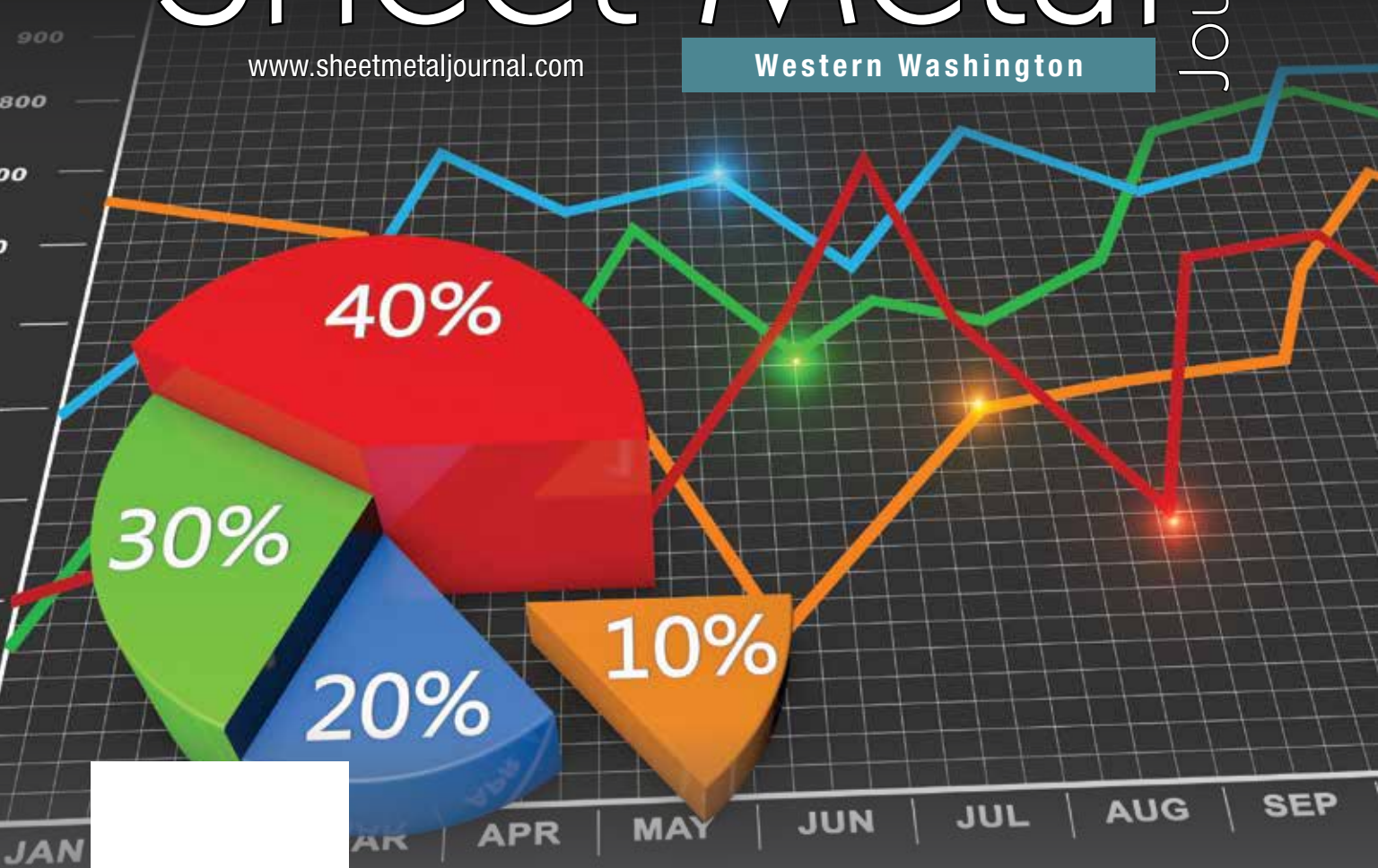


Sheet Metal Journal

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Western Washington



Contractors Economic Forecast 2023: The Optimism Paradox

Also in this issue:

Oh Boy! Oberto expansion project

Business legacy planning

Publications Mail / Agreement # 40719512





OUR CONTRACTORS SET THE STANDARDS FOR THE INDUSTRY

WHO WE ARE

SMACNA-Western Washington is a local chapter of the Sheet Metal and Air Conditioning Contractors' National Association (SMACNA).

SMACNA Contractors are heating, ventilating, air conditioning (HVAC) and sheet metal experts. They are your assurance of quality in the fabrication and installation of ductwork and air handling systems.

SMACNA contractors are also skilled professionals in:

- Architectural sheet metal
- Industrial sheet metal
- Kitchen equipment
- Specialty stainless steel
- Manufacturing and custom fabrication
- Repair services
- Siding and decking
- Flow testing & balancing
- Energy management & maintenance

Well known and respected within the construction industry, SMACNA contractors provide the highest quality workmanship, professionalism, and service to their customers. They care about the life cycle of the project, not just the winning bid.

You'll find SMACNA contractors working in all construction sectors whether industrial, commercial, institutional, or residential.

SMACNA contractors developed the technical manuals and standards that today are accepted worldwide in the construction community. As leaders in their industry, they continue to adopt and apply the latest technologies to HVAC and sheet metal work. Everything from duct construction and installation to air pollution control, from energy recovery to roofing, from seismic restraint to welding... they do it all!

