

Fellow AGC Members,

Serving in my capacity as Vice Chairman of AGC Virginia, I attended the recent National Convention in New Orleans as a first time attendee of this grand event. **AGC is celebrating its 100th anniversary** and this was the **99th Convention**. Next year the **100th Convention** will be held in Denver, Colorado on April 2-4th. If you have had the opportunity to attend a National event in the past you can appreciate all the benefits of attending and if you have not yet done so I would encourage you to plan on attending a future event. Below are a few takeaways that I thought you might find meaningful along with a few supporting attachments;

- 1) **New Tax Write-offs** for HVAC (Refer to attachment)
- 2) **The Apprenticeship Model** (Refer to attachments) – How to prepare the next generation to fill the roles of those in leadership positions today
- 3) **Build Your Future / NCCER** had a booth showcasing their program. Attached you will find a sampling of the trade cards which is a part of this program. AGC Va. and ABC Va. have recently formed a separate Building Virginia Partnership Foundation using this template. The website is being developed and wage surveys around the state are taking place soon so that the info on the website and the player cards will be Virginia specific.
- 4) **Legislative front** – too many areas to report on but the AGC is well respected for its expertise affecting legislation to expedite environmental permitting and other areas that have caused the slow process with regard to all types of horizontal and vertical construction.
- 5) **The Convention Exhibit Hall** was massive and full of companies with new and innovative ideas across all trades of our industry. Attendees quickly noted that the software technology seemed to have the line share of the floor space.
- 6) **In the Building Division program** “*Disruptions or Opportunities? Trends in the Construction and Design Industries*” the key note speaker was Architect Duke Reiter.
 - a. Duke commented that one of the biggest challenge’s is with all the available software how do we decide which one to use. He further commented that Construction is behind other industries when it comes to technology. With that said he believes that BIM and 3D will help set the stage for big strides with modular high rise construction.
 - b. In addition, Duke believes that further progress in the “prefab” area needs to come from the A/E team designing for pre-fab on the front end.
- 7) **Jobsite Productivity Track** – “*Implementing Key Performance Indicators (KPIs): A Strategic Approach*” was a panel discussion lead by key folks from Gilbane, Dodge Data and Analytics, Hensel Phelps and Southland Industries. (Trying to get a copy of the power point presentation for this one.)
 - a. What do you measure and why does it matter?
 - b. Leading Indicators vs. Lagging Indicators
 - c. Benefits of “punch list” as you go rather than all at the end of the project.

In summary, it appears the Construction Industry is fairly strong across most parts of the nation with the single biggest challenge being the increasing lack of skilled workers. There were many more sessions available throughout the conference and other attendees from the Virginia contingency have been copied so feel free to contact me or anyone of them for further insight.

Thanks,

Bruce

Bruce Tibbetts

President





CliftonLarsonAllen

New Tax Write-offs for HVAC

February, 2018

Tax reform has just opened up new opportunities for tax savings on qualifying commercial HVAC improvements. The Tax Cuts and Jobs Act, signed December 22, 2017, provides sweeping tax changes to all real property industries. This Act includes many improved tax benefits for buyers of construction services. One such change directly benefits demand for HVAC services. Amendments to Section 179 of the tax code now provides property owners with **an ability to immediately expense qualified real property improvements** placed into service in tax years **beginning after December 31, 2017**. The value of the immediate tax deduction effectively reduces the cost of HVAC projects to buyers. We all know how successfully HVAC projects offer payback. Now, the tax system adds even more to the value proposition. There has never been a better time to invest in improved building HVAC systems!

Section 179 now provides an opportunity to immediately deduct a broad range of otherwise depreciable personal property. In 2018, **the rules offer an annual deduction up to \$1,000,000**, though this begins to phase out once annual property additions top \$2,500,000. The \$1,000,000 maximum deductible limit is reduced by the amount that qualifying property cost in the year exceeds \$2,500,000. In addition to higher dollar limits, the Act expanded qualification to include certain improvements made to nonresidential real properties already in service. The **qualified improvements allowed in the law include heating, ventilation and air-conditioning property**, roofs, fire protection, alarm systems and security systems. This means that building owners adding to or upgrading HVAC systems get more immediate tax write-offs than ever before.

The Act has not defined “heating, ventilation, and air-conditioning property” so further guidance from the IRS seems likely. However, we anticipate that the language will be generally applicable to contracts in the trade. Further, the language of the statute does not expressly require a traditional “building”, referring more broadly to any “improvements to nonresidential real property”.

The Act also provided other enhancements to HVAC write-offs. These include **100% business equipment expensing (such as HVAC for agricultural, manufacturing, or restaurant systems)**. **Deductions under this rule are unlimited in amount**. Also, taxpayers with capital investment amounts too large to qualify for Section 179, will find that many HVAC assets will qualify for Qualified Improvement Property (QIP) treatment under the new law. QIP includes improvements only to an interior portion of nonresidential real property if it is placed in service after the date the building was first placed in service. Congress had intended a 15 year life to apply to QIP but a drafting error has put this incentive on hold until technical corrections legislation gets passed. Have your tax advisor keep tabs on this rule for added benefits later this year.

Many small HVAC projects have traditionally been deductible to building owners as ordinary and necessary repair and maintenance costs. Now, a larger and more diverse range of HVAC project costs become eligible for much faster write-off using Section 179's HVAC rule, the 100% equipment expensing rule, or the pending QIP rules. **Buyers of HVAC improvements have extra reason to make those long awaited investments now, when the write-offs are faster, and the business profits are taxed at lower rates than ever before!**

This is provided as general educational information and is not intended to be, and is not a substitute for, professional tax advice. Consult your tax advisor for how these provisions effect you. For further information, see www.claconnect.com or call (612) 376-4639. For more tax ideas for contractors: <https://www.claconnect.com/resources/articles/2018/reconstructing-taxation-strategies-for-construction-and-real-estate>. There are more requirements to the above incentives than can be covered in this announcement. CliftonLarsonAllen serves the construction and real estate industries with accounting, tax and business advisory services from 200 offices nationwide.



