

NECA 2010 Annual Report

Each year, NECA creates a report to share information regarding the association's progress throughout the year. The report will also be available on the web in January at www.necanet.org.

Have things gotten better?

The short answer is, not really. The longer answer is, it's complicated. *Engineering News-Record* has daily reports of new construction projects getting started around the country, but the Associated General Contractors issued a report in October that the construction industry's unemployment rate is more than 27 percent.

It's safe to say that it will be well into 2011 before a recognizable economic recovery moves into the construction industry.

At every regional and chapter meeting we've attended this year, we've asked NECA members the same question: What does your market look like? What we hear is, it depends. It depends on local variables, from county government decisions to local collective bargaining efforts. It depends on the international commodities market for things like the price of copper.

"It depends" is probably one of the most frustrating answers an electrical contractor can hear. For one, it probably means that someone else's decisions will directly impact your business. For another, it means that if progress is made, it's likely to be slow.

In our industry, change may be one of our only constants. Long before politicians got involved, we became aware that the old ways of doing business had evolved and some of our most reliable customers

had moved on. After all, we know the definition of insanity boils down to doing the same thing over and over and expecting different results.

In NECA's 2010 annual report, we're going to describe some of the most profound and positive changes we've made this past year to respond to our members' needs in this difficult economy. Whether or not you participate in or endorse these programs, we think it's important that you know the spirit of innovation is alive and well at NECA. We welcome your comments about what we've done this year, and we look forward to hearing more new ideas in 2011.



Responsive Labor Relations

NECA members cite labor relations as the most valuable service the association provides, and our

time and resources budgets certainly reflect that labor relations is our top priority. At times, it's also the leading source of frustration for our members.

When the construction market began its dramatic slide in 2008, we immediately recognized that we weren't going to make it through this latest economic crisis without cooperation from our labor partners at the IBEW. NECA contractors and IBEW workers have had to accept major changes this year, and by and large, we have faced those necessary changes together.

We've seen more contractors putting the CW/CE classification and market recovery agreements to work in an effort to reclaim market share. The labor relations general session at our 2010 annual convention introduced four NECA members who are successfully implementing the CW/CE classifications.

Those contractors agreed that CW/CE's strength is that it works very well on the right projects. There are particular types of work CW/CEs excel at—prefab and production/installer work. The CW/CE program also clarifies the supervision and skills these workers must have. "It's not a silver bullet, but it's a fighting chance," remarked Chris Odell, Gill Simpson Inc., Baltimore, Md.

The issue of portability for transmission construction work came up in 2009 when NECA's District 10 Task Force facilitated adoption of the National Outside Construction Emergency Response Agreement to ease the transfer of manpower when a disaster strikes. Those joint discussions focused on predictions of large amounts of transmission

construction work in the near future, and the need to keep an intact core of workers on transmission projects that routinely cross a number of local union jurisdictions.

In 2010, the National Outside Portability Agreement was adopted to address the questions that developed about the correct application of the Emergency Response Agreement. The District 10 Task Force met with the IBEW on Oct. 19 to work through those questions and an amended agreement will be available soon.

Research is also an important tool in regaining market share. Beginning early 2009, NECA and the IBEW distributed local market evaluation reports for 2004, 2005, 2006 and 2007 to NECA chapters and IBEW local unions. In addition the *Inside Construction Trend* information, these reports drill down to the county jurisdiction of each chapter, the duplication of worker reporting, and the difference of work performed to where work was reported. In 2010, national staff produced reports for 2008 and 2009 that provide both parties with a realistic basis of market share for their jurisdiction.

However, the fact remains that even when we consider the loss of work due to economic conditions, nationally the union portion of the electrical contracting industry continues to remain stagnant. We know instinctively that we have to change what we're doing in order to survive. But change is hard for all parties to accept, even though it often seems to come too slowly.

"[CW/CE is] not a silver bullet, but it's a fighting chance."

