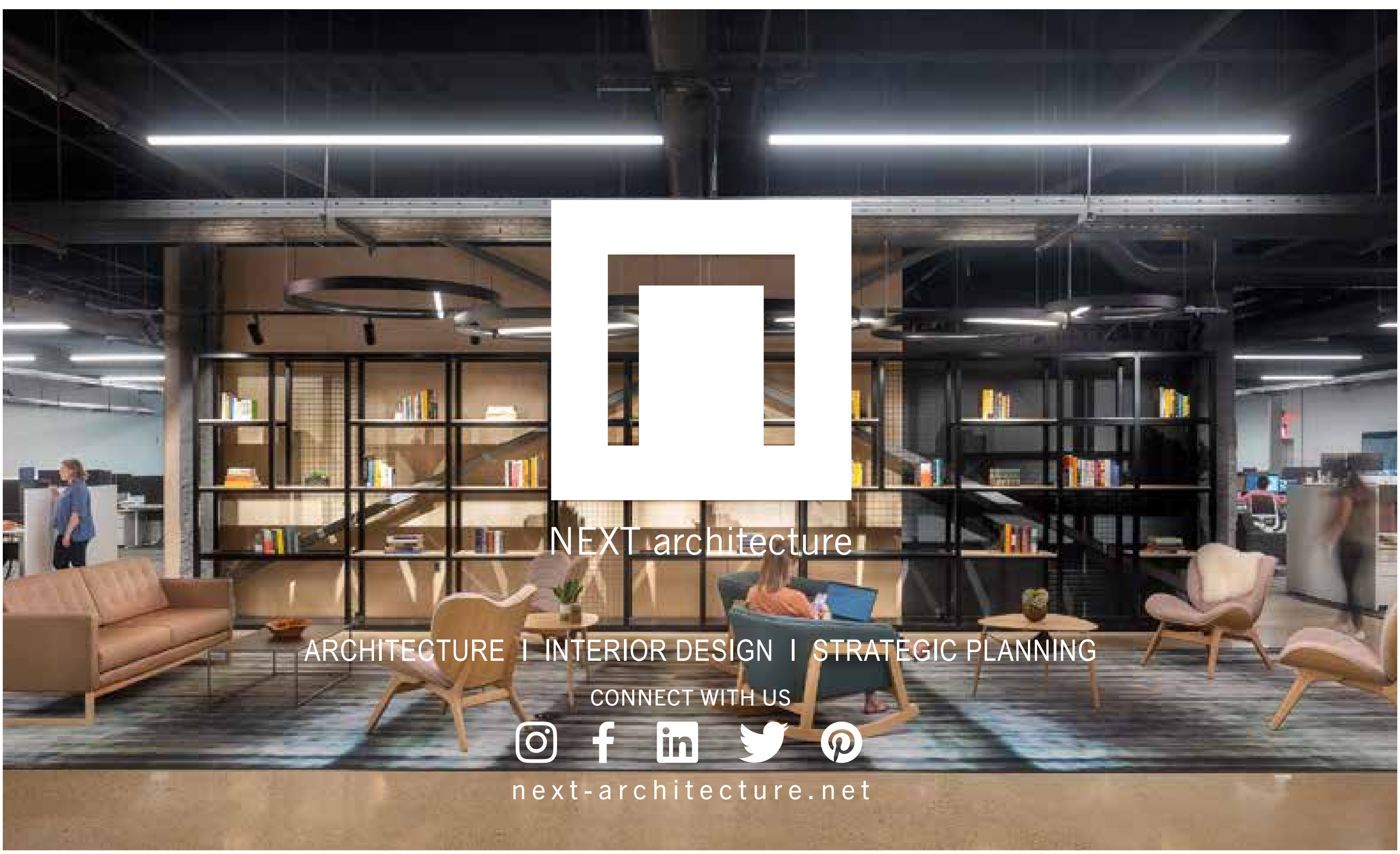
"Westmoreland County has highway access, logistical amenities, workforce, and a base of users. Those are a number of things that are conducive to industrial development," says Gasperini. "There are also county and municipal governments that are in support of industrial development. It is a pro-growth environment."

"I believe Westmoreland County is a great place to do business. The adaptability of the region and support for manufacturing and tech are amazing," says Melanie Keenan. "The county has many appealing qualities, including a large skilled workforce, attractive tax rate and support from an impressive network of public-private partnerships."

"There is a cadre of smaller manufacturers and light assembly companies that are sprinkled throughout Westmoreland County's business parks. That is where a lot of the quality blue-collar jobs are located," says White. "That is true in all of the outlying counties, but Westmoreland probably has the most volume of those kinds of jobs."

"Westmoreland County has a sizable population and one of the best coalitions of economic development partners in the state," says Mark Anthony Thomas, president of the Pittsburgh Regional Alliance. "There's a willingness to identify all the solutions, ranging from site prep and development to customized talent training, to any developer or company needs. It makes a difference and one that will distinguish the county in the foreseeable future."

Rendering of the PennSTART testing facility, courtesy Pennsylvania Department of Transportation.



A wall of bent, painted steel pipe that mimics the look of a circuit board acts as a screen between the lobby and open office area. Photo by Mike Leonardi, Candidly Yours Photography.

PROJECT PROFILE

INTERVALA BUILDOUT AT RIDC WESTMORELAND INNOVATION CENTER

When life hands you lemons, make lemonade. The lemons in this case were in the form of a flood that displaced Intervala on Christmas Eve 2019. With help from Shannon Construction, JLL, NEXT Architecture, and RIDC, the company turned the catastrophe into lemonade, a brand new headquarters and state-of-the-art manufacturing facility.

Intervala is a full-service electronics manufacturing services company that provides sophisticated engineering and manufacturing capabilities to global customers in the defense, medical and industrial markets. Intervala's facilities were located at 700 Braddock Avenue in RIDC's Turtle Creek Commons until the flood – the result of a burst pipe – forced a relocation. Intervala was able to secure temporary space within a few weeks, with RIDC's assistance, in a portion of the RIDC Westmoreland facility, which was formerly the home of Sony and Volkswagen near New Stanton. Over the course of 2020, Intervala negotiated its way through securing a permanent lease for its new space, navigated the insurance process, and engaged JLL as its representative to plan and execute the buildout of the new facilities.

JLL chose to meet the compressed timetable by delivering the project in a design-build process. Clint Rounsfull, senior vice president, project and project development services at JLL, recalls that the schedule and the coincidental COVID-19 outbreak were the primary challenges facing the project.

"The facility is essentially a new headquarters. When a customer visits, Intervala wants to smoothly tour them throughout their facilities. The goal was to combine the office and production floor into one fluid structure that had room for expansion," Rounsfull says. "Like most clients, Intervala had a very aggressive schedule. We did an RFP for general conditions and fee, and then conducted interviews. Shannon Construction was the best fit, so we brought them on board and worked open book from there."

Shannon Construction had experience working with JLL and with other office/industrial flex spaces such as Intervala needed. To design the project, the team turned to NEXT Architecture, which had worked successfully with both JLL and Shannon on similar projects. When the terms of the lease and the insurance settlement were reached in January 2021, planning for the space was well underway. Shannon Construction was able to begin renovations in the 125,000 square foot production space while the design and planning process accelerated on the 33,000 square foot office during the late winter and early spring.

Photo by Candidly Yours Photography.

Of course, early 2021 was when vaccines for COVID-19 began to roll out at an accelerated pace. As the economy roared back to life over the coming months, it became apparent that lead times and availability of products had become unreliable. Nick Rosky, project manager for Shannon, says the design-build delivery method was the right fit for the times.

"Doing this design-build helped with the lead times. We could flag something that was being designed but was not feasible to get in time," Rosky says. "We had the mechanical and electrical contractors on board early and hired the engineers. We sat in a room and told them what we needed to provide, by what date, and let the people who deal with this on a day-to-day basis drive that conversation and design instead of reacting. We were able to select units and a system that gave Intervala what they needed in terms of climate control in each room. It was critical that we brought in the specialty contractors during the design phase instead of waiting until it was on paper and out to bid."

"Shannon did a great job. They had a really good team and there was good synergy with NEXT Architecture," Rounsfull says. "We hit the schedule and the budget and got out ahead of the supply chain challenges. We did early ordering of rooftop units and electrical equipment and were able to bring it all together on time. And I would say there was good landlord participation as well."

Rounsfull says that RIDC's willingness to work with Intervala to find temporary space for both office and production within weeks of the flood factored into the decision to locate in Westmoreland County permanently. He notes that having Intervala's management team located within the same building (although several hundred yards away in the massive facility) enhanced communication and direction on the project. Melanie Keenan, chief financial officer for Intervala, agrees.

"It was a very collaborative process," Keenan says. "When we encountered an issue, and there are always issues, there was no finger-pointing. We got the right people together and solved the issue."

The space that would become Intervala's engineering and corporate offices was located in a large core-and-shell industrial space with 30-foot ceilings. While it was a clean palette from which to work, adapting the high-bay manufacturing space still offered challenges.

"One of the first issues we encountered was roughing in for all the sanitary lines and conduit for the floor boxes. The floor slab was more than a foot thick and had railroad tracks through it from previous use of the building," Rosky recalls. "At the railroad tracks there were foundations and footers that just happened to be where the bathrooms were going to go. That's where the cutting had to be done. Drawings were still being finalized but we wanted to lay that out and start cutting the floor as early as possible. There was a lot of teamwork working with both architect and owner to finalize those locations and get a furniture vendor lined up."

For the project architect, Danielle Theriault, the challenge was to integrate Intervala's branding and identity into spaces that were not going to be defined conventionally.

Photo by Candidly Yours Photography.

"It was an office space build out so you have some of the traditional components you would find. There are open office, enclosed offices, and spaces to support them," Theriault says. "One unique thing is that because it is a light industrial building, the structure height is unusually high. To keep the project in budget, only strategically did walls go to the ceiling. Most of the walls are as much as 15 feet below the structure. That was another thing to coordinate with Shannon from the MEP side to get all the systems from 20 feet in the air down to the offices."

"We went back and forth a little bit on the ceilings. NEXT originally specified a Unistrut ceiling but we ended up giving RAM Acoustical the package for walls and ceilings," Rosky says. "We felt it was more efficient for both time and money to have metal stud walls and drop acoustical ceilings supports from that. We were only supporting the ceilings from about a foot and a half above the walls instead of suspending it from the deck. That gave it a cleaner look throughout the space."

"The client wanted a large cafe that is an amenity to their employees. It was another opportunity to integrate the Intervala identity into the space," Theriault continues. "That space has a finished ceiling, and it has a design element to it that elicits the components of a circuit board. It was another opportunity for design where we thought we could have an impact for their employees."

"The team understood our needs from a business and operational standpoint as well as our branding, which is important to us," Keenan says. "Even for something as simple as the locker room in our shop, we made the room very bright and airy."

The signature opportunity for branding was the lobby to Intervala's offices. As Theriault alluded to regarding the café ceiling, Intervala's role manufacturing complex electronics inspired the idea of mimicking an electronic circuit board. What was designed for the demising partition between the lobby and the offices beyond was a series of colored bent pipes, from which Intervala's sign would be hung. Executing the design idea required collaboration from everyone involved in the wall's construction.

"The steel pipe wall and ceiling cloud in the entrance lobby turned out beautiful. It was all custom, erected piece by piece in the field by Jamie Romano, our site superintendent, who put together most of it himself. It came in hundreds of pieces. He needed to build the frame and stood up each one of those pipes one by one," explains Rosky. "We worked with Seech Industries to provide structural steel supports from above. We spent a lot of time in meetings with the supplier of the pipes getting weights of the material when it was fully assembled and how to keep it in one piece. There was a lot of coordination between five different parties on that, including the millwork and steel contractors, to get a clean look and be supported so it was safe."

"It's built out of pipe that was welded, sanded, and painted. It's not just the wall. There is a similar element that hangs horizontally over the waiting area that has a similar architectural language to it," Theriault says. "Shannon was really helpful doing a small mock-up. The wall is about 14 feet, but they built a four-foot section of pipe to see how it would look. Then they really helped figure out how we could fabricate it and get it erected. They had great experience to help us."

Photo by Candidly Yours Photography.

Rosky says that while the team anticipated many of the potential problems, especially with the supply chain, in time to avoid schedule-breaking problems, there were still challenges associated with an aggressive schedule unfolding during a global pandemic.

"Structural steel was challenging. We needed reinforcement for a couple of rooftop units. That was something we were designing as we were constructing to make sure that we could get everything in time before access went away," he recalls. "There were logistical issues involved in getting material. For example, the powder-coated material was coming from Canada and was delayed so that it would have pushed the completion date of the project by 30 days. We decided to switch the powder coating to a company in Irwin that had an opening to do the work quicker."

Construction wrapped up on September 27, 2021, just over six months after the $3 million office build-out began. Rosky credits Romano and Tammy Chiesa, assistant project manager, with keeping the project moving forward from decision to decision.