STATEMENT OF PURPOSE

The ultimate goal of SMACNA-Western Washington, Inc. is to achieve and maintain the following principles and programs for the sheet metal industry:

1. To establish advertising, publicity, and promotional activities that advise the public of the nature, extent, and availability of services performed by the industry.
2. To promote educational programs to formulate high quality standards of sheet metal construction.
3. To aid in the formulation of uniform sheet metal specifications and improvement of state and municipal codes.
4. To expose fraudulent or misleading advertising or representations intended to deceive the public.
5. To encourage and promote trade practices that will eliminate unfair competition or exploitation of the sheet metal industry.
6. To encourage and promote the establishment of a uniform pattern of payments by customers during the progress of jobs to avoid inequitable payment delays and economic penalties.
7. To provide a forum for the discussion of the common interests and problems of labor and industry, and to encourage and promote harmonious relations between labor and industry.
8. To encourage any proper activity that will increase the efficiency of the industry and its ability to serve the public.

**SMACNA Contractors:
Quality work and professional services**

Sheet Metal and Air Conditioning Contractors' National Association - Western Washington Chapter
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WHY WIC WEEK?

Women in Construction Week, observed March 5-11, 2023, is an annual celebration of women in construction, highlighting their roles, achievements, and contributions to the industry. The National Association of Women in Construction, or NAWIC, held the first WIC Week™ in 1998 to create a support network for women in the construction industry, and since then, the momentum has grown.

Industry associations—like SMACNA—host events, presentations, jobsite tours, lunch and learns, and virtual events to bring awareness to women’s role in construction, the topics that interest them, and the barriers they face.

In 2023, the WIC Week theme, Many Paths, One Mission, highlights many journeys women have taken to reach the same goal, which is personal success and collective strength through highly skilled, well paying jobs and a successful future for all.

Companies and organizations that work directly and indirectly with the construction industry participate in WIC Week in many ways. Demonstrating support for female employees creates a brighter, more lucrative future for everyone, and slowly picks away at barriers to equity.

How to Celebrate

1. **Get educated.** The percentage of women who work in construction has grown from 2% to 10.5% in America over the past two decades. The growth is slow but steady, yet of that 10.5%, only 2.5% work on the tools. The first step to meaningful education is understanding that we don’t all start from even ground. Once we understand the barriers, we can start to move forward on solutions. Explore more ways to make apprenticeships a viable option for women by connecting with your JATC and Local for partnership opportunities.



By Jessica Kirby, Editor

- 2. **Encourage women to take construction opportunities.** If your company or organization isn’t actively pursuing a company culture that welcomes, fosters, and amplifies diversity, in which women have equal access to promotions and growth opportunities, you are missing out on retention success, and you are selling your employees short. Check out SMACNA National’s BE4ALL resources to find out where to begin.
- 3. **Join, support, or create an association or committee for women in construction.** Real change starts at the top. Connect with NAWIC or the women’s association at your chapter or Local or start an association of your own or in partnership with your Local. Lack of mentorship is the second most prevalent reason women leave or fail to enter the construction industry (the first is real or fear of abuse). It’s up to all of us to turn that around.
- 4. **Share and be open to new ideas.** Consider ways to help all employees share ideas and innovations in the workplace. Be sure to ask all employees for regular feedback and listen closely to the overt and subversive messages you receive. Do some employees feel less comfortable sharing ideas? Do some overshare and drown others out? Those issues are a leader’s job to resolve with a supportive, inclusive company culture.

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SMACNA-WESTERN WASHINGTON CALENDAR OF EVENTS

Membership Meeting · April 20

Success in Technology Implementation, David Morton | Seatac Marriott

CEA National Issues Conference · May 2–4

Washington, DC

Supervisory Training · May 17

Andy Patron | Seatac Marriott

Mariners SMAC-YA & Membership Mixer · June 16

T-Mobile Park

Annual SMACNA Golf Tournament · July 27

The Golf Club at Newcastle

DE&I Membership Event · August

TBA

Summer Membership Mixer · September 14

Bowlero, Tukwila

SMACNA National Convention · October 15–18

JW Marriott, Phoenix, AZ

SMACNA Executive Education Retreat · November 2 – 4

TBA

Membership Meeting · November 14

From Transactional to Transformational w Mark Breslin | Seatac Marriott

SMACNA-WW Holiday Gala · December 1

TBA



MEMBERSHIP

MEETING

THURSDAY, APRIL 20, 2023



SEATAC MARRIOTT

3201 S. 176TH ST.
SEATTLE, WA 98188

2:30PM | REGISTRATION

3-4:30PM | PROGRAM

4:30 - 5PM | RECEPTION

5-6:30PM | DINNER



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SUCCESS IN TECHNOLOGY IMPLEMENTATION

The implementation of technology continues to be a challenge for many contractors. Success lies in the specific definition of workflow first, then the evaluation of the current technology available to insert into the workflow. Standardization of these workflows enables staff to learn effectively and ramp up quickly in order to drive project success sooner. Featured speaker David Morton, Director of Maxim Consulting Group, will join us at our April 20 membership meeting to discuss the hot topic.

Join your fellow SMACNA - Western Washington members over cocktails and dinner to learn more!

REGISTER ONLINE AT
WWW.SMACNAWW.ORG

REGISTRATION DEADLINE: 4/17/23



DAVID MORTON

David Morton is a Director at Maxim Consulting Group responsible for the evaluation and implementation of process improvement with clients. He works with construction related firms of all sizes to identify and solve complex business, leadership and operational challenges.

David's areas of expertise include: organizational assessments, business planning, leadership development, executive coaching, productivity improvement, training programs, entrepreneurial ventures and business development.

THIS MONTH'S SESSION WILL ADDRESS

- Technology strategy and its role in organizational success
- Successful workflow examples that drive rapid onboarding
- Examples of technology implementation that create transparency and repeatable, predictable results

SUPERVISORY TRAINING – ANDY PATRON

Join SMACNA-WW members May 17, 2023, at Seatac Marriott

SMACNA-Western Washington is hosting a SMACNA National sponsored supervisory training session with guest speaker Andy Patron from Above Board Consulting.

Andy’s sessions focus on collaboration to help build solutions to common leadership difficulties, strategic planning, succession management, talent development, program design/implementation/delivery, foreperson development, and peer group facilitation.