*—Chris Odell,
Gill Simpson, Inc.*



Industry Market Development

Doing business in new ways also includes going after new types of work and work we haven't been able to compete on for some time. Electrical contractors who have survived this most recent economic downturn have generally made serious efforts to diversify the type of work they perform. Ninety-four percent of ELECTRICAL CONTRACTOR 2010 Profile respondents reported doing traditional power and lighting work, but they are filling in the gaps left by the drop in traditional work with systems integration, power quality work, sustainable building projects and service/maintenance contracts.

It's extremely compelling that despite the drop in almost all types of traditional electrical construction, there's never been greater consumer awareness of how energy is produced and used. While interest in building "greener" remains high, the attractiveness of green business often lies in the money that efficient energy systems can save over the life of a building.

This means that NECA members continue to have great opportunities to help owners make smarter choices about powering their buildings.

Energy audits are an easy way to see how a building is using power and where opportunities exist to dramatically decrease that use, and NECA's Energy

Solutions Task Force has invested considerable effort in determining the best tools to help members offer energy audits to existing and potential customers. Our Management Education Institute rolled out its energy audit training program this year to an enthusiastic response from members. We've also selected a software developer to create an online energy economic decision tool just for NECA contractors.

Another market wide-open for NECA members is the charging infrastructure for electric vehicles. EV charging stations are being installed in public locations and private homes, and many municipalities are insisting on that only qualified electrical contractors perform the work. This is one market where NECA members have a distinct competitive advantage, and we've made the most of our early information to ensure that NECA has contacts within the EV industry and that we provide EV charging station data through our *National Electrical Installation Standards* and ELECTRICAL CONTRACTOR magazine.



Protecting Your Business

As our members' take on work in new electrical production and usage markets, it has become even more important for NECA to help protect their businesses on Capitol Hill and beyond.

ECPAC, NECA's political action committee, and our Political Leadership Committee remain a force to be reckoned with on the Hill and in legislators' home districts. ECPAC is unique in both its bipartisan support of candidates who will champion our members' concerns and in our members' commitment to ECPAC—nearly 25 percent of all NECA members contribute to ECPAC, well above the association average of four percent.

NECA's "Corporate ECPAC Partners" program continues to grow as well. In 2010, the program set out to raise \$100,000 in order to offset all fundraising expenses with corporate contributions, thereby allowing 100 percent of personal contributions to go directly to the candidate. For the 2010 midterm election cycle, ECPAC contributed nearly \$1 million to over 200 House and Senate races, backing more than 90 percent of the winners overall.

ECPAC and the PLC allow NECA to represent our industry in the places where it matters, where decisions will be made about how you keep your books, bid projects, pay your employees, and meet safety regulations. 2010 has been a very active year on all those fronts, with NECA speaking out on health care reform, pension reform, worker misclassification, and green energy incentives.

In a contentious year on the Hill, NECA has enjoyed some critical successes. At NECA's urging, Senator John Kerry (D-MA) and Rep. Jim McDermott (D-WA) introduced legislation in September that will attempt to crack down on employers misclassifying employees as independent contractors. On Nov. 10, the Financial Accounting Standards Board (FASB) decided to delay implementation of proposed disclosure and exposure standards, a serious concern for multi-employer pensions. Building Star legislation will provide rebates for renovations performed in commercial buildings and

extend low-interest loans to small businesses and building owners.

NECA has also been engaged more with OSHA in 2010, as the agency set out to raise penalties and tighten regulations without practical consideration for their implementation by the contractors. NECA has been a vocal supporter of an exemption for digger derrick certification for OSHA's new cranes and derricks standard, while offering our members affordable training programs that meet the requirements for the OSHA 10-Hour Course.

Closing

2010 has definitely been a year of very big changes. Sometimes NECA works to promote change, like through progressive labor agreements. Sometimes we defend against change, as with FASB and the digger derrick certification.

Whatever your opinion is of our activities and programs, it should be clear from this report that NECA is not standing still. In this economy, that's probably the worst mistake we could make. We must continue to speak out on the issues that matter to our industry and our members. We have to stand up for managements' rights to operate competitive businesses. And like every one of our contractors, the national association is doing more with less.

We appreciate your continued support of our goals and participation in securing a better, brighter future for our industry.


Rex Ferry
NECA President


John M. Grau
NECA CEO