"It was a good collaboration between Shannon, NEXT, JLL and the client, and RIDC was a very good landlord partner," concludes Rounsfull. "It's a nice story with Intervala locating in Westmoreland County. There aren't that many growing companies creating new jobs in Westmoreland County, but Intervala is one of them."

"I think the project went very well. Everyone was very professional," Keenan says. "Shannon's foreman on the job [Romano] was very good. He was very professional and very communicative. They brought a good team of vendors and contractors. It was a good partnership from the beginning." BG

PROJECT TEAM

Shannon Construction	General Contractor
Intervala	Owner
Jones Lang LaSalle	Owner's Representative
NEXT Architecture	Architect
McKim & Creed	Mechanical Engineer
Rob Butorac Consulting	Electrical Engineer
Graney Electric Co.	Electrical
Mongiovi & Sons Fire Protection	Fire Protection
1 Plumber LLC	Plumbing
Tudi Mechanical Systems, Inc.	HVAC
A. J. Vater & Company Inc.	Painting
R. Catello Painting	Exposed Ceiling Painting
RAM Acoustical Corp.	Interior Drywall & Acoustic
Dan Taylor Interiors	Flooring
Dom Demarco Construction	Concrete
Concrete Cutting Systems	Floor Trenching
Master Woodcraft Corp.	Millwork/Casework
Seech Industries Inc.	Structural Steel
Burns & Scalo Roofing	Roofing
Specified Systems Inc.	Glass & Glazing
Greer Tile Co.	Ceramic Tile
Caldwells Windoware, Inc.	Roller Shades
Automated Entrance Systems	Automated Entrance

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THE SAME FEDERAL COURT THAT ENFORCED YOUR ARBITRATION CLAUSE MAY LACK JURISDICTION TO ENFORCE THE ARBITRATION AWARD

BY PETER NIGRA

Parties to commercial transactions, including specifically construction contracts, often elect to resolve disputes through arbitration rather than traditional litigation. Choosing arbitration can allow the parties to select favorable law, reduce the costs of litigation, and provide a level of certainty as to how disputes will be resolved. Owners and contractors are typically focused on the work itself rather than enforcing arbitration provisions and may assume that other parties will abide by the arbitration clause. But there are instances where a party will ignore an arbitration clause or rush to court in hopes of gaining an unfair advantage. When that happens, the opposing party may file a petition with a court to enforce the arbitration provision and force the dispute to be resolved as per the terms of the arbitration provision.

After deciding that court intervention is necessary to enforce an arbitration provision, the owner or contractor must then determine in which court they should file their petition to compel arbitration. It is likely that the opposing party improperly instituted litigation in a jurisdiction that is more favorable to their position. For example, a party may improperly file a complaint in Pennsylvania state court instead of abiding by the arbitration provision. The jurisdiction where the improper complaint was filed – Pennsylvania – may not be the most favorable jurisdiction to seek enforcement of the arbitration provision. Instead, a federal court may be more favorable. Therefore, one should not simply file a petition to enforce the arbitration provision in the same court in which the opposing party wrongfully instituted litigation but should instead consider all jurisdictional options.

Similarly, a party may need to seek court intervention to enforce, modify, or vacate an arbitration award after arbitration has concluded. Choosing whether to file a petition to enforce an arbitration award in state or federal court presents unique challenges. Even if a federal court had jurisdiction to enforce the arbitration provision in the first instance, that same federal court may lack jurisdiction to enforce a resulting award. That is, a party may appear before a federal judge at the outset of a dispute to enforce the arbitration clause. The federal judge may enforce the arbitration clause and direct that the parties resolve their dispute through arbitration as agreed in their contract. Following a successful arbitration, that same party may mistakenly believe that they can appear before the same federal judge to enforce the arbitration award. After all, if the federal judge had jurisdiction and authority to instruct the parties to go to arbitration, it is reasonable to believe that the same federal judge would have jurisdiction and authority to instruct the parties to abide by the resulting arbitration award. According to a recent decision by the Supreme Court of the United States, this is not necessarily the case.

This article will outline the different jurisdictional considerations that a party must evaluate when seeking to enforce an arbitration clause versus seeking to enforce an arbitration award.

Federal Courts Do Not Possess Inherent Jurisdiction to Enforce an Arbitration Clause Under the Federal Arbitration Act

In seeking to enforce an arbitration clause, parties typically rely on the Federal Arbitration Act ("FAA"), 9 U.S.C. § 1 et seq. The FAA provides that written arbitration agreements contained in a contract involving commerce are "valid, irrevocable, and enforceable". FAA § 2. The FAA is presumed to apply to every arbitration agreement contained in a contract involving interstate commerce unless the arbitration provision expressly states the parties' clear intent to apply state law in place of the FAA. Mastrobuono v. Shearson Lehman Hutton, Inc., 514 U.S. 52, 62-64 (1995); Allied-Bruce Terminix Cos. v. Dobson, 513 U.S. 265 (1995). Even where the FAA is not mentioned in the contract, the FAA governs and preempts state law. Id. The FAA applies to any construction contract, even regional projects, so long as the contract "involves" interstate commerce. "Involving" interstate commerce is interpreted broadly. Even a contact as minimal as contracting with a multi-state business that utilizes materials which were supplied from another state may be sufficient. Dobson, 513 U.S. at 281. Therefore, unless your contract specifically and explicitly disclaims application of the FAA, it is very likely that the FAA will apply.

Even though the FAA is a federal statute, federal courts do not possess inherent jurisdiction to enforce arbitration clauses pursuant to the FAA. A party seeking to enforce an arbitration clause must demonstrate an independent jurisdictional basis to appear in the federal forum. Therefore, a party seeking to enforce an arbitration clause will need to understand jurisdictional standards and carefully evaluate their case to avoid unnecessary costs of an ineffective attempt to bring its petition before a federal court.

A federal court may only exercise jurisdiction over the enforceability of an arbitration clause pursuant to the FAA if the court would also have jurisdiction over the underlying substantive dispute. Vaden v. Discover Bank, 556 U.S. 49 (2009). This means that the actual dispute that was improperly filed in Pennsylvania state court must meet the criteria for federal jurisdiction as though the federal court could hear the entire case to verdict. Federal jurisdiction is established either by demonstrating that (1) the lawsuit arises under federal law; or (2) that the case has a value of more than $75,000 and the parties have complete diversity of citizenship. 28 U.S.C. §§ 1331, 1332. If either of these criteria are met, the federal court will have jurisdiction to determine whether the arbitration clause is enforceable under the FAA.

How then, does the court determine whether it has jurisdiction to rule on a petition to compel arbitration under the FAA? According to the Supreme Court of the United States in Vaden, the federal court must evaluate the facts of the substantive dispute that have been set forth in the improper Pennsylvania state court pleadings. The federal court would consider, for example, whether the facts pled in the Pennsylvania state court pleadings demonstrate more than $75,000 in potential damages and complete diversity of parties. This jurisdictional evaluation has been referred to as "look through" jurisdiction because the federal court must "look through" a petition to compel arbitration and into the underlying state court pleadings in order to determine whether the federal court possesses subject matter jurisdiction. The party seeking to enforce the arbitration provision is not required to remove the Pennsylvania case to federal court before seeking enforcement of the arbitration clause under the FAA, but instead may ask the federal court to evaluate jurisdiction based on the Pennsylvania pleadings.

A party wishing to enforce its arbitration provision in federal court must understand "look through" jurisdiction and appreciate that the federal court will evaluate its jurisdiction by analyzing the state court pleadings. Depending on how the state court complaint has been pled, an attempt to compel arbitration in a federal court may not be possible.

A Petition to Enforce, Modify, or Vacate an Arbitration Award Must Plead Federal Jurisdiction on its Face

After successfully compelling arbitration and winning an arbitration award, the victorious party will want to enforce its arbitration award. Conversely, the losing party may wish to vacate the arbitration award. An attempt to enforce, modify, or vacate an arbitration award must be presented to a court possessing proper jurisdiction. Surprisingly, the jurisdictional standard to enforce an arbitration award is not the same as the "look through" jurisdictional approach applied to a petition to compel arbitration in the first instance. A party attempting to enforce its arbitration award at the close of the dispute may not be able to do so in the same court that compelled arbitration when the dispute was in its infancy.

According to the United States Supreme Court's recent decision in Badgerow v. Walters, (U.S. March 31, 2022), even if a party has demonstrated federal jurisdiction to compel arbitration under the FAA, that same party may be required to enforce the resulting award in a state court. Following Vaden, questions arose as to whether federal courts had jurisdiction over a petition seeking to enforce, modify, or vacate an existing arbitration award. Federal intermediate Circuit courts split on whether to apply the "look through" jurisdiction approach of Vaden, or to decline jurisdiction even where the underlying controversy would support federal jurisdiction. Doscher v. Sea Port Grp. Secs., LLC, 832 F.3d 372, 383 (2d Cir. 2016) (applying "look through" jurisdiction to petitions to vacate an arbitration award); Goldman v. Citigroup Global Mkts., Inc., 834 F.3d 242 (3d Cir. 2016) (dismissing motion to vacate arbitration award for lack of jurisdiction, declining to apply "look through" jurisdiction, and holding that a federal district court may only exercise jurisdiction over a motion to vacate an arbitration award if the motion on its face supports federal subject matter jurisdiction).

In a March 31, 2022 opinion, the United States Supreme Court ruled that federal courts do not possess inherent authority to confirm, vacate, or modify an arbitration award and rejected the "look through" jurisdiction approach. Badgerow v. Walters, (U.S. March 31, 2022). Unlike a petition to compel arbitration, a petition to enforce, modify, or vacate an arbitration award must demonstrate federal jurisdiction on its face. Thus, a petition to enforce an arbitration award must allege facts supporting either diversity jurisdiction or federal question jurisdiction in order to be maintained in a federal court.

The party filing a petition to enforce an arbitration award must include facts which demonstrate that the parties have complete diversity of citizenship, and that the arbitration award has a value greater than $75,000. The federal court will be unable to look at other pleadings. Following an arbitration award, federal jurisdiction must be re-evaluated, and the petition must be carefully pled. Relying on the fact that a federal court compelled the arbitration in the first instance is unadvisable.

Summary

The difference in jurisdictional approach may lead to seemingly strange results. For example, an opposing party, who is a citizen of Maryland, may improperly file a complaint in Pennsylvania state court despite having an arbitration clause in the contract. You, a citizen of Pennsylvania, may then petition the federal court in the United States District for the Western District of Pennsylvania to enforce the arbitration clause. The federal court would evaluate the underlying Pennsylvania state court complaint and your answer to the complaint to determine whether all parties are diverse, and the claim has a value in excess of $75,000 – whether federal diversity jurisdiction exists. If so, the federal court may then enforce the arbitration clause and direct the parties to resolve the dispute as per the terms of the arbitration clause.

You then proceed to arbitration and win an award of $60,000. The opposing party may refuse to abide by the award. In this instance, you would not be able to return to the federal court in the U.S. District for the Western District of Pennsylvania to enforce the award because your claim does not have a value in excess of $75,000. You would need to go to Pennsylvania state court to enforce the arbitration award even though you first appeared in a federal court at the outset of this dispute.

Another scenario could be that the Pennsylvania state court complaint is filed against both you and a third party who, like your opposing party, is also a citizen of Maryland. You would not be able to maintain jurisdiction in federal court to enforce the arbitration clause because the underlying complaint does not have complete diversity of parties; both the opposing party and your co-defendant are Maryland citizens. Assume that you are successful in petitioning the Pennsylvania state court to compel arbitration and that during the arbitration the third-party from Maryland is dismissed and you win an award of $80,000. You may now petition a federal court to enforce the arbitration award because diversity jurisdiction exists; there is no longer a second Maryland party in the case and the award is for greater than $75,000.

Evaluation of federal subject matter jurisdiction differs depending on whether a party is seeking to compel arbitration at the outset of a dispute or to enforce an award at the conclusion. Navigating these pleading standards can be confusing, difficult, and, if not evaluated properly, needlessly expensive. Any party to a construction contract containing an arbitration provision should seek the advice of experienced counsel when faced with the decision of how to enforce an arbitration clause. Likewise, your counsel should undertake a detailed evaluation of the case following an arbitration decision to determine the proper venue to enforce, modify, or vacate an arbitration award..

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HARNESSING YOUR EXISTING DATA FOR GREATER INSURANCE SAVINGS

BY JOSEPH A. KOPKO, MS, CSP, CRIS

After years of consistent increases in auto liability insurance, businesses have an opportunity to leverage an existing data stream with no upfront costs, and receive immediate, tangible savings.