Andy’s approach is committed, enthusiastic, positive, and generous as he works together with participants to make companies more profitable and a destination for great talent and clients.

This session, called Self-Management, explores the five elements of the communication process, examines the communication cycle and participants’ role in the process, how to evaluate the various methods and techniques of communication, and insight on email, phone, and web etiquette.



It will also cover time management, including how to analyze which activities impact your time the most and how to plan by understanding the difference between importance and urgency. Learn to use tools to better prioritize your tasks and decisions and discover ways to deal with time stealers: email pop-ups, texts, interruptions, and other people.

To learn more or to register, contact the SMACNA-Western Washington office at cheinrich@smacnaww.org. ■

WIC WEEK BREAKFAST AT ACCO

ACCO Engineered Systems kicked off Women in Construction Week with a company-wide breakfast. All of the company’s female employees were invited, drawing a great crowd of 14 out of 19 female employees.

“We hosted the breakfast to recognize the women of the ACCO Seattle office and to provide networking between the different departments that everyone works in,” says Lisa Connors, senior project manager at ACCO.

Participants enjoyed a tasty breakfast from Panera Bread and the chance to get to know one another in a social environment. “My goal with this breakfast was to bring the women closer together and build new relationships and maybe a few friendships,” Connor says, encouraging companies to acknowledge WIC Week as a way to help retain women in the workforce.



“All who attended were grateful for the acknowledgement and had never worked for a company that cared for them or about them in this way,” she says. “We all have different things going on in our lives, and it is good to network with others to build those relationships and help one another out.” ■



SMACNA-WESTERN WASHINGTON CELEBRATES WIC WEEK

In celebration of Women in Construction Week, SMACNA-Western Washington held an art-themed networking event March 10 at Art Chaos in Redmond. Open to all women of SMACNA, this afternoon comprised a tasty networking brunch, swag bags, and a unique art experience. The free event drew 15 participants who painted their way to a fine masterpiece and fabulous day of connection and laughter.





SMACNA-WESTERN WASHINGTON'S 60TH ANNUAL CRAB FEED

One of SMACNA-Western Washington's favorite membership events came together for the 60th time this February, as more than 250 attendees gathered for the Annual Crab Feed. This event is an all-you-can-eat feast on crab including salad, corn, baked beans, and bread. Guests washed down their culinary delights with local beer provided by Local 66 brewing company, Headless Mumby Brewing.

After two years of covid adjustments, which included drive-through and pick up Crab Feed events, this year members and their guests gathered in person at the Ocean Shores. Before the doors opened to the ballroom, guests could play ping-pong and corn hole, or take photos at a themed photobooth in the lobby area.

The delectable food was only the beginning. After bellies were full, guests could dance the night away with guest band **Deerswever**, which played a variety of classic rock and popular mainstream hits, or head back to the lobby for more ping-pong, cornhole, and photos.

Festivities wrapped up at 10 pm, and SMACNA-WW provided a shuttle service for those staying at the local Ocean Shores Casino to Quinault Beach Resort & Casino where attendees could continue celebrating their night after wrapping up festivities at the Convention Center.

Thanks to everyone who attended! ▀







Contractors Economic Forecast 2023: The Optimism Paradox

Fears of recession, persistent inflation, an unforgiving job market—and yet most contractors are optimistic about business in 2023.

By Steve Spaulding

As we head into 2023, the economic picture is murky. While the US recorded negative GDP in the first two quarters of 2022 (putting us unofficially in a recession), Q3 marked an increase in GDP of 3.2%. Employment levels remain high (with the official unemployment rate as of December 2022 just 3.5%), with a concomitant upward pressure on wages. Inflation also remains stubbornly high and the supply chain—while improved from a year ago—shows some persistent problems.

Paradoxically, the general mood in the construction industry is positive, with most builders showing record backlogs (in December, ABC's Backlog Indicator reached its highest level since Q2 of 2019), and moderate-to-high confidence in the business outlook for 2023.

The Inflation Situation

The lead economic story for 2022 was inflation, and the Federal Reserve's efforts to keep it under control. Over the 12 months ending in June 2022, the Consumer Price Index for all urban consumers increased 9.1%—the largest 12-month increase since the 12-month period ending November 1981. In response, the Fed hiked the Federal Funds Rate seven

times in 2022. The rate now stands at 4.25%-4.50% pushing borrowing costs to the highest level since 2007.

While the stock market has seen some steep sell-offs, most of the Fed's moves have been in line with market expectations. Fed Chairman Jerome Powell has made it clear (well, clear for a professional economist) that the Fed is willing to risk, or even cause, a recession if that's what it takes to bring inflation under control. (And history bears this out: the Fed triggered two recessions in the 1980s as a direct result of its inflation-fighting policies.)

"The Federal Reserve's ongoing battle with inflation has raised concerns that a recession is imminent in the new year," said Richard Branch, chief economist for Dodge Construction Network during the 2023 Dodge Construction Outlook delivered on November 15, 2022. "Regardless of the label, the economy is slated to significantly slow, unemployment will edge higher, and for parts of the construction sector it will feel like a recession.

"Next year, however, will not be a repeat of what the construction sector endured during the Great Recession when

the financial system collapsed. Residential construction, already reeling from rising mortgage rates, will continue to contract and will be joined by nonresidential construction as the commercial sector retrenches. The funds provided to the construction industry through the *Infrastructure Investment and Jobs Act* (IIJA), the *CHIPS and Science Act*, and the Inflation Reduction Act (IRA) will counter the downturn allowing the construction to tread water. During the Great Recession, there was no place to find solace in construction activity—2023 will be quite different.”