THE APPRENTICESHIP MODEL

LEADERSHIP CAPACITY

Consider your team...

Question 1: Who do you trust to represent you with key clients?

Question 2: Who do you trust to make the right decision in a crisis?

Question 3: If you were out of action for 6 months what would happen?

NAVIGATING THE DANGER ZONE

Apprentices need...

- **TIME:** with their leader so they know you haven't given up on them (coffees, lunches, etc.)
- **VISION:** remind them why they were invited on this apprenticeship journey; don't lose sight of goal!
- **ENCOURAGEMENT:** you are not expecting them to be perfect or do it on their own; trust the process!

THE PIT OF DESPAIR

Ask yourself...

Is someone on your team in the Pit of Despair?

Who have you offered to Mentor / Apprentice in the past who are now disengaged and lacking motivation?



Getting Employees to the Next Level

The Apprenticeship Model

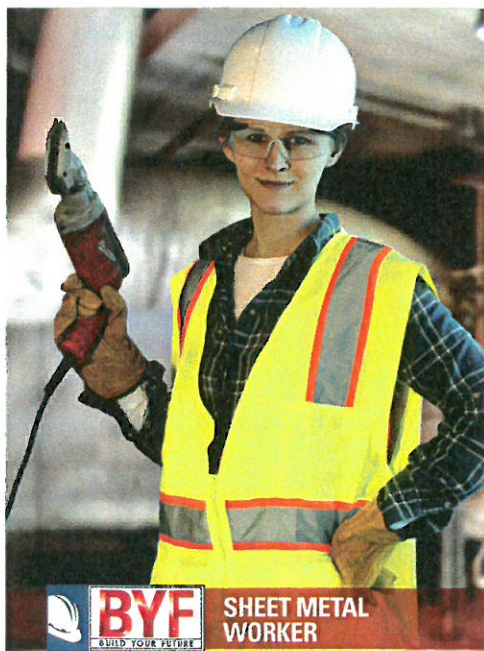
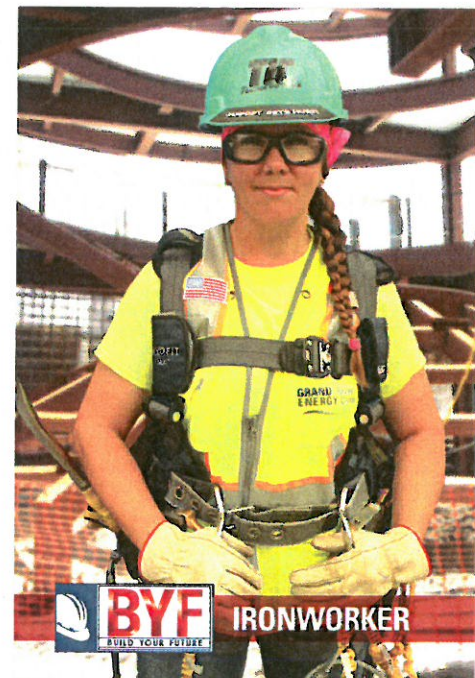
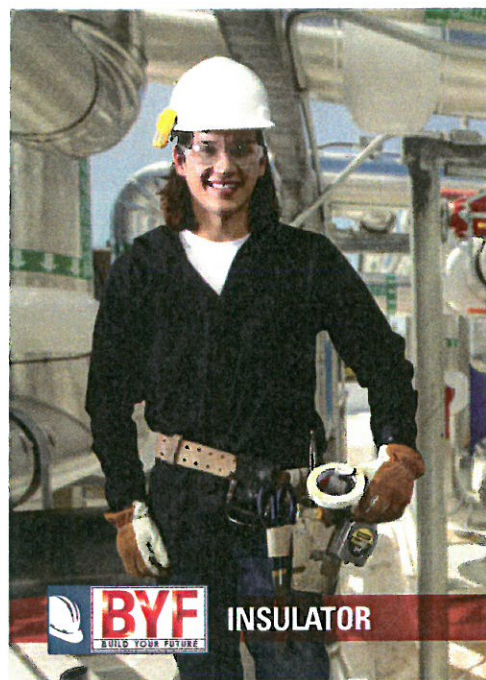
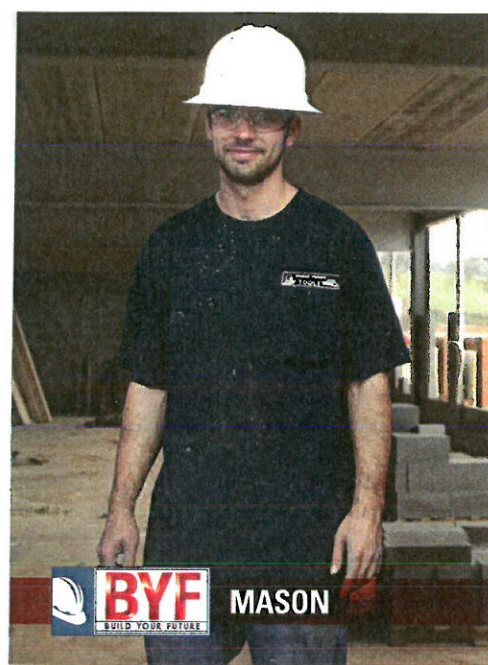
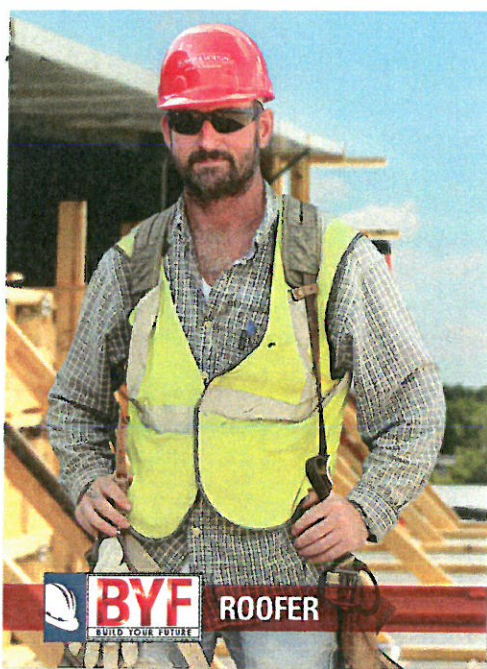
presented by:



Maria Guy
GiANT Worldwide



Sam Hatchell
Jaynes Corp



ROOFER

\$35,290 salary*

Take an interest in becoming a roofer and rise above the rest! Roofers use a variety of materials to build roofs and cover structures such as houses, malls and hospitals. The materials used are shingles, asphalt, wood and aluminum. They perform routine inspections and maintenance on a building's roof and determine the best repair procedures. Safety procedures and proper personal protective equipment are key to perform these tasks.

Education Options

- Technical schools
- Registered apprenticeships
- Community colleges
- Industry training programs

Students can start in high school where programs are available.



@BuildYourFuture
BuildYourFuture.org

*Average base salary does not include overtime or incentives
©2017 NCCER

MASON

\$54,860 salary*

Do you dream of building a structure with your own two hands or restoring historical buildings? Check out training in masonry! Brickmasons, blockmasons and stonemasons use bricks, concrete blocks and natural stones to build attractive, durable surfaces and structures. These craft professionals have created buildings, walls and roads for thousands of years and will continue to do so long into the future.

Education Options

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CARPENTER

\$54,157 salary*

Do you like building, traveling and being outdoors? Why not consider a career that is fun and offers financial freedom. Carpenters measure, cut and shape wood, plastic, fiberglass and drywall. Commercial and industrial carpenters construct, erect, install and repair structures and fixtures. These carpenters are involved in many different kinds of construction, from buildings to highways and bridges to power plants.

Education Options

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PAINTER

\$39,780 salary*

Do you have an eye for different colors, textures and tones? Would you consider yourself artsy? Try your hand at becoming a professional painter. Painters are responsible for choosing and applying just the right paint or colors to buildings and industrial structures. This career path ranges from industrial spray painters who apply coatings to prevent deterioration to decorative artisans who create faux finishes.

Education Options

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INSULATOR

\$52,827 salary*

Work with your hands in an industry that provides the economy with energy saving options. The insulation mechanic installs insulation systems on piping, plumbing, HVAC systems, equipment and other processing systems in new construction, retrofit and maintenance projects in the commercial and industrial industry. The result of an insulation mechanic's work ensures that systems perform at their highest level – saving energy, reducing fuel costs, reducing emissions and enhancing the work environment.

Education Options

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- Community colleges
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IRONWORKER

\$57,196 salary*

Ironworking is the ultimate in hands-on construction. If you are looking for an exciting career where you can balance from the top of a brand new skyscraper, then ironworking is for you. Ironworkers place and install iron or steel girders, columns and other construction materials to form the infrastructure all around us. Ironworkers must always be paying attention to details to check vertical and horizontal alignment.

Education Options

- Technical schools
- Registered apprenticeships
- Community colleges
- Industry training programs

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SHEET METAL WORKER

\$49,189 salary*

Are you a visual person? Do you enjoy mechanics and fitting puzzles together? Sheet metal workers cut and mold sheets of metal into products for installing and repairing ventilation and air ducts. They also construct airplanes, automobiles and billboards. Most sheet metal fabrication shops are completely computerized, so sheet metal workers may be responsible for programming control systems on various pieces of equipment.

Education Options

- Technical schools
- Registered apprenticeships
- Community colleges
- Industry training programs

Students can start in high school where programs are available.



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ELECTRICIAN

\$58,537 salary*

If you're into sound systems, robotics or tinkering with wires, you should think about a career as an electrician. Electricians install and maintain all of the electrical and power systems for our homes, businesses and factories. Electricians in large factories usually do maintenance work that is more complex. These kinds of electricians may repair motors, transformers, generators and electronic controllers on machine tools and industrial robots. They also advise management as to whether the continued operation of certain equipment could be hazardous.

Education Options

- Technical schools
- Registered apprenticeships
- Community colleges
- Industry training programs

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PLUMBER

\$51,804 salary*

Are you always tinkering with objects? Do people ask for your help with fixing mechanical things? Look into becoming a plumber! Plumbers do much more than fix sinks and toilets in residential homes. They design and install piping systems that distribute water and remove waste from buildings, and connect heating and cooling systems. Plumbers have to be knowledgeable in water distribution, blueprint reading, local ordinances and regulations, mathematics, mechanical drawing, physics, welding and soldering.

Education Options

- Technical schools
- Registered apprenticeships
- Community colleges
- Industry training programs

Students can start in high school where programs are available.