Usage based insurance programs (UBI) expand upon the traditional approach to pricing your insurance by factoring in the real time risk-taking behaviors of your organization. Traditionally there has been a reluctance to share anything more than what was requested by the insurance carrier for fear of it negatively impacting your insurance renewal. With the amount of objective data being generated everyday by each of your employees, there is a true opportunity to harness that information, assess your workforce in action, and now save money on your insurance for simply plugging in a device to capture this information. This approach provides employers with a means of monitoring individual behaviors in an effort to engage, educate, and incentivize policy holders to be more accountable for their risk-taking behaviors. When organizations increase accountability and evaluation, a phenomenon known as the Hawthorne Effect happens. Your employees' behaviors begin to shift as a result of their awareness of being observed. Think of your own behavior when you are being followed by a police officer, speed is usually reduced, signals used, etc. There is a very real, and measurable impact that comes from clear accountability and observation feedback loops. The concept of the carrot and stick isn't new, however with some of these newer data driven programs, it is far more carrot than stick.

Telematics have been around for more than a decade, in fact in 2010 I had them installed in a fleet of 100-plus construction, field support, and service vehicles. We were early adopters and leaned into the data. We eliminated drivers, worked through dozens of coaching sessions, and at times vindicated employees who had been accused of speeding. As an organization it was stressful; complicated installs, distrust among employees, and a growing concern over potential negligence if we didn't act upon the data being generated. Through that endeavor we yielded close to a 30 percent fuel savings in year one by monitoring engine idle times and speed. Dispatch and emergency call out efficiency skyrocketed with real time tracking, and the potential liability from moonlighting in our vehicle quickly resolved itself. How much did we save on insurance, nothing initially. No credit for the investment in tech, additional driver training, or accountability metrics. It was multiple years later, but the driving habits had changed, the fleet was physically in better shape, and then the auto rates finally came down. Those outcomes were well worth the journey, there had to be a quicker path to a return on that investment.

Usage based insurance is an emerging approach that some select carriers in the commercial auto insurance space are using to reward policyholders whose drivers are operating safely, as well as those who are simply willing to share their data and take a step towards better managing their fleet risk. Amerisure, a Michigan based insurance carrier who specializes in construction, understands the factors their contractors face, including growing costs and thin margins. They have been utilizing UBI for almost two years and are pleased with the results. They incentivize their insureds with an immediate three percent savings for enrolling in the program, with the opportunity to earn up to 15 percent back. While many customers are experiencing 5-15 percent increases on their auto liability, the average savings among Amerisure UBI participants is nine percent! There is no downside to the program with all participants receiving some discount, and drivers with less than stellar driving behaviors are quickly identified, and relevant training resources and coaching tools are provided to drive positive change.

The trend in data driven underwriting is just starting to heat up, and other lines of coverage are likely to follow suit. With the continued adoption of wearable devices and Internet-of-Things connected resources, workers compensation is the next line of coverage that is honing a data collection approach to their pricing methodology. One client invested in a small wearable tracker for their employees to measure their body mechanics and field productivity. The information that flowed in validated their previous loss experience, and more importantly painted a grim picture of the ticking time bombs that existed with their work force. It wasn't a question of if, but when and who first. Over a 24-month project, each occupation was outfitted, trained, and briefed weekly on their collective experience. Individuals at higher risk received additional training and observation. The system used haptic feedback to "buzz" users with a vibration tone indicating they were in an awkward posture or at-risk position. While their insurance carrier did not have a formal program to ingest and analyze this data, they recognized the investment and efforts and received the maximum scheduled credit on their program of 25 percent, despite a continuing increase in their experience modification rate (EMR). There is no need to wait until the commercial insurance marketplace offers a discount before taking action. The benefits of identifying your existing, and important data streams, and then harnessing and acting upon that information will pay dividends far beyond a premium discount. Losses such as auto accidents, employee injuries, and fires can be disruptive events and the soft costs associated with these are quite often under calculated, if tracked at all.

The answers to many of the challenges you face are often found within, and in relatively short order with the right advisor and resources. If you are interested in adopting a data driven approach to your insurance spend, work with a trusted advisor who has experience in identifying and analyzing the data streams you have available and organizing those efforts into an attractive renewal strategy. We are living in a world with data flowing all around us 24/7. Those willing to expand upon their view of return on investment and capture what is already available will reap the benefits of reduced operating costs and improved employee retention for years to come. BG

Joe Kopko is vice president of commercial risk and chief risk officer at Seubert & Associates an insurance, bonding, and benefits specialist and risk advisory located on the North Shore. He can be reached at jkopko@seubert.com.

YOUR BUSINESS SUCCESSION AND EXIT: A FOUR-POINT CHECKLIST

JENNEFER BARTHOLOMEW, CEPA®

As a business owner, you've worked hard to build your business. But what about the day when you might want to walk away from it all? Business transition planning is perhaps one of the most complex tasks a business owner will encounter. Many owners have a substantial portion of their family wealth invested in the business, a complexity that requires broader financial planning strategies to address retirement and estate planning needs.

If you lack a comprehensive plan to pass on your business, now is the time to give serious thought to a formal business transition plan. A well-crafted transition plan identifies a long-term strategy that can inform short-term decisions.

When the time comes to sell a business, many deals collapse during the buyer's due diligence when problems come to light. So, start cleaning things up before it becomes an issue for a buyer.

As you look to improve the value of your business, think about what factors a prospective buyer will place the most value on. What will drive value for a buyer in the future? Will the business continue to operate effectively and grow if you are no longer at the helm? What roadblocks should be addressed now, instead of closer to the sale?

Reducing business risk is a top priority in a proactive transition strategy. When your business is perceived as a solid opportunity, it may create a competitive buyer environment, increase value, improve negotiation and deal terms, and minimize the time to close the sale. Here are four questions to consider as you prepare:

Question 1: Are there natural successors in place for your business?

Identify all possible successors
Make a list of all key stakeholders—family, existing executives, minority shareholders, or others—and ask yourself whether they are willing and able to take over your business.

Start open, dynamic communication early
Begin open and transparent communication with potential successors, asking them about their vision for the company and their skills to own and/or manage it. Identify and fill talent gaps with education, training, work shadowing, or mentoring.

Consider a formal board of directors with outside members. Establish an advisory council or a formal board of directors. Look to include outside members who own or have owned successful private companies.

Set succession in the context of a shared (family) mission
As you talk with your family or key stakeholders, discuss and ideally document how assets beyond the business will be split, whether equality or other divisions work best, and how to appraise fairness over time as different types of gifted assets likely perform in different ways.

Question 2: What types of return do you want to realize?

Get your business documentation in order. Start by making sure all your business operation and process documentation is up to date. Formalize and extend key customer and vendor contracts and confirm that well-documented processes and procedures are in place.

Organize your financial statements. Make sure your financial record keeping and reporting are transparent and easy to evaluate. As you think about making your business more professional, look for clear lines of separation between personal and business expenses.

Clarify and codify your goals
Consider and document a clear vision of your goals after you pass on or sell the business. Is the transfer for purely financial reasons? Is it to set up your heirs with purposeful, productive employment? Do you want to retire or free up time for philanthropy?

Share your goals and smooth out differences
Communicate your vision to key stakeholders, including family, and seek consensus so you can move your business and family forward together. Address and confront potential conflicts of interest, using objective tools like a family constitution if needed.

Build a flexible financial plan
Think carefully about your day-to-day, lifetime, and legacy needs. Ahead of transfer the location of assets and the means of funding a sale can be important—bank debt versus vendor loan, for example. Cashflow planning can help you to meet liquidity needs through earnout periods without potentially having to sell financial assets. Diversification and choice of vehicles can make a difference to financial outcomes in life after business, such as seeding a new business or moving into retirement.

Have a strategic plan for each key area of your business, such as sales, marketing, operations, technology, finance and legal. Know how your business is valued in your industry and look to boost the key metrics.

Question 3: Is your business under threat from disruption or structural change?

Make time for regular company "health checks"
Take regular opportunities to assess the long-term direction and viability of the company. Consider supplementing usual customer feedback and competitor reviews with

stakeholder/shareholder feedback and even externally led SWOT analyses.

See that legal records are in good order. Are your legal contracts in order? Are your employee procedures and agreements solid, with a change in control in place? Are there any environmental, compliance or regulatory issues that need your attention? Is there a chance to extend lease agreements or take a closer look at real estate holdings? Is your intellectual property adequately protected?

Look beyond liquidation if your business is under threat
Connect with your fellow entrepreneurs in the sector about industry challenges. This may uncover possible co-investment opportunities to reinvigorate your company, or even fresh capital to help reposition your company for sustainable future growth.

Make the move from "monarch" to mentor—with help if needed
Work closely with successors as a mentor to tackle structural business challenges together. You may find it difficult to give up your former role, but openness to new perspectives from the next generation (some of whom may bring alternative ways of working from other entrepreneurial or working experiences) can help to inject new energy and purpose into the business. Backing the next generation and preparedness to give up old ways could be especially important in periods of major economic or social change.

Question 4: Where is your company in its corporate lifecycle?

Think about the end when you begin
Consider your potential succession or business exit before or early after your company incorporation. In some jurisdictions the choice of company legal entity can close off many options well before your planned succession date.

Think in scenarios, not preset paths
Consider scenario planning to explore how you can expand, grow, or even leave behind your business inorganically. Succession strategy need not be limited to older entrepreneurs. In fact, succession can help younger entrepreneurs to grow their firms quickly or even spin off into higher-growth activities or serial entrepreneurship. Dedicating time to strategic thinking, regular valuations, and the exploration of possible sale can seem impossible if you're working hard to establish your business, but it could prove to be a worthy long-term investment.

When it comes to sustainability, tackle, and measure what matters
Pay close attention to sustainability regardless of your stage in the lifecycle and focus on materiality. It may be personally fulfilling—and part of your corporate mission statement—to focus on environmental and social causes. But if these causes also align with the areas that are most material to your business's longevity and performance, doing good may also favorably position your firm for successors or external buyers. BG

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MAKE YOUR PROJECT BUDGET GO FURTHER: OFFICE RENOVATION CONSIDERATIONS

BY TIFFANY HAILE AND MARK LOGSTON

In the face of rapidly evolving norms around employee engagement and workplace strategies, companies are struggling to adapt to this "new normal." Employees are seeking inviting spaces that enhance their performance and provide a sense of community. If you can't provide that, you risk losing out to companies that can.

But how can your company maximize existing office spaces while minimizing risk? Many organizations are struggling to balance long-term, economically sound facility investments to meet evolving workplace needs to accommodate their workforce. They're facing supply chain delays for renovations that are further disrupting the ability to optimize working models, struggling to find the right balance of usable work and meeting space, and seeking new ways to achieve space flexibility.

Not knowing how employees will use the office, how do you make best use of your existing office? How can a renovation project support you in realizing the value of your facilities?

Re-imagining your office is a smart investment to reinvigorate culture, energize your existing team, and attract new employees. Whether your team is remote, eager to get back into the office, or operating in a hybrid model, you can customize your space while staying on budget.

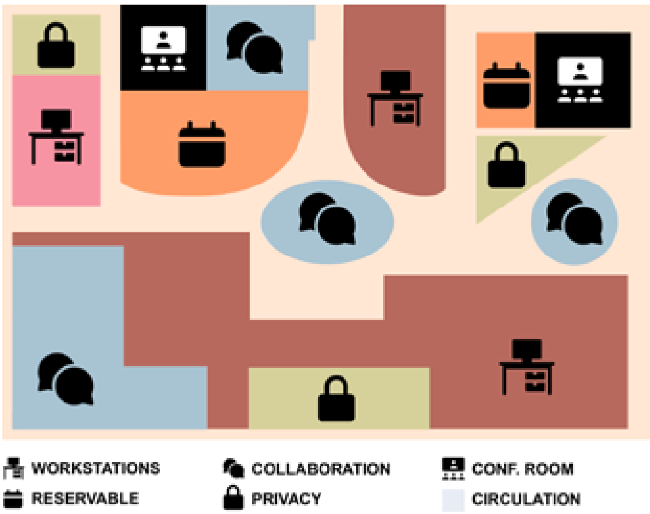
The old "one desk per employee" model is no longer relevant in a world where many employees are easily able to work on laptops from anywhere. While companies can benefit from leveraging wasted space, employees will enjoy the flexibility of more diversified environments and choice in their shared work areas. These new types of space can be better suited to specific work activities and promote employee and team movement throughout the workday. By revitalizing your space, you can improve company brand, how the environment serves employees, and foster productivity–all investments that can enhance employee satisfaction.

Provide flexibility with a diverse range of workspaces.

It's challenging to find that right balance of dedicated desks to meeting rooms and alternative, diversified workspaces. A common mistake is over-committing space for workers who are not in the office. Another is not paying attention to the diversity of employee work behaviors. Employees experienced the value of working in different environments through work in their homes. For many employees, the opportunity to shift working from the home office to the kitchen island to the back deck has improved and refreshed their work experience by showing that they can be productive in different environments based on task. By being flexible and focusing on employee experience in the office as well, you can make your workplace project a better value by balancing the ways in which you outfit your real estate.

Promote flexibility by mixing in a diverse range of spaces. When team members come into the office for a meeting, they should have options: do they want to keep working in the conference room or breakout room, or perhaps move to a workstation or a lounge area? With strategic design, you can align your space to support your operational goals.