The Construction Market

What will the construction market look like in 2023? While mortgage rates have risen (at the time of this writing the current average on a 30-year fixed mortgage stands just above 7%), the housing shortage remains acute. According to the National Association of Realtors (NAR), the supply of homes for sale in the US—typically measured in months of supply—reached a record low of just 1.6 months in January 2022. It has since climbed back to 8.6 months as of November of 2022. Despite that growth, supply is still not enough to meet demand—and it is demand that drives markets.

One of the most reliable leading indicators, the Architecture Billings Index (ABI), has only recently shown signs of a slowdown. After architecture firms experienced their first decline in billings in nearly two years in October of 2022, business conditions softened further in November as the ABI score fell to 46.6 (any score below 50 indicates a decline in firm billings). While inquiries into new projects continued to rise modestly, the value of new design contracts also declined further in November.

Moving from the buyers and architects to the builders themselves, Associated Builders and Contractors reported in November 2022 that its Construction Backlog Indicator declined to 8.8 months in October, according to a member survey conducted Oct. 20 to Nov. 4. The reading is 0.7 months higher than in October 2021.

After surpassing its pre-pandemic level in September, backlog is now back below the reading observed in February 2020. Backlog in the commercial and institutional category posted its largest monthly decline since July 2020 and is now 0.4 months below pre-pandemic levels.

At the same time, ABC’s Construction Confidence Index reading for sales increased in October, while the readings for profit margins and staffing fell. All three readings remain above the threshold of 50, indicating expectations of growth over the next six months.

“October’s survey data hinted at some emerging weakness in the nation’s nonresidential construction sector,” said ABC Chief Economist Anirban Basu. “While the industry continues

to gain strength from significant funding for public work, pandemic-induced behavioral shifts—including remote work and online business meetings as well as surging borrowing costs—are translating into meaningful declines in backlog in commercial and institutional segments.”

The Dodge Industry Forecast offered these predictions for 2023:

- The dollar value of single-family starts will be flat (-5% when adjusted for inflation); however, units will be down a further 6% to 891,000 units (Dodge basis) as higher mortgage rates and worsening affordability eat away at demand.
- The multifamily sector has been reaping the benefits of the affordability issues plaguing the single family market, pushing demand for space up and vacancy rates down to record lows. The softening labor market and investment outlook will eat away at these gains in 2023. While the dollar value of multifamily starts will rise a scant 1% (-7% when adjusted for inflation), units will fall 9% to 723,000.
- Commercial starts will fall 3% in 2023 (-13% when adjusted for inflation) led by pullbacks in warehouse and office sectors. Hotel and retail starts will post tepid growth in nominal dollars, but when adjusted for inflation will also slip, but the declines will not be as dramatic as in office and warehouse. There is some positivity in the commercial space in 2023, though, as data center construction is expected to remain brisk.
- Institutional starts, meanwhile, will hold steady in 2023 (-1% inflation-adjusted) as gains in healthcare offset losses elsewhere. Traditional education starts (classrooms) have languished as slow demographic growth eats away at overall demand; however, life science buildings have flourished and will continue to do so in the new year. Healthcare starts will be the engine of growth in the institutional sector as greater demand for both outpatient clinics and hospitals is on the rise.
- Manufacturing starts have been robust since the pandemic as reshoring has led to numerous chip fabrication plants, EV battery plants, and other large facilities breaking ground. Manufacturing starts are expected to nearly triple in 2022, and while they will decline in 2023 the level of 2023 starts at \$51 billion has not been seen since the beginning of Dodge’s historical starts time series in 1967. The *CHIPS* and *IRA Acts* will support abnormally high levels of activity for years to come.
- Nonbuilding/infrastructure grouping of projects will be supported by an infusion of public dollars through IIJA. Public works starts will gain 18% in 2023 (+12%

adjusted for inflation) led by gains in streets and bridge work, while the utility/gas category will gain 8% (+2% inflation-adjusted) as the extension of the investment and production tax credits in IRA will lead to gains in utility-scale wind and solar projects.

Materials

It is difficult to disentangle inflation from other factors—the availability of raw materials, supply chain disruptions—that affect the price of necessary tools, equipment, and supplies.

The price of gasoline is a chief concern for anyone managing a fleet or who uses supplies shipped by truck (i.e., everyone). Global recession fears have pushed the price of crude oil down, despite continued stable consumption in the US. Petroleum production in the US is still trending slowly toward the 13 million barrels per day benchmark, and products used in petroleum production should remain in stable demand despite falling crude oil prices.

The Strategic Petroleum Reserves continue to be at historically low levels (the lowest since 1984) and at some point, the US will have to rebuild those inventories in 2023, pushing prices up above normal supply/demand market condition rates when it occurs.

In its November 2022 Commodity Report, the American Supply Association found (when compared with October), no increase in the price of thermoplastics. As for cast-iron, both Tyler and Charlotte Pipe reported no changes regarding cast-iron pipe, fittings, and/or couplings-gaskets for the month.

Carbon steel hot-rolled coil pricing continues to fall. Lead times also have fallen on HRC from four weeks to three weeks. Steel pipe pricing has maintained relatively flat despite the erosion of carbon steel commodity prices.

The price direction of stainless-steel welded pipe has long been driven primarily by the price of nickel. Nickel was regarded as the most volatile base metal before the historic short squeeze occurred on the London Metal Exchange (LME) last March. Since that time, LME trading volumes have fallen sharply. October's daily average trading volumes were down 54% year-on-year and represented the lowest monthly trading activity in at least a decade. The lack of trading volumes continues to add volatility.

But a snapshot in time cannot tell the entire picture. “We continue to expect pressure from high inflation, supply chain constrains, and some specialty raw materials,” Andres Caballero, president of Uponor, North America, said. “Our priority is to continue to provide the highest quality product for water solutions that customers in North America and around the world come to expect from Uponor. We will look into market dynamics proactively as we consider possible

price actions while ensuring customers get the most value from our products and solutions.”