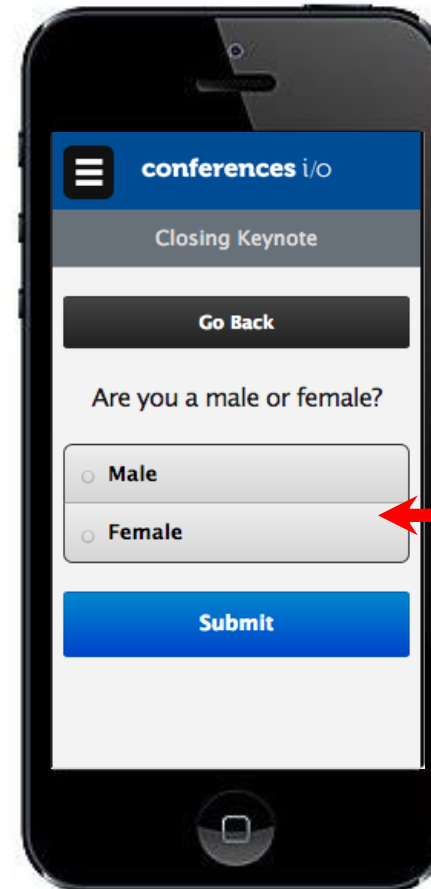
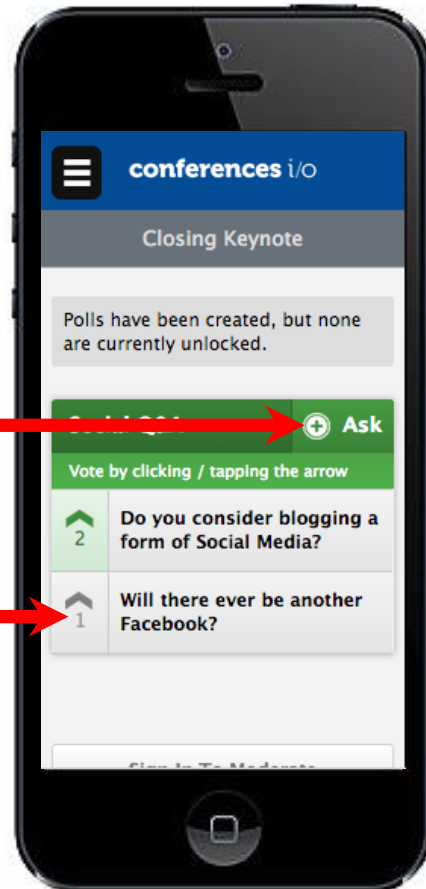
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Participate in Polls and Q&A AGC.CNF.IO

**Ask a
Question**

**Up-Vote a
Question**



**Respond to
Polls when
they appear**

To Earn CEUs for this Session

Participants must:

1. Check in with attendance proctor at the door.
2. Attend at least 95% of the session.
3. Complete the post-program evaluation.
4. Complete a brief assessment with a score of 75% or greater.



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LEARNING OBJECTIVES

By the end of this session, participants will be able to:

1. Define the Apprenticeship Model of people development which involves four distinct phases.
2. Recognize the potential pitfalls of skipping phases and what to do if/when it happens.
3. Identify the behaviors and mindset that will undermine the success of a leadership development program.
4. Build confidence in using the Apprenticeship Model to influence and modify current employee development approaches.



Do you have a growth goal for 2018?

What about 10 years from now?

Live Content Slide

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**Poll: Do you have enough leaders ready
to lead your company into the future?**



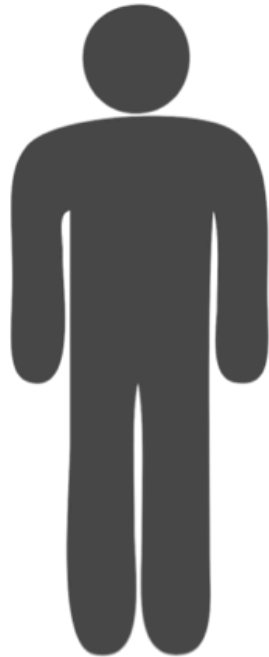
How do we intentionally
increase the leadership capacity
of our organization?

The answer is right in front of us...

The secret to building leadership capacity is

Apprenticeship

BOSS



ARE YOU:
**FOR ME?
AGAINST ME?
FOR YOURSELF?**



Assets vs. Liabilities



Three Questions about Leadership Capacity

1. Who do you trust to represent you with key clients?
2. Who do you trust to make the right decision in a crisis?
3. If you were out of action for 6 months what would happen?



PAIRS EXERCISE

Turn to your neighbor.
Discuss your answers to the 3 questions.