We've successfully translated the "work from home" experience to the office with a "neighborhood" approach. As shown in the illustration below, this approach leverages spaces with slightly different functions to deliver a more relaxed atmosphere due the variety of choices employees have to do their work or collaborate with each other in person again.



With thoughtful design, your team members can remain energized as they move throughout the office and their workdays. If privacy is required, they can utilize phone booths, a workstation, or private office. Later, they can take advantage of open huddle spots for collaboration and lounges to promote community and socialization. These open areas allow people to be together, but not uncomfortably crowded into a tight space.

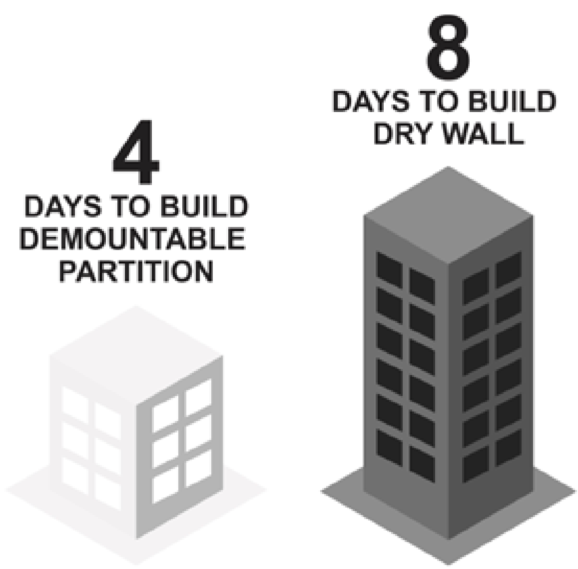
If your team doesn't need dedicated desks, then there's no need to waste money on them! When square footage is limited or costly, a diversified environment may function more effectively and efficiently than a traditional office. In addition to saving money, you'll better meet the needs of more employees.

How can this flexibility be achieved?

Convertibility is a way of investing in a space that evolves with your business needs.

While built walls limit your options, the strategic use of modular walls and furniture provide unparalleled, comparative flexibility. Furniture can provide the needed hard wall spaces for privacy, while also being less expensive, faster to build, and adjustable as office adjustments may be desirable over time.

While it takes about eight days to build and finish 100 linear feet of drywall partition, a demountable (modular) partition takes half that time—an average of four days. A drywall partition (100 feet long/10 feet high) with a paint finish will cost about $137.45 per linear foot. That same size demountable wall system with a vinyl clad drywall finish will be about $116.32 per linear foot. Costs and time can quickly add up.



Modular furniture doesn't just provide you with efficiencies of speed to delivery—there are also tax benefits. While drywall partitions are part of the building structure that must be depreciated over 39 years, demountable (modular) walls are considered furniture and can be depreciated over seven years.

Using modular furniture and walls, we reduced the time of construction by over three months on a recent 20,000 square foot workplace renovation. Our team specified and procured modular wall systems that were primarily assembled off-site. With turnkey delivery and minimizing on-site time, we reduced the disruption of construction in an operating building.

Installing furniture and walls, instead of building them, eases the regulatory permitting and approval processes. It also increases your speed to completion. Rather than spending more time and money on HVAC and fire alarm permits, and potential delays for multiple system permitting and inspections, you can focus on pulling an electrical permit and occupancy inspection, which saves on costs as well.

Construction time for this office renovation was reduced by three-to-four months with the integration of modular walls.

Supply chain disruption has caused delays and also cost increases on projects. How can those impacts be minimized?

Your procurement strategy can make or break both your schedule and your budget.

Building material costs are both fluctuating and increasing, as are the risks of shipping delays that could derail your schedule. These uncertainties often result in volatility that can add to your capital costs.

By integrating cost estimating throughout a project, your team can access up-to-date information to make informed decisions. Long-lead items, when ordered timely, will fit seamlessly into the overall construction schedule. This will also allow your team to mitigate any potential supply chain issues as coordination with vendors and suppliers continue to indicate fluctuation on costs and delivery timing.

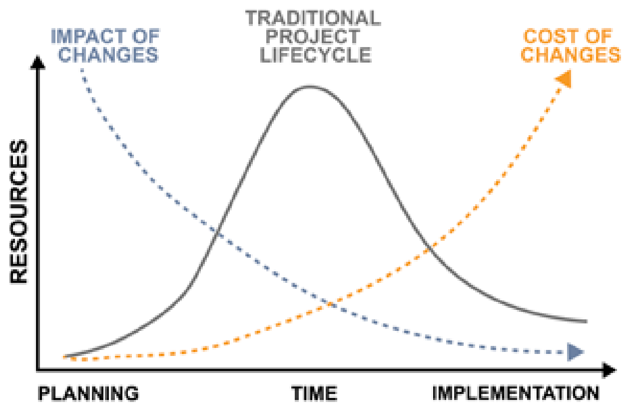
Project partners who understand the construction industry supply chain have a distinct advantage: they're not going to design or bid on a project without considering cost, availability, and timeliness. To significantly reduce unnecessary costs, select a partner with proven procurement and supply chain management expertise.

What are some other strategies to shorten project turnaround in today's unsettled economic environment?

There are several ways to streamline project delivery in today's rapidly changing economic environment.

First, establish a clear vision early to set a strong foundation for a project. Having a shared understanding of goals, including the look, feel and functionality of space will ultimately minimize re-work.

Changes made in the early phases of a project have the maximum impact on design but typically minimal impact on schedule and cost. For example, minimize procurement delays and order long-lead items early in the process, allowing enough time for production and delivery.



Early and ongoing cost estimates are another valuable tool. The entire team (clients, designers, and key stakeholders) can collaborate more effectively when they (1) understand the relationship of cost to design phase, (2) have the necessary data to make informed decisions, and (3) are open to exploring options and perhaps less traditional construction or delivery methods.

Conclusion

As workspaces continue to evolve, invest in practical solutions to meet your company's needs now that also provide the opportunity to shape space differently in the future. By working with an experienced partner, you can avoid common pitfalls and meet your goals not just now, but for years to come. BG

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INDUSTRY & COMMUNITY NEWS

Aaron Reed from Reed Building Supply (left) and Rycon's J.R. Bittner at the American Subcontractors Association's golf outing on August 15 at Chartiers Country Club.

McKamish's Bob Ward (left) and Aaron Dembowski from Keystone Metals at the ASA outing.

Goettle's Ralph Pagone and Debra Pitschman from Case Sabatini at the ASA outing.

(From left) Rich Yohe and Brooke Waterkotte from Easley and Rivers, with PJ Dick's Dan Greene and Eric Pascucci.

(From left) Rycon's Todd Dominick, Ray Gajski from Ruthrauff Sauer, and SMACNA's James Strother at the ASA outing.

(From left) Alberto Jarquin from Gateway Engineers, Ken Umbel from the Eastern Atlantic States Regional Council of Carpenters, Gateway's Kyle Brown, and Steve Mazza from the Carpenters at the NAIOP DevelopingLeaders golf outing at Cranberry Highlands on August 17.

John Mascaro, Jr. (center, in green) took on the PPG fountain at this year's "ALS CEO Soak" benefitting amyotrophic lateral sclerosis research. Team Mascaro raised a total of $3,330.

Mascaro's Alyssa Kunselman (left, speaking) took part in an "Intro to Networking" panel at the NAIOP Pittsburgh/Robert Morris University Summer CRE Immersion Camp where students were encouraged to explore careers in the commercial real estate industry.

NAIOP Pittsburgh's Brandon Mendoza, Joe Smith from Dollar Bank, and Jeff Turconi from PJ Dick at the MBA golf outing at Laurel Valley on September 1.

MBA's Lance Harrell (second from left) with MBA Building Excellence Award judges (from left) Joe Beck, Ray Vogel, and George Ehringer.

(From left) Jeff Young from Perkins Eastman, Turner's Drew Kerr and Brian Peglowski, and UPMC's Canard Grigsby.

(From left) CBRE's Geno Mercuri, Greg Heddaeus and Chris McElhaney from Carl Walker Construction, and Echo Realty's Phil Bishop.

(From left) Mike Barnard from Oxford Development, UPMC's Aaron Bernett, Lou Ferraro from Rycon Construction, and Highmark's Todd Rodgers.

(From left) Mosites Construction's Mike Lackey, Ryan Glus, Jason Malatak, and John Wattick.

(From left) Whiting-Turner's Kari Olsavsky, Adam Ramsey from JLJI Enterprises, PJ Dick's Chris Dunlay, and Alicia Densmore from AIMS Construction.

(From left) Bill Waterkotte from Eastern Atlantic States Council of Carpenters, Neil Gregorio from Tucker Arensberg, Aaron Price, and Tim Chesleigh from the Carpenters.

(From left) Burchick Construction's Joe Wardman and Dave Meuschke, Tyler Noland from PenTrust, and MBA's Tim Mackin.

(From left) Brooke Waterkotte and Neal Rivers from Easley & Rivers, C.J. Pascarella from PNC, and E&R's John Lane.

AWARDS & CONTRACTS

Spartan Construction was awarded $8.9 million contracts for the general and plumbing construction portions of the new public safety building for North Strabane Township in Washington County. RSSC Architecture is the architect for the 33,000 square foot, $11.2 million new building.

The Pittsburgh Cultural Trust selected **Landau Building Company** to manage the million-dollar restoration and modernization of the Benedum Center for Performing Arts's historic marquee and façade. The architect is MCF Architects.

Landau Building Company has begun renovations to convert an existing 3,480 square foot facility into a new JP Morgan Chase Bank branch in Harmar Township. The scope of work includes selective demolition, interior finishes, mechanical, electrical, bank equipment and security installations. The architect is David Allen Youse.

Uhl Construction is renovating a portion of the Washington Crown Centre in North Franklin Township to build the Washington Crown Chrysler Dodge Ram and Jeep dealership. Omni & Associates is the architect for the $6.2 million project.

#1 Cochran awarded a contract to **Uhl Construction** for its new $6 million parts distribution center in Natrona Heights, Harrison Township. The architect for the 40,000 square foot renovation and 30,000 square foot expansion is Nudell Architects.

Caliber Contracting Services was the successful bidder on the general construction portion of the $7.3 million Penn Hill Charter School of Entrepreneurship. Massaro CM Services is the construction manager. The architect is LGA Partners.

Richland Township Supervisors awarded the general construction contract to **Caliber Contracting Services** for its $800,000 Community Barn Renovations at the Richland Community Park. The architect is HHSDR Architects & Engineers.

TEDCO Construction is renovating Cigna Corporation's offices at 3000 Ericcson Drive in Marshall Township. The architect is CDL Architects.

GEM Building Contractors, an **E & G Development** company, is completing the renovations to the New Brighton High School in Beaver County. The architect for the project is DRAW Collective (formerly Eckles Architecture).

F. J. Busse Company renovated the former Sherwin Williams facility at 2701 Smallman Street to be core and shell space for future tenants. The architect for the 11,000 square foot renovation was Golba & Associates.

JP Morgan Chase selected **A. Martini & Co.** to build the new Chase Bank branch at 6100 Penn Avenue in East Liberty. The architect for the 3,300 square foot new building is Feinkopf Macioce Schappa Architects.

Independence Excavating Inc. began the site demolition and site utility installation at the new Frank B Fuhrer Wholesale Co's new office/beer distribution center in Export, Salem Township, PA.

Independence Excavating was awarded the site preparation package for the FXG Distribution Center in Hermitage PA. The scope includes earthwork, site utilities and retaining wall construction. Work commenced on the project in late June.

Shannon Construction is the construction manager/agent for the buildout of Commonwealth Charter Academy's new facility at Cranberry Business Park in Cranberry Township. Strada Architecture LLC is the architect for the $7 million renovation. Shannon Construction is also managing the buildout of a similar facility for Commonwealth Charter Academy in Erie, PA.

University of Pittsburgh awarded a construction management contract to **Mosites Construction** for the Residence on Bigelow renovation. The architect is Perkins Eastman.

Gilbane/**Mosites Construction** joint venture was selected as the construction manager for Carnegie Mellon University's $75 million Robotics Innovation Center at Hazelwood Green. Tischman Speyer is the development manager for the project. The architect is Perkins Eastman.

PJ Dick Mid-Atlantic is renovating the Library Classroom Building on The Pennsylvania State University's Scranton campus. The project includes a renovation to the existing 20,800 square foot, two-story building located at the western edge of campus.

PJ Dick Mid-Atlantic is providing general construction services to remove and replace most of the mechanical system and the entire roofing system of the Montgomery County Office Building.

PJ Dick Mid-Atlantic is providing CM at risk services for a 12,000 square foot office fit out for Willis Towers Watson's King of Prussia location.

PJ Dick's Special Projects Group was awarded the construction of a new 14,700 square foot fire station for Harmony Fire District, including training rooms, office space, a kitchen, a gym, sleeping quarters, and a garage to house six vehicles.