When asked about price increases for water heating equipment in the coming year, Noritz's Executive VP and General Manager, Jason Fleming, said, “This has not been decided yet, but we are doing our best to keep pricing consistent, as everyone is facing cost challenges, and increased prices will present more. If we continue to see increases [in raw materials costs], we will need to plan accordingly.”

Labor and Productivity

Employers added 223,000 jobs in December of 2022, finishing a year in which the economy added 4.5 million jobs, refilling the hole left by the coronavirus pandemic. Hiring has slowed since the first half of last year, when employers were adding more than 400,000 jobs a month, on average, and a continued slowdown is expected.

But the tight labor market has hit the skilled trades harder than other sectors. According to a recent story on *NPR.org*, the application rate for young people seeking technical jobs—like plumbing, building, and electrical work—dropped by 49% in 2022 compared to 2020 (based on data from online recruiting platform Handshake).

Despite local, state, and federal money for skills training, and despite numerous shops around the country offering “earn-while-you-learn” programs, the skilled trades still face an image problem that makes attracting the Millennial and Gen Z cohorts difficult. At the same time, the Baby Boomers continue to retire; 75 million are expected to leave the workforce by 2030, paving the way for what some are calling “The Great Retirement.”

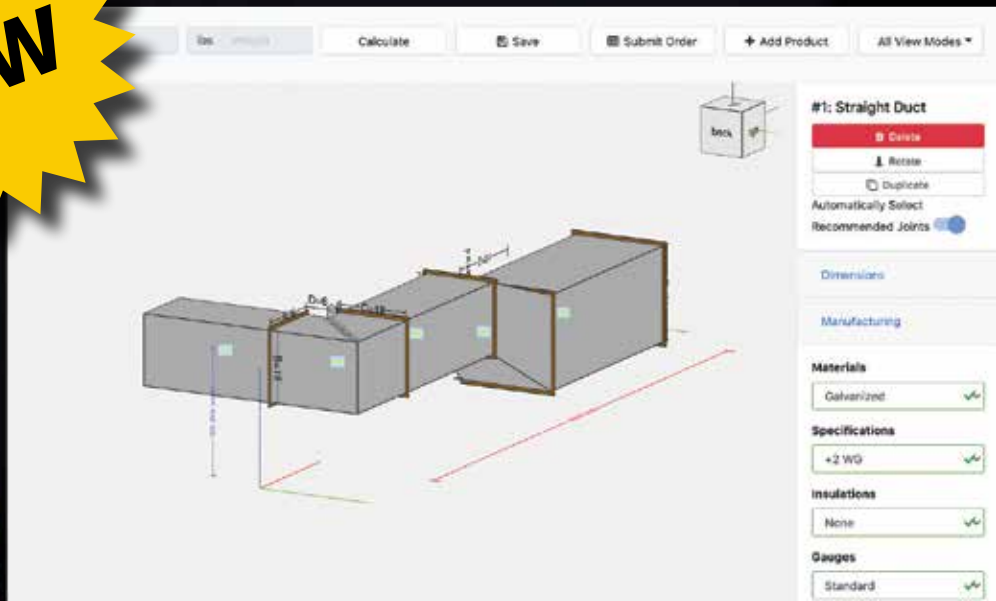
In response, many manufacturers are offering products and services designed to boost productivity, allowing contractors to accomplish more work even with fewer hands. For example, Uponor has begun offering a kitting service that provides customized, coordinated packaging with select products, a materials list, plan view, and 3D isometric drawing in individual packets delivered directly to the job site. The service is ideal for buildings with high repeatable room types, such as apartments, condominiums, dormitories, hotels, assisted-living centers, and hospitals.

In a year-end address, Jim McGoldrick, Senior Vice President, Sales, for Bradford White, stressed the company's focus on delivering innovative solutions, saying, “Bradford White's vision for the next 30 years and beyond is staying laser-focused on innovation and providing the solutions our customers need.” ■

This article originally appeared in CONTRACTOR magazine (contractormag.com) and was reprinted with permission.

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Oh, Boy! Oberto

By Angela White

Ask any true Seattleite what their favorite beef jerky is, and nine times out of ten they'll answer "Oh, Boy! Oberto" with a smile on their face. The iconic brand is to jerky what Starbucks is to coffee. Constantino Oberto founded his company in 1918 after he arrived in America with a few dollars in his pocket and family recipes from his home country of Italy.

The Oberto Smokehouse project was set to expand the company's existing 13,000-square-foot warehouse conversion to include processing and smokehouse additions to meet growing consumer demand. Because Oberto is reverting to its original smoking methods, the project required duct exhaust. The project team included Holmberg Mechanical as the sheet metal contractor.

The job was straightforward and involved fabricating and installing stainless steel ductwork at the new smokehouse using the owner-supplied equipment. Over 250 feet of stainless steel 4" and 24" duct was installed. Custom dampers and gaskets were created in Texas, while everything else was locally made in Washington. Keeping materials local was important to the owner and the project team.

"This project had a different sense of heart than others," said Jeff White, Holmberg Mechanical's CEO/President. "It felt special to our team because we were helping build the next chapter for Oberto. As a Seattle resident for nearly my entire life, I remember visiting the old shop that was on Rainier Avenue. It was always a treat."

This project came with a unique set of challenges to navigate, including designing the duct system to match an integrated wash-down system and drainage needs. It also required designing the system to be watertight so the ductwork can be cleaned. To elaborate, the owner wanted the system to meet the needs of the high temperature exhaust and smoke supply, but also to be completely watertight to incorporate the integrated wash-down system. The most challenging component of this was to make each section of the rooftop duct removable.

In a system that is air-tight, watertight, and able to be removed—potentially every month for cleaning—the use of caulk or mastic was out of the question. After rounds of requests for information, testing different connection types, bolting applications, gaskets, and flange clamping methods, the Holmberg team managed to source a hybrid high-temperature flange gasket that has run the course and met the project needs.