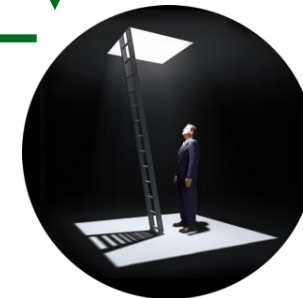
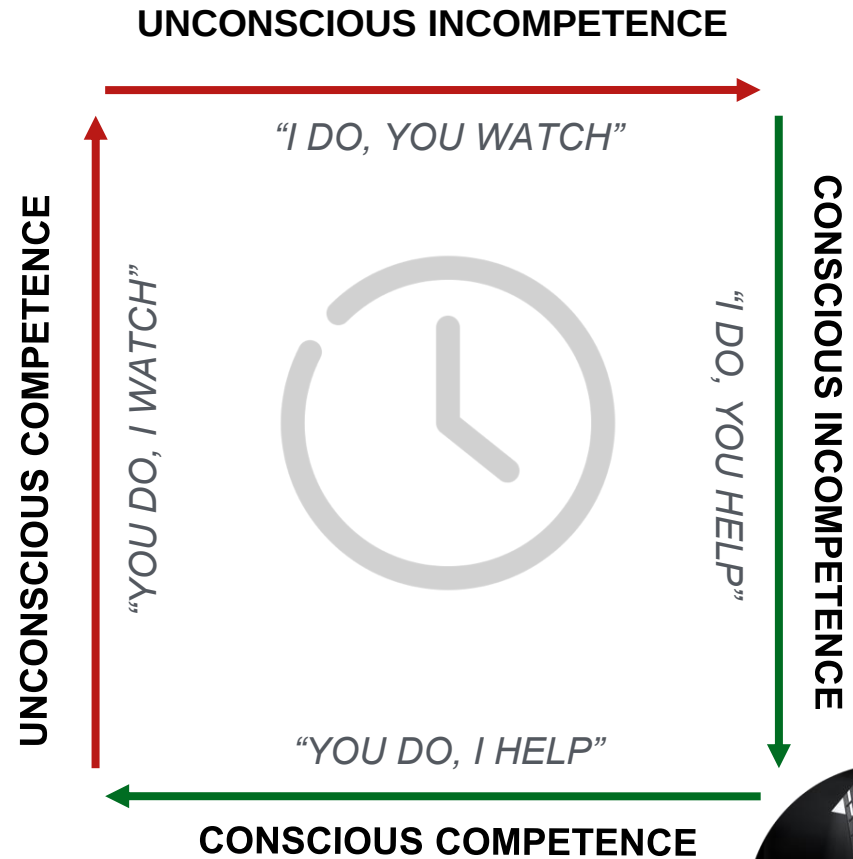