PJ Dick's Special Projects Group continues its relationship with McCaffery Interests and the Produce Terminal with the construction of a 10,000 square foot interior tenant fit out for City Winery. The renovation will create a new restaurant, bar, and small concert venue.

PJ Dick is currently completing the 3,300 square foot operating room (OR) Phase II fit out of the existing second floor emergency department addition. The OR Phase II fit out consists of one state-of-the-art hybrid OR, one general purpose OR, and supporting control, component, and storage rooms.

PJ Dick's Self-Perform Group is providing subcontracting services to Hudson Companies for work associated with the construction of a new 148-unit apartment building.

PJ Dick's Self-Perform Group is providing subcontractor services to Turner Construction Company for the structural concrete work associated with the construction of a new 140,600 square foot, six-story life sciences building in Oakland.

PJ Dick's Self-Perform Group is providing 140,000 square feet of slab-on-grade and foundations, including spread footings, stem walls, and piers, for the new Wyatt Manufacturing Facility.

PJ Dick is providing CM at risk services for the architectural demolition and 21,100 square foot Sheetz fitout of second floor of the Matthews Building in Bakery Square.

Rycon's Special Projects Group is the general contractor converting a former bar into a Starbucks within the Fairmont Hotel in downtown Pittsburgh.

The Buncher Company selected **Rycon's** Special Projects Group as the construction manager to complete a $1.9 million, 15,100 square foot office fit-out on the second floor along the Pittsburgh's Allegheny River.

In York, PA, **Rycon's** Special Projects Group is performing a $2.3 million, 27,000 square foot conversion of a former retail store into a new Burlington store for CBL Properties.

Rycon's Special Projects Group was awarded 20 lump sum contracts to renovate and roll-out new beauty departments for JCPenney throughout the Northeast.

Rycon's Building Group was awarded the general trades portion of the work for the $59 million renovation and expansion of Trinity Middle School in Washington, PA. The work will be completed in six phases. DRAW Collective is the architect.

Rycon's Building Group is the CM-at-Risk for a $7.4 million GMP contract for the adaptive reuse of three of seven vacant industrial buildings into research and development space on River Avenue.

Rycon's Building Group was selected for the design-build RIDC Fairywood Warehouse project with Pieper O'Brien Herr. The scope consists of site demolition and sitework on 23.4 acres of land and the construction of a 150,000 square foot building.

Rycon's Building Group will be performing the general trades portion for the $194 million, 845,000 square foot interiors package for the Pittsburgh International Airport Terminal Modernization Program. Rycon is currently performing the general trades portions for two other packages that total $153 million for PIT's new five-story parking garage and site work and surface parking.

West Virginia University Medical awarded a contract to **AIMS Construction** for renovations to its Fairmont Gateway Clinic. The architect is Hafer Architects.

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FACES & NEW PLACES

Tracey Heyl has joined **Landau Building Company** as accounts payable specialist. Tracey spent the past 12 years working as the administrative assistant and scheduler for various healthcare practices. Before that, she worked as the office manager and controller for an architectural lighting manufacturer for 22 years.

Turner Construction announced that **Sarah Hacke** joined the company's estimating department. Hacke is a recent college graduate from the University of Pittsburgh and served four internships with Turner.

Diane Hughley joined **Turner Construction** as office manager. Hughley has over 34 years of administrative experience.

Riccardy Volcy joined **Turner Construction** as project engineer. He has eleven years in the A/E/C industry.

Turner Construction announced **Adriana Stahl** as human resources manager. Stahl has more than nine years of experience in human resources.

Ken Reece joined **Turner Construction** as a superintendent. Reece has more than 11 years' experience in the Pittsburgh construction industry.

Bill Johnson joined **Mascaro** as heavy/industrial superintendent on June 15. He is supporting the Duquesne Light Watson Substation project.

On June 20, **Hunter Shanty** joined **Mascaro** as an health safety and environment manager. He completed an internship at Mascaro, as well as earning his undergraduate degree in Safety Management from Indiana University of Pennsylvania.

Zack Blystone joined **Mascaro** as a project engineer on June 20. He completed an internship at Mascaro and is a recent construction management graduate from Ferris State University in Big Rapids, Michigan.

A Penn State graduate and former Mascaro intern, **Matthew Moffitt** joined **Mascaro** as a project engineer on June 20.

Alan Perez joined **Mascaro** as a project engineer on June 20. Perez earned his construction management degree from UNC-Charlotte. He previously interned with Mascaro at the Carolina Panthers Rock Hill facility.

Kara Ross joined **Mascaro** as a full-time project engineer after completing three rotations as a co-op. Kara is a recent graduate of The University of Akron where she earned her civil engineering degree.

Krystal Wessel has been promoted to project manager of **AM Higley Company's** Pittsburgh office. Krystal joined AM Higley in 2021.

Kari Pile joined **PJ Dick** as a project manager with MetalFab. She received her associates in construction management and a bachelor's degree in sociology from the University of Alaska, Fairbanks, which is also where she has spent a majority of her career. She served as a project manager for eight years at Design Alaska, an architecture/engineering firm, and has additional experience working for a developer and non-profit organization.

Don Hanley joined **PJ Dick** as a project manager at UPMC Presbyterian where he is responsible for the concrete and caissons package. He earned his degree in construction engineering management from Oregon State University and remained in the northwest for his career prior to joining PJ Dick.

Garrett Fink joins **PJ Dick** as a project engineer working at the Pittsburgh International Airport Modernization project where he is responsible for MEP-FP. Garrett comes from Thrustmaster of Texas, Inc. designing and manufacturing propulsion equipment for the marine industry. He earned his BS in mechanical engineering from The Pennsylvania State University.

Project Manager **Chris Piechnik** joined **PJ Dick** Mid-Atlantic. He holds a BS in Risk Management and Insurance from Saint Joseph's University.

Cerise Faraone joined **PJ Dick** Mid-Atlantic as an administrative assistant. Following her education at University of California, Riverside, she gained 20 years of administrative background in healthcare, manufacturing, and landscape industries.

PJ Dick welcomed **Stacey Astfalk** as a project administrator. Stacey has 20 years of administrative experience, including expertise in accounting and human resources.

The **Rycon** Pittsburgh office is pleased to welcome **Ethan Anderson**, a Carnegie Mellon University alumnus, as project engineer with the Special Project's Group.

Rycon's Pittsburgh Building Group hired **Brad Carse**, Penn State University alumnus, as senior project manager.

Amanda Caso, alumna of Bucknell University, joins **Rycon** Pittsburgh as MEP coordinator.

With over 30 years' experience in the industry, **Rycon** Pittsburgh is pleased to welcome **Mark Follen** as national business development director of the cannabis division.

Vincent LaSala, University of Pittsburgh alumnus, joins **Rycon's** Pittsburgh Special Projects Group as estimator.

Rycon's Pittsburgh Special Projects group hired **Arthur McDermitt**, a Slippery Rock University alumnus, as project engineer.

Rycon's Pittsburgh Special Projects Group is pleased to welcome **Jack Montgomery**, a Virginia Tech alumnus, as project engineer.

Zachery Morgan, Penn State University alumnus, joins **Rycon's** Pittsburgh Building Group as project engineer assistant.

With over 15 years' experience, **Cortland Woodard** joins **Rycon** Pittsburgh Building Group as project engineer.

Rycon's Pittsburgh Building Group is pleased to welcome **Olivia Williams** as project engineer assistant.

In **Rycon** Pittsburgh's Special Project's Group, recent promotions include: **Tim Ali** as assistant project manager, **Dylan Witt** as project manager, **Hannah Schell** as project manager, **Mike Luznar** as senior project manager, and **Rudy DeStefano** as senior project manager.

Phil Marraway was promoted to project executive within **Rycon** Pittsburgh's Building Group.

Sarah Sloan was promoted to senior closeout specialist within the **Rycon** Pittsburgh office.

Shelby Meyers was promoted to office manager in **Rycon's** Casework & Millwork Division.

AIMS Construction announced that it had hired **Cameron Miller** as superintendent.

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Burchick Construction is a full-service general contractor founded on the commitment to excellence that Joe Burchick brings to each project. Burchick's management approach is designed to ensure optimum results for our clients while setting the performance standard for construction services. Our executives and managers have broad-based experience delivering construction to the highest of standards with every delivery method preference. Burchick's project team and professional engineers on staff are equally comfortable with a completed design or with providing pre-construction assistance at the earliest stages of design. Burchick has managed commercial, institutional, and industrial projects from $1 million to $73 million with equal attention. Burchick Construction – Setting the Performance Standard.

Carl Walker Construction

935 Vista Drive, Pittsburgh, PA 15205-1218
T: 412-490-2924
www.carlwalkerconstruction.com
Greg Heddaeus, Partner
gheddaeus@carlwalkerconstruction.com

Carl Walker Construction (CWC) has remained the industry leader for parking garage design, construction, restoration, and specialty concrete projects since its inception in 1996. We are a single-source solution for owners seeking accurate scheduling and cost prediction, turn-key design, streamlined and transparent contact, and thorough certification and training by a self-performing garage expert. Our experience is our advantage: we do not compromise on workmanship, product quality, design detail, or safety.

CWC focuses on the prolonged integrity and sustainability of the structures we restore and build, and take a proactive approach in applying improvements and beneficial modifications when applicable and cost effective.

We are proud members of the International Concrete Repair Institute and American Concrete Institute, and have earned multiple safety awards and acknowledgements for our dedication to industry best practices.

Jendoco Construction Corporation

2000 Lincoln Road, Pittsburgh, PA 15235
T: 412-361-4500 | F: 412-361-4790
www.jendoco.com
Michael Kuhn – mkuhn@jendoco.com

JENDOCO Construction, founded in 1957, is located in Pittsburgh's East End and provides building construction services to the Western Pennsylvania region. Jendoco believes that the built environment should have a Net-Positive impact on people, nature, and communities and that designing and constructing the places in which we live, work, worship, learn, heal and play should be collaborative, creative, and fun. Through proactive solution development, sustainable building practices, community engagement, and charitable support, Jendoco continues to demonstrate our commitment to the Greater Pittsburgh Region.

Landau Building Company

4378 Craighead Road, Allison Park, PA 15101
T: 724-935-8800
www.landau-bldg.com
Jeffrey Landau, President – jlandau@landau-bldg.com

Established over 130 years ago, Landau Building Company has become one of the premier family-owned and operated general contracting firms in Western Pennsylvania. Subsidiary Marks- Landau Construction provides construction services to the northern West Virginia region. Now in its 5th generation, Landau continues to build strong RELATIONSHIPS with its clients. Our commitment to integrity, honesty, and excellent client service has built our solid REPUTATION. We deliver exceptional RESULTS that exceed our client's expectations for quality and service and make Landau Building Company their builder of choice.

Mascaro Construction
1720 Metropolitan St, Pittsburgh, PA 15233
T: 412-321-4901
www.mascaroconstruction.com
Michael R. Mascaro - mcclp@mascaroconstruction.com

Mascaro is one of the region's largest construction firms specializing in design-build, construction management, and general contracting. Founded in 1988 on the simple premise to deliver excellence in construction services, we bring to your project the 'Mascaro Advantage:' We are humble, hungry, and smart – not shying away from hard work and complex projects, but tackling each one proactively. We do what we say we are going to do, right, the first time. We will provide a family atmosphere, concentrating on the health and welfare of not only our employees, but also that of our clients and community. Our success is based on our market diversity, superior planning, building relationships, and, most importantly, delivering great experiences.

McKamish, Inc.
50 55th Street, Pittsburgh, PA 15201
T: 412-781-6262 | F: 412-781-2007
www.mckamish.com
John Jordan – jjj@mckamish.com

Serving the mid-Atlantic region with over forty-five years of experience, McKamish is a full-service mechanical contractor specializing in commercial HVAC, plumbing, piping, industrial piping, custom metal fabrication, and 24/7 service and maintenance. McKamish is dedicated to "Building Excellence" on every project that we build. With a dedicated team of employees who are committed to our customers, you can feel confident that your project will be handled with integrity. A family-owned company with deep roots in the Pittsburgh community, our goal is to surpass customers' expectations and provide top quality service in everything we do.

PJ Dick Inc.
225 North Shore Drive, Pittsburgh PA 15212
T: 412-807-2000
www.pjdick.com
Bernard J. Kobosky | Bernie.kobosky@pjdick.com

PJ Dick is a part of a Pittsburgh, PA based family of companies that provides best-in-class construction management staff to estimate, plan, and build the Mid-Atlantic region's most prominent projects. Since 1979, PJ Dick has served markets including commercial, government, hospitality, healthcare, higher education, industrial, K-12 education, multi-family and senior living, and sports and entertainment. Consistently ranked among the nation's top firms, PJ Dick offers unsurpassed general contracting, design/build, construction management, and consulting services while maintaining its values of safety, sustainable building, quality construction and innovative technology.

Rycon Construction Inc.