“Oberto was a great project and a unique opportunity for Holmberg to put our mark on a multi-generational staple to the Pacific Northwest,” said Holmberg’s Sheet Metal Superintendent, Chris Ebbert. “It gave us a chance to work with the owner and general contractor to come up with a plan of attack on Oberto’s new smoke generating/exhaust system. We were challenged to meet the system requirements and also the owner’s service and maintenance needs.”

One exceptional perk of the job? “Coming home smelling like smoked brown sugar and beef jerky,” said Jill Hughart, project manager. “Our fur babies loved seeing us come home.”

The team comprised Hughart and Josh Donahue, sheet metal foreman. Hughart has been an asset to the Holmberg special projects group since joining the company over a year ago. She gets involved with all of her projects and continues to grow her knowledge base with mechanical systems. Previous to Holmberg, Hughart worked as a project manager on the general contractor side and now provides the company unique insight as a mechanical sub-contractor project manager.



Hughart is always focused on her jobs and on building and maintaining relationships with Holmber Mechanical’s clients and crews.

Josh Donahue came to Holmberg just under five years ago as an experienced sheet metal foreman. Josh has served as sheet metal foreman for Holmberg’s large-scale capital projects and had success in his current role in the special projects group. He really enjoys the special projects because of each project’s unique nature and the constant balance of overseeing multiple projects at once. Josh has been a member of Local 66 for 15 years and has been an asset to Holmberg’s sheet metal division ever since joining the company.

Holmberg Mechanical was honored to be part of the expansion of this locally loved brand. It is rewarding to help a long-standing company take its vision to the next level and appreciate how sheet metal work plays a role in creating that reality. When businesses like this choose to upgrade their systems, they are providing safer products for everyone to enjoy.

“My favorite part of the project was helping a local company build their smokehouses to be able to make products for everyone,” said Anthony Miller, account executive for Holmberg Mechanical. ▪

Angela White is the Marketing and Public Relations Manager for Holmberg Mechanical, a 73-year-old, full-service, design-build contractor located in Bellevue, WA. Holmberg Mechanical engineers and constructs large-scale commercial projects, such as high-rise, transportation, hospitals, hotels, and more. The company has made the Puget Sound Business Journal’s “Best Places to Work” list four times, as well as Inc. Magazine’s “5,000 Fastest Growing Companies in America” list two years running. Learn more at holmbergco.com.



EXIT

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Business Legacy Planning Made Easy with DFG Advisors

The expertise of a trusted financial advisor is beneficial to anyone facing big life decisions, but their advice becomes an especially helpful resource for business owners. Enter DFG Advisors, a financial solutions partner that helps owners work on their businesses—since they are often focused on the day-to-day operations—as well as strategically plan for the future.

The DFG team is housed in six locations throughout the Pacific states and boasts a collaboration of some of the best minds in financial, tax, and legal strategy. From the effectiveness of a client's corporate structure to cashflow analysis, risk management, and everything in between, they can help identify concerns, gaps, and opportunities within a business's overall strategy and develop solutions that fit their unique needs and goals.

“We help a lot of the membership transition or come up with a game plan on how to enhance or improve their finances, as well as consider an exit planning strategy,” says Chris Brunell, retirement income specialist at DFG Advisors. “One of the trends we are seeing within the construction industry is not only a general lack of planning, but also that ownership is aging and the younger generation isn't stepping up to take over the planning. Whether we work with these firms or not,

there's a real need for an educational component on what happens next and how to succeed, from both business and personal standpoints.”

A recent report shows only 35% of Americans have a financial planner—and 60% of business owners have never met with one. But these professionals are a great tool to help improve your overall financial picture. They help owners work smarter, not harder, by saving time and money that can be invested back into the company in various ways.

“We provide guidance to create and execute superior solutions for our clients, their families, and businesses over a lifetime of changing events,” says Nick Homer, Sr., vice president of DFG Advisors. “Too many owners haven't thought about their own personal planning, and most of their assets are tied up in the business. We help navigate life beyond working in the business and help owners explore what they can do to create a successful retirement, along with leaving a legacy.”

For help in establishing a legacy plan or other financial strategies as they pertain to your business, schedule a meeting with Chris Brunell, DFG Advisors, at 480.538.2933 or chris@dfgadvisors.com ■ Reprinted from *Cutting Edge* 4th edition.

5 Things to Look For in a Financial Advisor and Someone to Help with Succession Planning:

1. Starting the discussion sooner than you think. Earlier conversations create a blueprint for your goals and it takes time to achieve them.
2. The planner you choose should be based off relationship and someone you can grow with, not pure numbers or the size of the firm.
3. Is the firm you are considering good at consulting or is their focus more specific to one topic of assets? For example, some advisors create full plans and encompass a holistic approach, while others focus specifically on investments (or their specialty) but do not discuss any life changes outside of that. Be sure to choose the best option for your long-term goals.
4. Focus on envisioning what you want out of savings, goals, values, and the next phase of your life—not what your neighbor is doing. Planning is more dynamic than that. For example, the team members at DG Advisors are all advisors, but they do not have the same savings goals because their lives are different. Some have families, some don't, and they are at different stages in their careers. Different people need different solutions.
5. Find a team that can cover all bases of financial issues, including risk management, money management, estate planning, and finding a proper CPA for you.

LEGISLATIVE SESSION PASSES HALFWAY MARK

The 2023 Legislative session has hit the halfway mark toward the April 23 end date. There are several construction and energy related bills that are moving through the process, but it is too soon to know whether all of them will make it to the finish line. SMACNA will provide a summary of the bills that pass and are signed into law in May.