3 Minutes



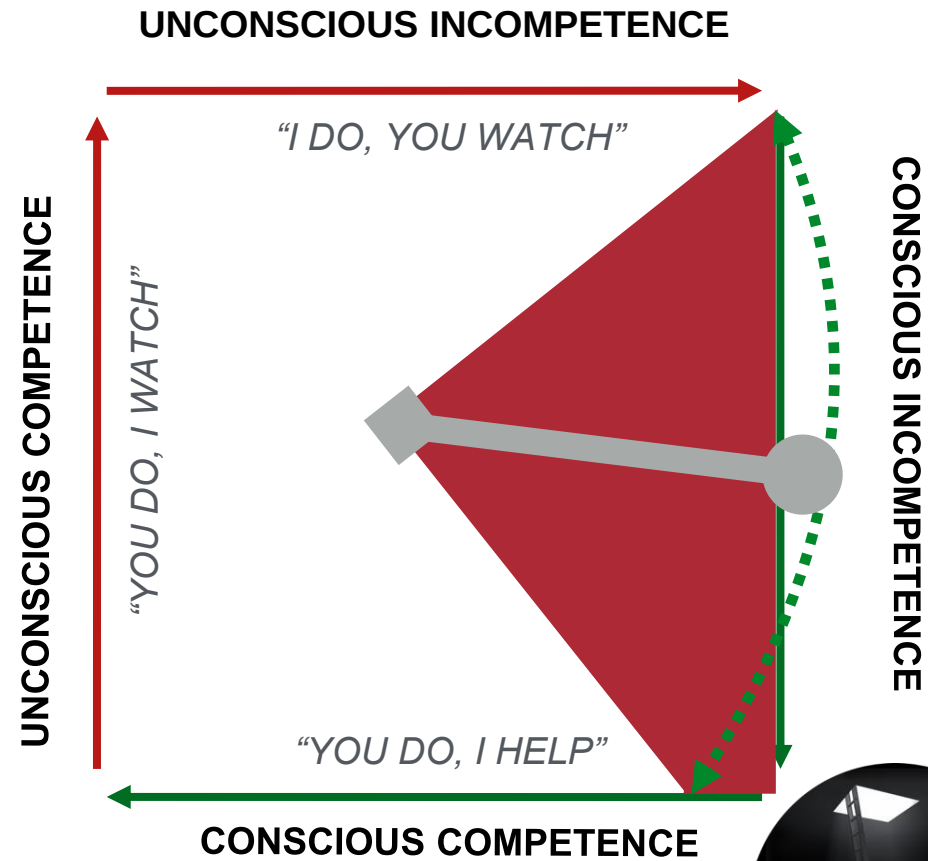
Apprenticeship Square

APPRENTICESHIP SQUARE



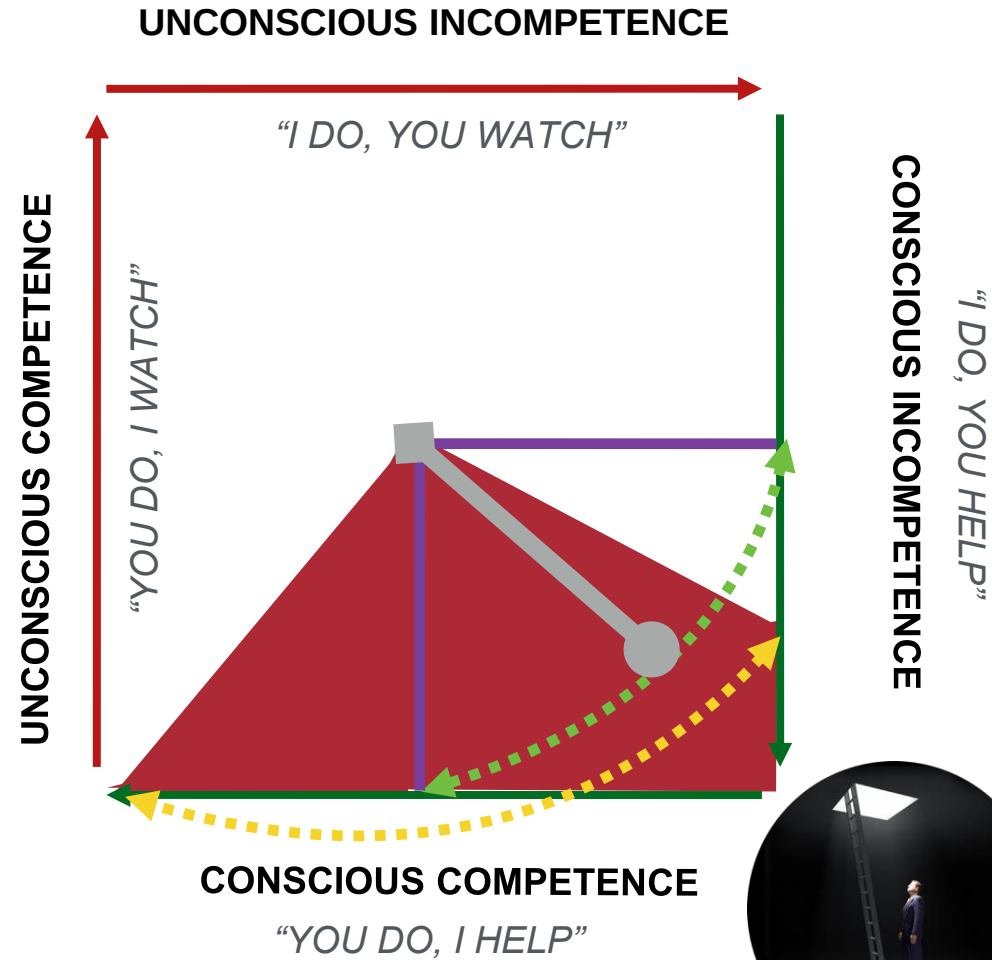
Beware:
Pit of Despair

Breakthrough Moment



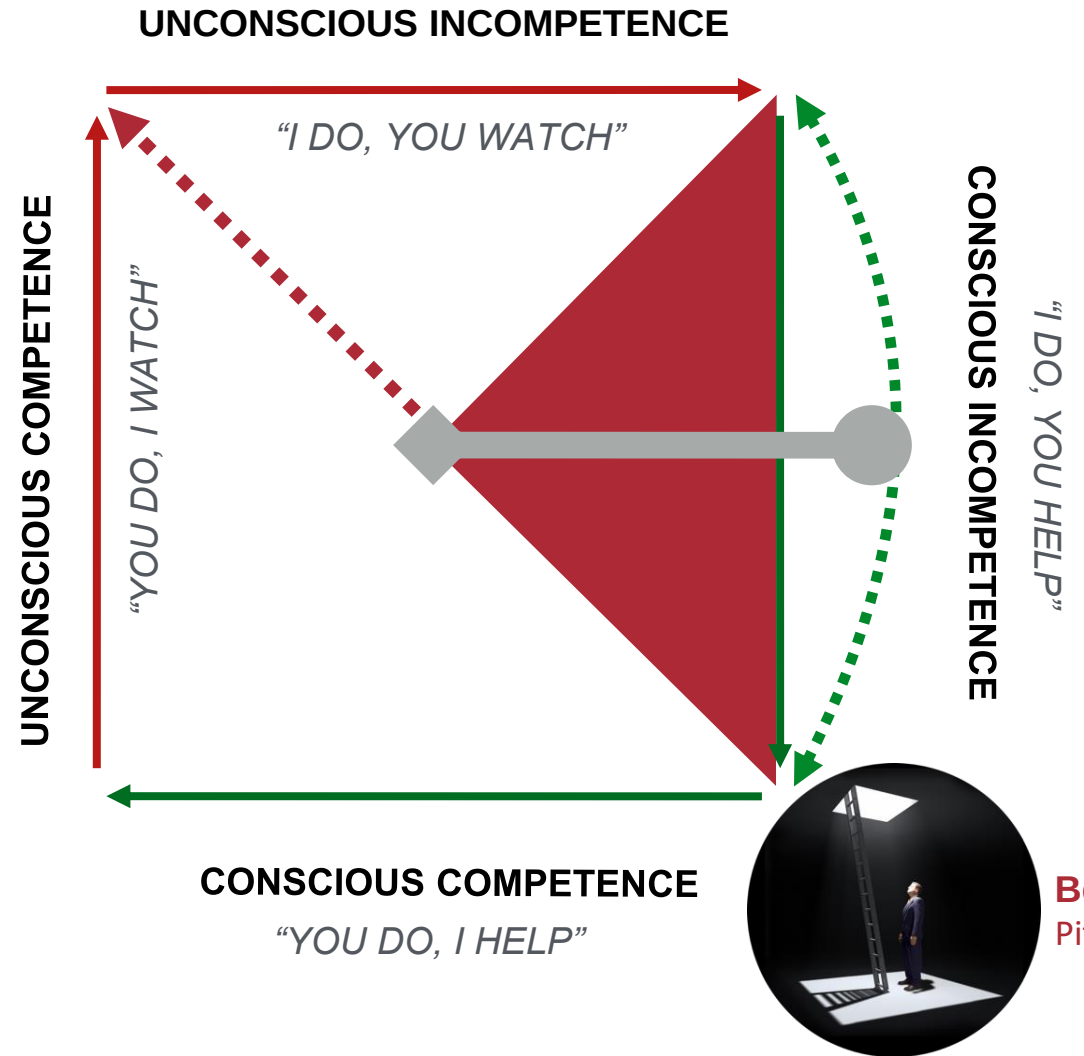
Beware:
Pit of Despair

Increasing Conscious Consciousness

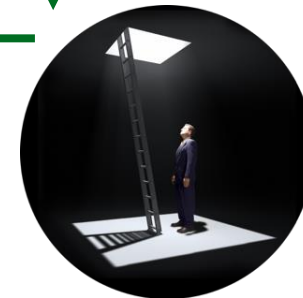
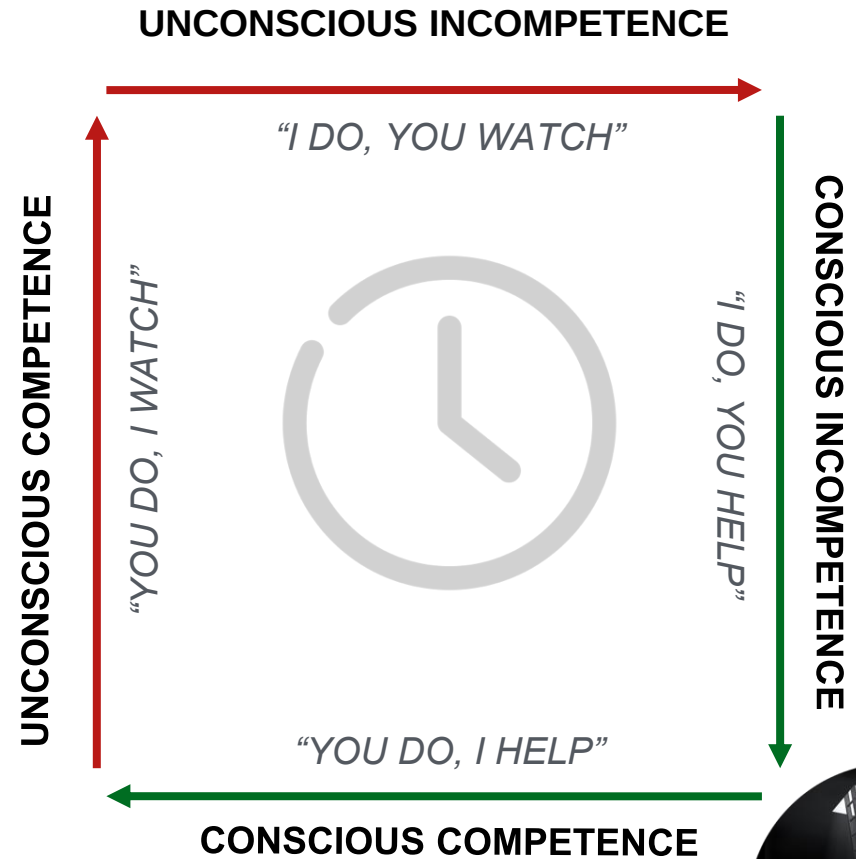


Beware:
Pit of Despair

Danger Zone



Pit of Despair



Beware:
Pit of Despair



NAVIGATE THE DANGER ZONE

1

TIME

2

VISION

3

ENCOURAGEMENT

Live Content Slide

When playing as a slideshow, this slide will display live content

**Poll: Is someone on your team in the Pit
of Despair?**

How does it work?





Apprenticeship Square Diagnostic



Assess Your Apprenticeship Skills

Instructions

- Give yourself a color rating for each statement.
- Give yourself an overall rating for each Stage.
- Record your assessments on your handout.

APPRENTICESHIP SKILLS



GREEN

- ▶ It's a natural apprenticeship skill for me - I'm unconsciously competent



YELLOW

- ▶ It's not a natural apprenticeship skill for me - but, I'm consciously competent.



RED

- ▶ It's not a natural apprenticeship skill for me – I'm consciously incompetent

APPRENTICESHIP SKILLS DIAGNOSTIC

OVERALL RATING



1

STAGE 1 - “I Do, You Watch”*DIRECT***I find it straight forward to:**

1. Clearly articulate a compelling vision of the future.