2501 Smallman St., Suite 100, Pittsburgh, PA 15222
T: 412-392-2525
www.ryconinc.com
Todd Dominick

Rycon Construction, Inc. is a premier construction management and general contracting firm with offices in eight cities. An ENR Top 400 Contractor and ENR Top Green Contractor, Rycon specializes in new construction, renovations, and adaptive reuse projects for Owners of commercial, industrial, institutional, multi-unit residential, and governmental buildings. Rycon's stellar reputation for quality service is built on a solid history of successful projects completed on time and on budget, and an unwavering philosophy that puts customer satisfaction first. The results are repeat customers and steady company growth. Rycon is an employee-owned company with $560 million of revenue in 2021.

Shannon Construction Company

3257 West Liberty Ave., Pittsburgh, PA 15216
T: 412-341-1155 F: 412-341-2955
www.shannon1.com
Rich Amberson, Exec. VP
richa@shannon1.com

Shannon Construction is a commercial builder with a rich legacy handed down from generations of family. Our objective is to develop and deliver customized building programs that meet our client's goals. Shannon utilizes a creative, collaborative project approach to ensure client satisfaction and successful outcomes on every project. Clients benefit from our service philosophy rooted in personalized attention to every detail. We believe the best way to do business is to treat people fairly and do the right thing. Our services include General Contractor, Construction Management, Design & Build, Self-perform Construction, Building Construction Maintenance, and Green Building techniques.

Turner Construction Company

925 Liberty Ave., 3rd Floor, Pittsburgh, PA 15222
412-255-5400
www.turnerconstruction.com/pittsburgh
Drew Kerr, General Manager
akerr@tcco.com

Founded in 1902, Turner Construction Company is the largest general builder in the United States. Our continued success is built upon an unwavering dedication to our core values of teamwork, integrity, and commitment. Turner's roots in Western Pennsylvania date back to 1908, with a contract for work on Forbes Field. In the intervening years, we built or managed the construction of many of the city's signature buildings. We opened a full-time Pittsburgh office in 1976 and have since built or managed the construction of many leading commercial, residential, institutional, industrial, and healthcare facilities in the region. Turner's Pittsburgh office continues to provide our clients with industry-leading resources with a local, dedicated staff.

Volpatt Construction Corporation

100 Castleview Road, Pittsburgh, PA 15234
T: 412-942-0200
www.volpatt.com
Ray Volpatt, Jr. President – rayjr@volpatt.com

From our first renovation in 1991, to over 800 industrial, commercial, and institutional projects, Volpatt Construction has successfully positioned itself as one of the most respected building contractors in the Tri-State area. With a focus on high quality, hands-on service, competitive pricing, and timely project completion, Volpatt Construction has built and maintained a long list of repeat clients, partnering with the finest businesses and institutions in the area. Today, the family-operated company continues to play an integral role in building the region into a top global destination for healthcare, education, and research.

DEVELOPER

Ambridge Regional Center and ConAm3PL

2301 Duss Avenue #1, Ambridge, PA 15003
T: 724-266-4661
www.AmbridgeRegional.com
www.ConAm3PL.com
Office@AmbridgeRegional.com

The Ambridge Regional Center offers over 1 million square feet of warehouse, distribution, manufacturing, lab and yard space for lease. Our tenants include Fortune 100 firms as well as small private companies.

ConAm3PL offers full third party logistics to international conglomerates as well as regional companies whom all utilize our distribution capabilities to maximize their operational efficiencies.

The Buncher Company

Penn Liberty Plaza I
1300 Penn Ave., Suite 300, Pittsburgh, PA 15222
412-422-9900
www.buncher.com

The Buncher Company, headquartered in Pittsburgh, Pennsylvania, is a recognized leader in all phases of real estate development, including site acquisition, construction, brokerage and leasing, and property management.

We are experienced in providing innovative solutions to prospective clients and tenants, and we understand what it takes to effectively adapt to the constantly changing real estate business environment. Our highly experienced staff of real estate and construction specialists can help clients navigate the complexities of finding the perfect location to build and lease. They bring in-depth industry expertise and knowledge of every property, and consistently deliver high-level tailored services, unlimited accessibility, and timely results.

Indiana County Center for Economic Operations

801 Water St., Indiana, PA 15701-1705
T: 724-465-2662 | F: 724-465-3150
www.indianacountyceo.com
Byron G. Stauffer, Jr., Executive Director
byronjr@ceo.co.indiana.pa.us

The Indiana County Center for Economic Operations (the "CEO") was established in 1994 as a county-wide public-private initiative. The CEO Affiliates include the Indiana County Commissioners, the Indiana County Chamber of Commerce, the Indiana County Development Corporation, the Indiana County Tourist Bureau, and Indiana University of Pennsylvania, whom jointly seek to support the continuous improvement and vitality of Indiana County through increased business, economic growth, tourism, education, and the quality of life in Indiana County. The CEO facilitates access to information, resources, and the delivery of integrated programs and services to assist businesses in their efforts to grow and expand.

Mon Valley Alliance

235 W. Main Street, Monongahela, PA 15063
T: 724-565-5636
www.monvalleyalliance.org
Jamie Colecchi, CEO
jcolecchi@monvalleyalliance.org

The Mon Valley Alliance (MVA) is a non-profit, Certified Economic Development Organization, dedicated to industrial, business, and community development in the Mid-Mon Valley region, south of Pittsburgh, PA. MVA provides shovel-ready industrial land for sale or lease in 4 area business parks, build-to-suit projects, preferred financing through the Pennsylvania Industrial Development Authority, and access to tax abatements for companies creating and retaining family sustaining jobs. The organization serves as coordinator of the Mid-Mon Valley Regional Enterprise Zone and is a leader in community revitalization through improvement projects and blight removal in the historic downtowns.

Elmhurst Group

One Bigelow Square, Suite 630, Pittsburgh, PA 15219
T: 412 281-8731
www.elmhurstgroup.com
Eric R. Schindler, Director of Leasing
eschindler@elmhurstgroup.com

The Elmhurst Group of companies is a 45-year-old Pittsburgh-based organization that invests in commercial real estate and the hospitality industry. Elmhurst's real estate holdings include 40 buildings on 21 sites, totaling more than three million square feet of office, distribution, flex, and hotel space.

Elmhurst's long-term strategy is to continually increase the value of each of its properties by providing strong and dedicated management and exceptional customer service. We maintain close personal contact with our customers. We operate with the understanding that we are in the service business—not the space business. And we recognize that our legacy is inextricably linked to the quality of our people and the service we provide.

ECONOMIC DEVELOPMENT

Community Development Corporation of Butler County

110 East Diamond St., #201/202 Butler, PA 16001
T: 800-283-0021 | F: 724-283-3599
www.butlercountycdc.com
Joe Saeler, Executive Director
jsaeler@butlercountycdc.com

The Community Development Corporation of Butler County (CDC) is the lead economic development organization in Butler County. The CDC is your first contact for economic development in Butler County. The CDC works closely with you to identify the right location for your business. The CDC also has financing available for real estate, equipment, working capital and lines of credit.

Washington County Chamber of Commerce

375 Southpointe Blvd. #240, Canonsburg, PA 15317
T: 724-225-3010 | F: 724-228-7337
www.washcochamber.com
Will Thomeier, Director Economic & Tourism Development – will@washcochamber.com

The Washington County Chamber of Commerce is the largest chamber of commerce Southwestern Pennsylvania and leading economic development agency in Washington County. The Chamber focuses on marketing and business development initiatives to expand the economy of Washington County and was one of the first organizations to publicly support the economic benefits and job creation potential of the natural gas industry. Learn more at www.washcochamber.com.

Westmoreland County Industrial Development Corporation

5th Floor, Suite 520,
40 North Pennsylvania Ave., Greensburg, PA 15601
T: 724-830-3061 | F: 724-830-3611
www.westmorelandcountyidc.org
Jason W. Rigone, Executive Director
wcidc@wpa.net

Founded in 1983 by the Westmoreland County Board of Commissioners, Westmoreland County Industrial Development Corporation promotes growth in terms of job creation, economic output and a stable tax base for Westmoreland County. By developing a robust industrial park system, deploying a comprehensive marketing strategy, administering a proactive Business Outreach Program and collaborating in public/private partnerships, WCIDC supports business growth that results in job opportunities for the citizens of Westmoreland County.

KU Resources, Inc.

22 South Linden St., Duquesne, PA 15110
T: 412-469-9331 | F: 412-469-9336
www.kuresources.com
Tysen Miller – Tmiller@KUResources.com

KU Resources, Inc. provides a full range of environmental management and site development engineering services to industrial, commercial, and community based clients. The firm specializes in brownfield redevelopment, environmental site assessment, economic revitalization assistance, regulatory permitting and compliance, remediation design and implementation, and environmental risk management strategies. The firm's engineering and environmental consulting capabilities also include the areas of civil and geotechnical engineering, site development engineering, water resources engineering, mining and quarry services, water quality monitoring, and air quality compliance and permitting.

LSSE Engineers and Surveyors

846 Fourth Ave., Coraopolis, PA 15108
T: 412-264-4400
www.lsse.com
Kevin A. Brett, P.E. – kbrett@lsse.com

Established in 1985, LSSE is a civil engineering and surveying firm with offices located in Coraopolis, Allegheny County (headquarters); Greensburg, Westmoreland County (branch), Albion, Erie County (branch), Center Township, Beaver County (branch), Pennsylvania and Dublin, Franklin County (branch), Ohio. LSSE has provided planning, surveying and design services for sites throughout Pennsylvania, Ohio, West Virginia and New York. LSSE recently services under a subcontract to the Site Architect, historic steel mill (Mill 19) located within the Hazelwood Green development.

FINANCE

Dollar Bank

20 Stanwix St., Pittsburgh, PA 15222
T: 412-261-7515
www.dollar.bank
David Weber, Senior Vice President
Business Lending
dweber578@dollarbank.com.

Do what drives you. Dollar Bank's Business Experts will help you get there. How? By earnestly listening to your needs, understanding your ambitions and building financing solutions that are only made for one business - yours. From purchasing equipment, expanding facilities and increasing working capital to balancing ever-changing credit needs, we offer the flexibility and attention that can only come from an independent bank dedicated to business since 1855. Ready to do it? Contact David Weber, Senior Vice President, Business Lending today.

PNC Real Estate

300 Fifth Ave., Pittsburgh, PA 15222
www.pnc.com/realestate
T: 216-222-6025
Jason D. Phillips, Senior VP and Market Manager
jason.phillips@pnc.com

PNC Real Estate is a leading provider of banking, financing and servicing solutions for commercial real estate clients. Our capabilities include acquisition, construction and permanent financing for developers and investors; agency financing for multifamily properties; and debt and equity capital for the affordable housing industry. And, through Midland Loan Services, we provide third-party loan servicing, asset management and technology solutions.

First Commonwealth Bank

501 Grant Street, Suite 250, Pittsburgh, PA 15219
T: 724-463-5741
www.fcbanking.com
Dave Reed, PA State President
dreed@fcbanking.com

First Commonwealth Bank strives to become the best bank for you and your business with a focus on providing cash flow, improving back-office efficiency, attracting and retaining employees, protecting asset value and managing your personal finances. Ranked #1 SBA Lender in Western Pennsylvania and with convenient locations throughout the area, we are relentless about helping business owners get more business done.

ENGINEERS

Civil & Environmental Consultants, Inc.

700 Cherrington Pkwy, Moon Township, PA 15108
T: 800-365-2324
www.cecinc.com
Christopher J. Remley, P.E. – cremley@cecinc.com

CEC provides integrated design, engineering, surveying, environmental, and construction-related services with a tailored approach to address diverse development/redevelopment requirements. We have the local and national expertise necessary to support developers and architects with cost-effective designs for projects of all sizes. We understand the desire to minimize cost and maximize your return on investment. We will provide objective opinions regarding project feasibility to enable you to make informed business decisions. The complete real estate development life cycle... WE OWN IT.™

ENVIRONMENTAL

KU Resources, Inc.

22 South Linden St., Duquesne, PA 15110
T: 412-469-9331 | F: 412-469-9336
www.kuresources.com
Tysen Miller – Tmiller@KUResources.com

KU Resources, Inc. provides a full range of environmental management and site development engineering services to industrial, commercial, and community based clients. The firm specializes in brownfield redevelopment, environmental site assessment, economic revitalization assistance, regulatory permitting and compliance, remediation design and implementation, and environmental risk management strategies. The firm's engineering and environmental consulting capabilities also include the areas of civil and geotechnical engineering, site development engineering, water resources engineering, mining and quarry services, water quality monitoring, and air quality compliance and permitting.