Contracting and wages

HB 1306 and **SB 5268** includes recommendations from the Construction Project Advisory Review Board on changes to the small works roster process. It would allow agencies to use a statewide small-works roster or a roster with categories of different types of work. The statewide roster will be developed by the state and any women and minority owned, veteran-owned, or small business contractors may ask to be put on it. The bill defines when public owners can use a limited number of contacts and when they must seek more bids.

HB 1050 would expand the requirement to use apprentices on major public works projects to all municipal governments, except housing authorities. The bill also removes the tiered apprenticeship requirements currently in statute and applies a standard 15 percent apprenticeship threshold to all public works that cost \$1 million or more. If passed, the bill would go into effect July 1, 2024.

SB 5528 would require a five percent retainage for both general contractor and subcontractors on private sector projects. General and subcontractors could use a bond instead of cash. A subcontractor who completes work before the entire project is complete could have the retainage released unless there is a dispute about whether the work is complete.

SB 5111 would require all construction workers who have not met the 90-day sick leave eligibility threshold to be paid for unused sick leave upon separation. The bill as introduced would have applied only to construction workers covered under a union referral program. It was amended in the Senate to apply to all construction workers. The bill retains the option to use equivalent sick leave provisions if provided by a collective bargaining agreement (CBA). SMACNA opposes this bill.

SB 5726 would modify the 2019 law that based prevailing wage rates on the highest CBA for a particular category of union worker. Beginning June 1, 2027, the wage would be set using the CBA that represents the rate paid to the majority of workers under an agreement rather than the highest CBA rate. When a majority rate is not present, the rate will be set based on what is paid the most workers for that union. The second part of the bill requires contractors use the prevailing wage rate currently in effect rather than the one that was in effect when a construction contract with a public owner was signed. And it



By Kathleen Collins,
Government Relations Consultant

allows the contractor to seek a change order to cover the cost. The exceptions are low-income housing, small works roster contracts, and residential construction.

Energy efficiency

There are several energy efficiency bills that could impact SMACNA contractors' work.

HB 1391 would set up a statewide energy navigator program to provide information on energy upgrade opportunities from the recently passed federal funding as well as state offered programs. The Navigator is directed to coordinate with electric utility programs. The program will assist with energy audits. The emphasis is on electrification of buildings so no fossil fuel equipment is eligible.

HB 1589 would authorize Puget Sound Energy (PSE) to put a long-term program in place to reduce residential and commercial use of natural gas through energy efficiency and electrification. The more immediate change would be a prohibition on extension of gas service to any new locations that did not receive gas service or an application for gas service filed by June 30, 2023. The bill does not impact or restrict the other gas utility providers in the state but would impact natural gas service in the greater Puget Sound counties where PSE serves gas.

HB 1777 would allow school districts and state agencies to secure performance-based contracts with contractors for energy efficient equipment and services. The state agencies could contract either independently or through the Department of Enterprise Services.

SB 5057 deals with the Clean Building law that was passed in 2019 and will require commercial buildings to retrofit their buildings to achieve energy use intensive targets through energy efficiency, energy audits, and changes in operations and maintenance. Several businesses and schools testified that the retrofits are costing more than anticipated and they need more time to comply. SB 5057 would delay the implementation deadline for Tier 1 buildings by one year for each category within Tier 1. It would also allow a building owner to apply for

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INDUSTRIAL VENTILATION

Make-up air is essential for balanced ventilation

Exhaust fans cannot work properly without an adequate supply of air. If provision for the supply air is not made, the vacuum created by the exhaust fans reduces the effectiveness of mechanical ventilation. Negative pressure also causes excessive air infiltration, making it difficult to heat a large facility properly.

These conditions can be corrected by replacing the exhausted air with clean, fresh, preheated air. The primary purpose of this make-up air is to temper outside air and supply it in sufficient quantity to bring about a balance in ventilation.

Often, depending on the quantity of make-up air in relation to the exhaust, the heating system will shut down during the working day, allowing the make-up air to handle the entire heating load. The heating system then functions only to maintain satisfactory temperatures at night and in other critical times.

When you add an air make-up system to an existing plant, it is necessary to analyze the entire building. Where exhaust fans already exist, the installation of air make-up usually will not increase the heating load and can bring about a reduction of overall heating costs. This may be understood by considering that infiltrated air, warmed at least partially by an existing heating system, is ultimately mixed with room air and exhausted through the ventilation fans.

Infiltration of unheated air results in a decline in heating efficiency. Most heating systems are not adequately rated to cope with infiltration when appreciable negative pressures exist.

Air make-up units provide a systematic method of heating entering air and supplying it in a controlled quantity. With proper balance of supply and exhaust, infiltration is eliminated. By properly tempering supply air, the heating system is relieved



By Norm Grusnick, PEng
Sales Manager, ECCO Supply

of this abnormal load. The results are uniform space heating, effective ventilation, comfort, and economy.

Heating With Fresh Air

Experience with fresh air heating systems has shown that it is practical and economically sound to heat larger warehouses and industrial plants with fresh air. The question is whether to use 100% outside air or re-circulate some portion. Both methods are used by design engineers.

When direct-fired gas systems were first used, some authorities felt that positive exhaust was necessary to assure a balance and prevent building up products of combustion. It is now generally recognized that air can be supplied into most buildings having a balance with a supply and exhaust system.

The standard air make-up unit used for large space heating can either be 100% outside air or with fixed percentages of re-circulation or a combination of both. Equipment suppliers can assist in determining your application requirements.

Gas-fired air make-up units are available in various sizes and types, including direct or indirect fired configurations. The equipment is designed for tempering outside air and supplying it to the building for ventilation make-up and balancing of negative pressures.

Temperature Controls

Two standard systems for temperature control are available, offering a choice of functions for regulating air temperature.

The outlet temperature central system only senses the unit's discharge air temperature. The sensor is in the airstream, and it averages the temperature and sends back a signal to the regulator.

In most applications, it will be desirable to use room temperature control. Two types of controllers are available for this operation.