2. Clearly define the skill sets and leadership behaviors to be multiplied.
3. Confidently and clearly issue an Intentional Apprenticeship invitation.
4. Be directive and tell someone what to do.
5. Demonstrate high competency in the skill set or expertise to be multiplied.

APPRENTICESHIP SKILLS DIAGNOSTIC

OVERALL RATING



2

STAGE 2 - "I Do, You Help"

COACH

I find it straight forward to:

1. Schedule or make time for those who are stuck in Conscious Incompetence to be with me.
2. Willingly let the Apprentice learn through controlled failure.
3. Clearly re-articulate the original Vision and offer multiple imitation opportunities.
4. Own that the primary responsibility for navigating the corner to conscious competence is mine.
5. Take time to design work where my Apprentice can truly help me not merely watch.

APPRENTICESHIP SKILLS DIAGNOSTIC

OVERALL RATING



3

STAGE 3 - “You Do, I Help”

COLLABORATE

I find it straight forward to:

1. Take time to design work where my Apprentice can truly lead and help.
2. Keep driving their competency - always challenging my Apprentice to be the best they can be.
3. Give constructive feedback and help Apprentices set realistic goals for their work load.
4. Offer appropriate support and encouragement when they fall back into Conscious Incompetence.
5. Deepen the professional and personal relationship with the people I’m Apprenticing.