INDUSTRY / TRADE GROUP

ASA WPA

American Subcontractors Assn. of WPA

565 Callery Rd., Cranberry Twp., PA 16066
T: 724-538-8227 | F: 724-538-8227
www.asawpa.org
Angie Wentz, Executive Director
angie@asawpa.org

ASA is the united voice dedicated to improving the business environment and representing subcontractors before all branches of government, other construction industry groups, and the media. We strive to promote quality construction, ethical and equitable business practices, safety in the work environment, and best industry practices. Our scholarship program reaches students interested in the trades and includes a Mentorship and Partnership Program. The Women of ASA help to promote the trades to local high school students. ASA's Emerging Leaders create an environment of emerging young professionals who have the potential to serve in leadership roles and provide networking opportunities that help to expand their careers.

BG Builders Guild of Western PA

Labor & Management ▸ Building Our Region's Success

Builders Guild of Western PA, Inc.

631 Iron City Drive, Pittsburgh, PA 15205
T: 412-921-9000
Jeff Nobers, Executive Director
jnobers@buildersguild.org

A unique, non-profit labor/management initiative, representing 16 building trade unions and nine affiliated contractor associations. The Builders Guild is a positive forum for labor, management, and community relationships, and fosters a cooperative and productive climate for regional commercial construction development. Through the Builders Guild, unions and management have forged fair and equitable working partnerships which promote economic and professional growth.

Guild initiatives include:

- Promoting the professionalism, skill, and pride inherent with union construction;
- Training for long-term careers in the construction trades;
- Providing a reliable, skilled and diversified workforce; Facilitating diverse partnerships with like-minded organizations throughout Western Pennsylvania.

CREW PITTSBURGH

CREW Pittsburgh

CREW Network
1201 Wakarusa Drive, Suite D, Lawrence, KS 66049
www.crewpittsburgh.org
Admin@crewpittsburgh.org

Commercial Real Estate Women (CREW) offers unparalleled business development, personal leadership growth, and networking opportunities, both in our local Pittsburgh market and across 75+ chapters in the US, Canada, and Great Britain with 12,000+ members. The Pittsburgh chapter has 20+ years of providing educational programs and networking events to its members and the CRE community. Whether male or female, join CREW to have a global commercial real estate network at your fingertips and your contact info in that worldwide network.

IWEA IRONWORKER EMPLOYERS ASSOCIATION OF WESTERN PENNSYLVANIA, INC.

Ironworker Employers Association of Western Pennsylvania

Bailey Center II
135 Technology Drive #311, Canonsburg, PA 15317
T: 412-922-6855
www.iwea.org
Danielle Harshman, Executive Director
dharshman@iwea.org

The IWEA is a Trade Association of Union Contractors who work in all aspects of the ironworking trade within the construction industry. We are a resource for all owners, developers and contractors who are looking for a qualified contractor with a well-trained workforce. Visit our website or call our office for additional information.

MBA Master Builders' Association Of Western Pennsylvania, Inc.

Master Builders' Association

631 Iron City Dr., Pittsburgh, PA 15205
T: 412-922-3912
www.mbawpa.org
David D. Daquelente, Executive Director
dave@mbawpa.org

Leading the Industry, Building the Region! Our vision is to support and advocate for our members and community by promoting safety, diversity and inclusion, labor relations, and workforce development.

NAIOP COMMERCIAL REAL ESTATE DEVELOPMENT ASSOCIATION PITTSBURGH CHAPTER

NAIOP Pittsburgh

PO Box 100085, Pittsburgh, PA 15233
www.naioppittsburgh.org
Brandon Mendoza, Executive Director
info@naioppittsburgh.org

NAIOP Pittsburgh is the regional association of developers, owners, investors, and professionals in commercial real estate. We are the leading industry resource to foster business relationships, promote responsible development and support growth of the region through education, leadership, and advocacy. Visit naioppittsburgh.com for additional information or contact info@naioppittsburgh.org.

PITTSBURGH WORKS TOGETHER

Pittsburgh Works Together

631 Iron City Drive, Pittsburgh, PA 15205
Jeff Nobers, Executive Director
info@PghWorks.com | www.PghWorks.com

Pittsburgh Works is committed to creating an inclusive vision of economic progress that embraces and respects both traditional legacy industries and emerging ones, while honoring the diversity of cultures and traditions inherent to each, while ensuring a sustainable environment. We seek a Pittsburgh and a region in which the lines between "old" and "new" economy are erased and respect is shown for our work ethic and dedication to community, while building a future for all.

Pittsburgh Works Together knows that we need an economy that works for everybody. Created after meetings of union leaders and officials from the manufacturing, steel, and energy sectors, our organization is committed to working with leaders of tomorrow's industries by reminding them that without everybody, there is no New Pittsburgh.

smps
Pittsburgh

Society for Marketing Professional Services

SMPS – Pittsburgh Chapter
www.smpspittsburgh.org
Rachel Rzymek Sweetland,
Chapter President 2022-2023
President@SMPSPittsburgh.org

The Society for Marketing Professional Services (SMPS) is a diverse community of marketing and business development professionals working together to move the Architecture/Engineering/Construction (A/E/C) industry forward. SMPS is the only organization dedicated to creating business opportunities in the A/E/C industry. Companies large and small are able to tap into our powerful national and regional network to form partnerships, secure business referrals, and benchmark performance. The Pittsburgh Chapter offers educational programs, professional development seminars, and networking opportunities to professionals from architectural, engineering, planning, interior design, construction, and consulting firms serving the Pittsburgh region. SMPS Pittsburgh has over 100 members representing more than 50 firms in the built industry.

SPEO
Southwestern Pennsylvania Engineering Outreach

Southwestern Pennsylvania Engineering Outreach

337 Fourth Avenue, Pittsburgh, PA 15222
www.speo-pa.org
Holly Douglas, Chairperson
info@speo-pa.org

The Southwestern Pennsylvania Engineering Outreach (SPEO) is a non-profit organization whose members are dedicated to mentoring local minority- and women-owned business enterprise (MBE/WBE) firms and providing networking and sub consulting opportunities to them. SPEO also provides scholarships to future engineers and scientists, enabling them to attend post-secondary school. SPEO's mission is to:

- Provide opportunities, guidance, and mentoring to existing and new minority and women-owned engineering firms in the Pittsburgh region, enabling them to be viable, competitive, self-sustaining members of the business community.
- Enable minority- and women-owned firms to provide competitive employment opportunities that will attract and keep talented and ambitious minority and women engineers in the area.
- Encourage and support youth to enter the engineering profession.

INTERIOR DESIGNER

Design 3 Architecture PC

300 Oxford Dr. Suite 120, Monroeville, PA 15146
T: 412-373-2220
www.d3a.com
William Snyder – was@d3a.com

Design 3 Architecture has been offering architecture, planning, and interior design services to the Pittsburgh region since 1982. We view inherent project constraints as potential opportunities for innovative design solutions. With a philosophy grounded in team collaboration, providing both personal attention and project leadership, Design 3 Architecture does more than solve problems. We provide solutions that are unique, exciting and affordable.

LAND SURVEYORS

LSSE Engineers and Surveyors

846 Fourth Ave., Coraopolis, PA 15108
T: 412-264-4400
www.lsse.com
Kevin A. Brett, P.E. – kbrett@lsse.com

Established in 1985, LSSE is a civil engineering and surveying firm with offices located in Coraopolis, Allegheny County (headquarters); Greensburg, Westmoreland County (branch), Albion, Erie County (branch), Center Township, Beaver County (branch), Pennsylvania and Dublin, Franklin County (branch), Ohio. LSSE has provided surveying services for sites throughout Pennsylvania, Ohio, West Virginia and New York. LSSE provides civil site/permitting for all parcels developed at Westport interchange in Findlay Township including the recently completed Building 100/200, Niagara Bottling LLC, and the 1.4mm square foot fulfillment center currently under construction.

Red Swing Group
Engineers and Surveyors

Penn Office Building - 4314 Old William Penn Hwy, Suite 101, Monroeville, PA 15146
T: 724-325-1215
www.RedSwingGroup.com
Matthew E. Smith, P.E. – Matthew.Smith@RedSwingGroup.com
Scott R. Pilston, P.L.S – S.Pilston@RedSwingGroup.com

Red Swing Consulting Services, a Veteran-Owned Business, views its Client as Partners; focusing first and foremost on building and maintaining strong relationships and trust. This mutual trust is the foundation of a solid business partnership. Red Swing offers Land Development Consulting Services to take a project from concept through construction. Red Swing has experience in Surveying, Civil Engineering, Utility, and Water Resource Projects. Red Swing effectively maximizes the return on investment through a collaborative design approach, utilizing a low impact design philosophy that reduces project capital costs and produces the competitive edge that we and our partners demand.

LEGAL SERVICES

Babst Calland

Two Gateway Center
603 Stanwix St., 6th Floor, Pittsburgh, PA 15222
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www.babstcalland.com
Marcia L. Grimes, Esquire: mgrimes@babstcalland.com
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Kevin T. Wills, Esquire: kwills@babstcalland.com

Babst Calland's attorneys offer experienced legal counsel in real estate development, finance, construction, energy, environmental risk assessment, zoning and land use, tax assessment appeals, eminent domain, and other corporate and litigation services. We provide creative, pragmatic advice to developers, landlords, tenants, investors, brokers and managers of commercial real estate to help them reach their goals, through attentive service that keeps the client's bottom line in mind. From acquisition to disposition, our approach to the practice of law gives our real estate clients an edge.

Meyer, Unkovic & Scott

Henry W. Oliver Building
535 Smithfield Street, Suite 1300, Pittsburgh, PA 15222
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W. Grant Scott – wgs@muslaw.com
Patricia E. Farrell – pef@muslaw.com
Amanda M. Daquelente - amd@muslaw.com

Understanding each client's business objectives, we provide timely, creative, and cost-effective solutions. We represent those in the business of real estate and companies who must have real estate in order to do business: our clients include manufacturers and service providers as well as owners, developers, managers, lenders, landlords and tenants, investors, contractors, brokers, and design professionals. Clients rely on us to counsel them on all facets of commercial real estate, retail, multifamily, office, and industrial, working with them on purchases and sales, land use and development, construction, financing, leasing, title insurance, property tax, assessment appeals, zoning, and eminent domain throughout the region and across the US. Our multi-practice firm enables us to ensure time and resources are used wisely and your deal closes on time.

REAL ESTATE BROKERS

Hanna Langholz Wilson Ellis

One PPG Place, Suite 1640, Pittsburgh, PA 15222
T: 412-261-2200
www.HannaLWE.com
A. J. Pantoni – ajpantoni@hannalwe.com

Hanna Langholz Wilson Ellis is rooted in the history of the Pittsburgh region. Our legacy in Pittsburgh real estate spans nearly 90 years through various companies & names, culminating with the merger of Langholz Wilson Ellis, Inc. and Hanna Commercial Real Estate. HannaLWE thrives by providing responsive, personalized service. Our disciplines of specialty include Retail, Office, Industrial, and Investment commercial brokerage services. We service all Western Pennsylvania and West Virginia. Our greatest asset is our people, who maintain the integrity of HannaLWE. Our unique structure creates an environment in which our agents and staff are often teamed together to extend both competence and energy to each client requirement.

NEWMARK

210 Sixth Avenue #600, Pittsburgh, PA 15222
T: 412-281-0100
www.nmrk.com
Gerard McLaughlin – Gerard.mclaughlin@nmrk.com
Louis Oliva – Louis.oliva@nmrk.com

Since 1970, the Pittsburgh Newmark office has been a key contributor to the firm's strength in the Midwest. Our services have evolved to address the real estate needs of property investors, multi-market corporations and single-location tenants and landlords. Today, Newmark offers a full range of commercial real estate services, with brokerage professionals specializing in office, industrial, retail and investment product types, and a highly-skilled management services group that provides property, facility and construction management services for a diverse portfolio of properties. In addition, our team handles client accounting and lease administration for property investors and corporations.

SPECIALTY CONTRACTORS COMBINED HEAT & POWER PLANTS

LLI Engineering

1501 Preble Ave, Suite 300, Pittsburgh, PA 15233
T: (412) 904-4310
www.LLIEngineering.com
James D. White, PE, LEED AP
jwhite@lliengineering.com

LLI Engineering provides mechanical, electrical, architectural, commissioning, and structural engineering services. Since 1910, LLI Engineering has been consistently recognized for providing top-quality engineering design services. We specialize in commercial, critical facilities, education, healthcare, industrial, infrastructure upgrades, green building design, energy conservation modifications, project engineering, and engineering estimates. Located in Pittsburgh, Pennsylvania, LLI Engineering has completed projects in over 20 different states.

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Vice President and Treasurer
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Mascaro Construction Company, LP

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David D. Daquelente

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Jendoco Construction Corporation

James T. Frantz
TEDCO Construction Corporation

Jeffrey C. Landau
Landau Building Company

Anthony F. Martini
A. Martini & Co.

Steven M. Massaro, Past President
Massaro Corporation

David P. Meuschke
Burchick Construction Company, Inc.

M. Dean Mosites
Mosites Construction Company

Jodi L. Rennie
Turner Construction Company

Clifford R. Rowe, Jr.
PJ Dick Incorporated

John W. Sabatos
Rycon Construction, Inc.