APPRENTICESHIP SKILLS DIAGNOSTIC

OVERALL RATING



4

STAGE 4 - “You Do, I Watch”

DELEGATE

I find it straight forward to:

1. Delegate meaningful work to challenge my Apprentice's new found skills.
2. Increase the relational stretch and encourage independent thinking.
3. Ask open questions to force the Apprentice to own their own reality.
4. Clearly communicate that the apprenticeship process is coming to an end.
5. Introduce them to my relational network and transfer my capital to help launch them.



Rank Your Current Apprenticeship Skills

Instructions

Rank each Stage

1= most natural

4= most difficult

STAGES OF APPRENTICESHIP	Rank
STAGE 1: DIRECT – "I DO, YOU WATCH"	
STAGE 2: COACH – "I DO, YOU HELP"	
STAGE 3: COLLABORATE – "YOU DO, I HELP"	
STAGE 4: DELEGATE – "YOU DO, I WATCH"	

Action Plan

Step 1: Choose the Stage you need to grow in most.

Step 2: Choose one statement from that Stage.

Step 3: Write down one action you are committed to taking.

Live Content Slide

When playing as a slideshow, this slide will display live content

Poll: What is going to keep you from taking the Apprenticeship Challenge?

→ Typical Apprenticeship Barriers

1. Can anyone else do it as well as I would?
2. How do I find the extra time to do this?
3. Are my skills worth imitating?
4. Will I lose influence if I train others do my job?
5. How do I know who to Apprentice?
6. How can I Apprentice people who are older than me?
7. Do I really want to be that vulnerable?
8. What if I let people down and disappoint them?
9. Am I really prepared for such a long term commitment?
10. Am I prepared to go through Conscious Incompetence in public?



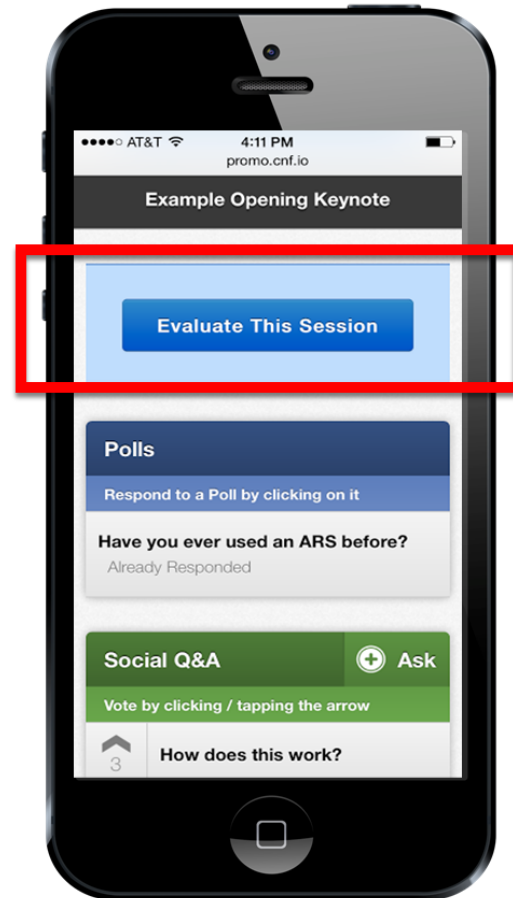
Key Insights

- Apprenticeship has to be intentional.
- Apprenticeship is a skill we can all learn.
- Apprenticeship is costly.
- Your Apprentice will always value the investment you made in them.

Using the AGC Mobile App. Click “Session Evaluation” at the top right within the session description, then click “Evaluate This Session”.

We welcome your feedback!

**Submit
Evaluation**



Live Content Slide

When playing as a slideshow, this slide will display live content

Social Q&A



THE APPRENTICESHIP MODEL

APPRENTICESHIP SQUARE DIAGNOSTIC

Using the color code below, give yourself a color rating for each statement that reflects your current Apprenticeship skills. Give yourself an overall rating for each of the 4 Stages of the Apprenticeship process.

- GREEN** It is a **natural** apprenticeship skill for me and most of the time I am **unconsciously competent**
YELLOW It is **not a natural** apprenticeship skill for me, but I've learned to be **consciously competent**
RED It is **not a natural** apprenticeship skill for me and I often feel **consciously incompetent**

Stage 1: DIRECT - "I Do, You Watch": I find it straightforward to...



Clearly articulate a compelling vision of the future.



Clearly define the skill sets and leadership behaviors to be multiplied.



Confidently and clearly issue an Intentional Apprenticeship invitation.



Be directive and tell someone what to do.



Demonstrate high competency in the skill set or expertise to be multiplied.



Stage 2: COACH - "I Do, You Help": I find it straightforward to...



Schedule or make time for those who are stuck in Conscious Incompetence to be with me.



Willingly let the Apprentice learn through controlled failure.



Clearly re-articulate the original Vision and offer multiple imitation opportunities.



Own that the primary responsibility for navigating the corner to conscious competence is mine.



Take time to design work where my Apprentice can truly help me, not merely watch.



Stage 3: COLLABORATE - "You Do, I Help": I find it straightforward to...



Take time to design work where my Apprentice can truly lead and help.



Keep driving their competency - always challenging my Apprentice to be the best they can be.



Give constructive feedback and help Apprentices set realistic goals for their work load.



Offer appropriate support and encouragement when they fall back into Conscious Incompetence.



Deepen the professional and personal relationship with the people I'm Apprenticing.



Stage 4: DELEGATE - "You Do, I Watch": I find it straightforward to...



Delegate meaningful work to challenge my Apprentice's new found skills.



Increase the relational stretch and encourage independent thinking.



Ask open questions to force the Apprentice to own their own reality.



Clearly communicate that the apprenticeship process is coming to an end.



Introduce them to my relational network and transfer my capital to help launch them.