Fredrick T. Episcopo (MICA President)
Wyatt, Inc.

GENERAL CONTRACTORS

A. Betler Construction, Inc.
A. Martini & Co.
AIMS Construction
The Albert M. Higley Company, LLC
Allegheny Construction Group, Inc.
Burchick Construction Company, Inc.
Caliber Contracting Services, Inc.
Carl Walker Construction, Inc.
Dick Building Company
DiMarco Construction Co., Inc.
E&G Development, Inc.
F.J. Busse Company, Inc.
Facility Support Services, LLC
FMS Construction Company
Fred L. Burns, Inc.
Independence Excavating, Inc.
Jendoco Construction Corporation
Kokosing Industrial Incorporated
Landau Building Company
Mascaro Construction Company, LP
Massaro Corporation
McCrossin
Menard USA
Mosites Construction Company
Nello Construction Company
Nicholson Construction Company
PJ Dick Incorporated
Rocky Bleier Construction Group
Rycon Construction, Inc.
Shannon Construction Company
Spartan Construction Services, Inc.
Stevens Engineers & Constructors, Inc.
TEDCO Construction Corporation
Turner Construction Company
Uhl Construction Company
Volpatt Construction Corporation

SPECIALTY CONTRACTORS

A Crane Rental, LLC
A. Folino Construction, Inc.
A. J. Vater & Company, Inc.
A.C. Dellovade, Inc.
ABMECH Acquisitions, LLC
ACE Lightning Protection Inc.
Advantage Steel & Construction, LLC
All Crane Rental of Pennsylvania, LLC
Alliance Drywall Interiors, Inc.
Amelie Construction & Supply, LLC
Amthor Steel, Inc.
Brayman Construction Corporation
Bristol Environmental, Inc.
Bruce-Merrilees Electric Co.
Bryan Construction, Inc.
Burke & Company, LLC dba S.P. McCarl & Company
Century Steel Erectors Co., LP
Clista Electric, Inc.
Cost Company
Costa Contracting, Inc.
Cuddy Roofing Company, Inc.
D-M Products, Inc.
Dom DeMarco Construction, Inc.
Donley's Concrete Group
Douglass Pile Company, Inc.
Easley & Rivers, Inc.
East Coast Metal Systems, Inc.
EMCOR Services Scalise Industries
Fay, An i+iconUSA Company
Ferry Electric Company
Flooring Contractors of Pittsburgh
Franco Associates
G. Kidd, Inc.
Gaven Industries, Inc.
Giffin Interior & Fixture, Inc.
G.O. Services, LLC
Gregori Construction, Inc.
Gunning, Inc.
Geo. V. Hamilton, Inc.
Hanlon Electric Company
Harris Masonry, Inc.
Hatzel & Buehler, Inc.
HOFF Enterprises, Inc.
Howard Concrete Pumping, Inc.
Hunt Valley Environmental, LLC
J.J. Morris & Sons, Inc.
JLJI Enterprises, Inc.
Kalkreuth Roofing & Sheet Metal, Inc.
KELLER North America
Keystone Electrical Systems, Inc.
Kirby Electric, Inc.
Kusler Masonry, Inc.
L & E Concrete Pumping Inc.
Lighthouse Electric Company, Inc.
Limbach Company, LLC
Lisanti Painting Company
Marsa, Inc.
Massaro Industries, Inc.
Master Woodcraft Corporation
Matcon Diamond, Inc.
Maxim Crane Works, LP
McCrossin Foundations, LLC
McKamish, Inc.
Mele & Mele & Sons, Inc.
NAES Power Contractors
Nathan Contracting LP
Noralco Corporation
Paramount Flooring Associates, Inc.
Phoenix Roofing, Inc.
Pittsburgh Interior Systems, Inc.
Precision Environmental Company
RAM Acoustical Corporation
Redstone Flooring, LLC
Renick Brothers Construction Co.
Richard Goettle, Inc.
Right Electric, Inc.
Ruthrauff | Sauer, LLC
Saint's Painting Company, Inc.
Sargent Electric Company
Schindler Elevator
Schlaegle Design Build Associates, Inc.
Schnabel Foundation Company
Specified Systems, Inc.
Spectrum Environmental, Inc.
SSM Industries, Inc.
Swank Construction Company, LLC
T.D. Patrinos Painting & Contracting Company
Tri-State Flooring, Inc.
W.G. Tomko, Inc.
W.O. Grubb Steel Erection, Inc.
Wayne Crouse, Inc.
WGM Contractors, LLC
Wright Commercial Floors
Wyatt, Incorporated

AFFILIATE MEMBERS

4CTechnologies
84 Lumber
ADMAR Construction Equipment and Supply
AEC Online Store LLC
African American Chamber of Commerce of Western PA
AHN Construction & Design
Allegheny County Airport Authority–Pittsburgh International Airport
Alliant
American Contractors Insurance Group
American Producers Supply Company
Amerisafe Group
AmeriServ Trust and Financial Services Company
Atlantic Engineering Services
Atlas Marketing
Atlas Wholesale Co., Inc.
AUROS Group
Babst | Calland
Baker Tilly Virchow Krause, LLP
BDO USA, LLP
Black Diamond Equipment Rental
Bowles Rice
Bronder & Company, P.C.
Buchanan Ingersoll and Rooney, P.C.
Building Point Ohio Valley
Burns & Scalo Real Estate Services, Inc.
Burns White, LLC
Cadnetics, Inc.
Case|Sabatini
CENTRIA
Chartwell Investment Partners
Chubb Group of Insurance Companies
Civil & Environmental Consultants, Inc.
Clark Hill PLC
Cleveland Brothers Equipment Co., Inc.
CliftonLarsonAllen LLP
Cohen, Seglias, Pallas, Greenhall & Furman PC
Colliers Engineering & Design
Computer Fellows, Inc.
Cozen O'Connor
Dentons Cohen & Grigsby P.C.
DesignGroup
Dickie, McCamey & Chilcote, P.C.
Dingess, Foster, Luciana, Davidson & Chleboski, LLP
Dollar Bank
DRAW Collective Architecture
DRS Architects
Eckert Seamans Cherin & Mellott
ECS Mid Atlantic, LLC
EPIC Insurance Brokers & Consultants
Fahringer, McCarty, Grey, Inc.
FDR Safety, LLC
First National Insurance Agency
Frost Brown Todd, LLC
Gallaway Safety & Supply
The Gateway Engineers, Inc.
Graystone Consulting Pittsburgh Cleveland
Green Dot Active Solutions, Inc.
A.L. Harding & Company
The Hartford Surety
Henderson Brothers, Inc.
Henry Rossi & Co., LLP
HHSDR Architects/Engineers
Highway Equipment Company
Hillis Carnes Engineering Associates, Inc.
Huth Technologies LLC
Intertek - PSI
J. S. Held
Karpinski Engineering
LaFace & McGovern Associates, Inc.
Langan Engineering & Environmental Services
Liberty Insurance Agency
Liberty Mutual Surety
Lytle EAP Partners/Lytle Testing Services, Inc.
Maiello, Brungo & Maiello
Marthinsen & Salvitti Insurance Group
McKim & Creed, Inc.
McNees Wallace & Nurick, LLC
Metz Lewis Brodman Must O'Keefe LLC
Meyer Unkovic & Scott, LLP
Meyers Company
Michael Baker International
Milwaukee Tool
Mobile Air, Inc.
Mobile Medical Corporation
MSA Safety
Multivista
NCI - Nursing Corps
New Millennium Building Systems
Ohio Valley Drywall Supply
Old Republic Surety Company
OVD Insurance
Philadelphia Insurance Companies
Pietragallo Gordon Alfano Bosick & Raspanti, LLP
Pittsburgh Mobile Concrete, Inc.
R.J. Bridges Corporation
Republic Services, Inc.
Rimkus Consulting Group, Inc.
Schneider Downs & Company, Inc.
Schooley Mitchell of Pittsburgh
Scotti Law Group
Seubert & Associates, Inc.
The Sherwin-Williams Co.
Stanley Black & Decker
Stephany Associates, Inc.
Steptoe & Johnson PLLC
Suburban Propane
Sunbelt Rentals, Inc.
Tarax Service Systems, Inc.
Tom Brown, Inc.
Travelers Bond & Financial Products
Tucker Arensberg, P.C.
UBS Financial Services / The Sofranko Group
UPMC Work Partners
U.S. Film Crew
USI Insurance Services
Werner Co
White Cap
Willis of Pennsylvania, Inc.
WNA Engineering, Inc.
Zilka and Associates, Inc. Architects
Zurich NA Construction

CLOSING OUT

PENNSYLVANIA'S BUSINESS CLIMATE SHOULD BE A KITCHEN TABLE DISCUSSION
BY SENATOR KIM WARD

Americans across the board are struggling with inflation. The rise in gas and food prices are top concerns for both family and businesses, especially those in the building and construction sectors that remain challenged with price increases due to supply chain issues. The influx of COVID funding has created a false sense of financial security, and the rhetoric of "we aren't in a recession," coupled with the increased spending of the Biden administration, has left the average person wondering when the rug of financial fallout will be yanked from under them.

A recent Wall Street Journal editorial indicated that our economy continues on a path toward a recession. Home building in the United States continues to slow down and high inflation and higher mortgage rates have made it more expensive to build and buy property. Building permits declined by 1.3 percent to 1.7 million. One of the strongest economic indicators is the sentiment felt by home builders which fell to its lowest level in more than a year, according to the National Association of Home Builders/Wells Fargo housing-market index. The monthly confidence index fell from 55 in June to 49 in August, which is the lowest since May 2020, an indication that builders believe they are in a housing recession.

While the federal response remains erratic and fluid, the Pennsylvanian legislature has taken a different approach by advancing several significant steps to ensure our state budget remains solvent for years to come, but also helps position Pennsylvania for prosperity and to weather and recover from any economic headwinds quickly.

The goal of the General Assembly is to help give Pennsylvanians the freedom and confidence to move forward by allowing them to rise above the experiences of the past several years. We want Pennsylvanians to reconnect with their families, friends, start businesses, go back to work, and reengage in their communities. We also want to see small and medium sized businesses thrive and large corporations to stay, grow, invest, and locate to our state.

In this legislative session, we took a major step in the right direction to deliver on that promise. After so many years of efforts to legislate real, growth-producing tax reform, we were able to work in a bipartisan manner to produce substantial, pro-growth adjustments to our state's tax code.

For starters, Pennsylvania just enacted into law a phase-down of the state's employer-crushing, job-killing, too-high Corporate Net Income Tax, or CNIT. Currently, the CNIT's 9.99 percent rate is one of the highest in the nation, but we are beginning a phase-down of that rate and committed to a continued reduction. The rate will drop to 8.99 percent in 2023, and then continue to drop until it hits 4.99 percent in 2031.

Research also shows that lowering the state's CNI tax rate increases population by incentivizing people to relocate to our state, elevates home values in local communities and raises workers' wages without negatively impacting state revenue.

Such a move will make Pennsylvania highly competitive, certainly among our neighboring states in the northeast, but also with every state in the country. It will also help attract and grow employers, which is fundamental to our overall well-being as a commonwealth resulting in business expansion and good family sustaining wages for employees. As President Reagan once stated, "a rising tide lifts all boats."

Adjusting other tax laws to encourage more investment, particularly small business and mom and pop shops, can be the difference between an employer expanding their operations, an entrepreneur getting their idea off the ground or local economies stagnating and declining.

These changes, in partnership with local economic development organizations across the commonwealth, will position those who build for success. Take for instance my local economic development group in Westmoreland County. Westmoreland County has a clear, strategic, and comprehensive vision and is executing a plan to realize it. The transportation and site preparation projects that the state has partnered with the county to fit into that vision by building resiliency and leveraging existing assets.

The most obvious example of leveraging this partnership is the cluster of parks around RIDC Westmoreland. With support from the state, both RIDC and the county were able to transform a single large-scale facility and hundreds of acres of undeveloped land into four industrial parks and a 2.5-million square-foot, multi-tenant facility.

The former location of Volkswagen and Sony plants was a cautionary tale of the risks of depending on the fate of a single company. But now that area is home to some 40 businesses that support about 3,000 jobs, and new construction is starting to add facilities and market-ready sites that will continue to attract private investment. It is that kind of economic diversity that paints a very bright future for Westmoreland County and our commonwealth.

There is no other state in the nation positioned as well as Pennsylvania to weather and rebound possible economic turbulence, and the truth is there are many other communities across the commonwealth that have similar economic development challenges to those in Westmoreland.

To maintain our competitive advantage, we must place emphasis on our state's greatest assets to regenerate our economy. As the 18th largest economy in the world with a $809 billion economic impact, we must capitalize on our state's diverse demographics, geography, culture, and natural resources. We must continue to make these types of investments in Pennsylvania so our state economy can remain strong and grow so our people are able to prosper.

Kim Ward is the PA Senate Majority Leader. She can be reached at 724-600-7008 or 717-787-6063.