The simplest and least expensive is a thermostat located in an appropriate location. When the area calls for heat, the make-up air unit delivers air at a higher temperature until the thermostat is satisfied.

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2021 WASHINGTON STATE AND CITY OF SEATTLE ENERGY CODE UPDATES, PART II

The 2021 Washington State Energy Code (WSEC) as developed by the State Building Code Council has been officially adopted and will begin implementation on July 1, 2023. As previously reported in this column, the 2021 code has significant changes compared to previous codes, as it not only requires more efficient building, mechanical, and electrical components, but also, it now includes carbon reduction goals in our new buildings, which will reduce or eliminate petroleum-based fuel sources (including natural gas) and electric resistance heating equipment in some areas of our state. The significant changes outlined below focus on Western Washington only (climate zone 4) as this is likely of more interest to our SMANCA-Western Washington members. Eastern Washington (climate zone 5) has some different requirements and still allows the use of fossil fuels and/or electric resistance heat under certain conditions. Your Technical and Code Committee notes that there is a virtual training program available to educate our industry starting this April. It covers in detail the most substantive changes between the 2018 and 2021 commercial codes. To register for this program, go to waenergycodes.com/compliance_training.php. We have summarized these significant HVAC system changes organized by WSEC Chapter Numbers below:

C403.1.4: Heat pump technology will now be required for space heating in all new commercial buildings. The use of heat pumps can be in the form of unitary ducted or through-wall units, air-to-water heat pump “boilers,” or more traditional water-to-water heat pumps, air-source VRF, and split system heat pump units.

C403.3.5: Dedicated Outside Air Systems (DOAS) used for ventilating a wide variety of building types will now need to have more efficient heat exchangers transferring energy from relief/exhaust air to outside air. The new requirements are 68%

sensible heat efficiency (up from 60%) or 60% enthalpy recovery efficiency (a combination of sensible and latent heat), up from 50% required by the 2018 code. In addition to these changes, there are also changes to energy recovery ventilation (ERV) systems typically used in multi-family residential projects.

C406.2: This chapter describes energy efficiency requirements for permitting under a Prescriptive Path, meaning that it provides a set of fixed requirements for building envelope, mechanical, and electrical systems that must be met to obtain a permit. The new prescriptive path contains a revised energy efficiency points scale of credits compared to the 2018 code. These new credits are described in Table C406.2 of the SEC and list 31 different options with various available credits depending on the building code occupancy group your project falls under. Depending on your project’s occupancy type, you will need to incorporate between 41 and 74 credits at a minimum from the 31 categories included in this table. For existing building additions, you will need between 20 and 36 credits to meet permit requirements.

C406.3: This is a new chapter containing an additional set of prescriptive credits that are now required for Building Load Management. These new requirements cover a wide variety of building components and systems, from traditional lighting



By Peter Boileau, Chairperson SMACNA-Western Washington Code & Technical Committee

CONTRACTORS AND SUPPLIERS



SMJ-WW is on the lookout for interesting HVAC, architectural sheet metal, testing & balancing, and industrial/specialty projects and feature topics. If you have a great idea, notice an industry issue that needs addressing, or want to weigh in on a technical subject, we would love to hear from you.

We also need great pictures—current and historical—of people working in all aspects of the sheet metal industry. If you have something to share, please email it to our editor, Jessica Kirby, with a caption about what is going on in the photo.

Questions about how else to get involved in a future issue of *Sheet Metal Journal*? Reach out to jessica.kirby@pointonemedia.com or 250.816.3671 to get the scoop.

and HVAC systems (think occupancy sensors and set-back temperatures) to storage of electrical and cooling energy, domestic hot water storage, and even building envelope thermal mass. Like the energy efficiency requirements described above, the credits shown in Table C406.3 list seven options with a range of 12 to 27 credits required depending on occupancy type. This new requirement will need careful study by all of us in order help our customers and trade partners navigate the most cost-effective path to permit compliance under this new category.

C407.3: This chapter provides an alternate path to the fixed or prescriptive requirements described above and allows a more complex “total building performance path,” which uses annual energy modelling to determine if a unique combination of building elements in your design will use less energy than a baseline model contained in the code. The 2021 code changes “Building Performance Factors,” which result 10% improvement in energy efficiency compared to the 2018 code. These new factors are shown in Table C407.3(2) for various building types. Similar to the prescriptive path, this chapter also contains a new, additional set of requirements described as “Site Energy Performance Targets.” This set of factors limits both regulated (e.g., mechanical equipment efficiencies, lighting efficiencies) and unregulated (e.g., electrical receptacles) to form an overall site energy use target for your project. Information on Site Energy Performance Targets is found in Table C407.3(3). The

goal of this new site energy metric is to improve overall site/building energy efficiencies to meet the WSEC goal of 70% energy reduction for buildings permitted under the future 2030 WSEC versus buildings built under the initial 2007 WSEC, an ambitious but potentially achievable goal could potentially make buildings in the State of Washington the most energy efficient in the United States.

As of the date of this publication, the City of Seattle has not yet finalized its version of the 2021 Seattle Energy Code (SEC). In addition to the State of Washington’s efforts to develop new code requirements, the city also relies on its Construction Codes Advisory Board to make recommended changes to Seattle’s codes. This board is made up of voluntary members representing building developers, designers, contractors, trade union representatives, and members of the general public. The SEC is typically more aggressive than the WSEC, improving energy efficiencies by an additional 5-10%. No doubt the SEC will contain all the above-describe WSEC updates, likely requiring higher efficiencies and potentially adding more progressive requirements than contained in the new state codes. As the 2021 SEC is finalized, your Western Washington Technical and Code Committee team will let you know what changed in a future edition of this newsletter. ■



The Sheet Metal and Air Conditioning Contractors' National Association (SMACNA) is an international trade association representing contracting firms throughout the United States, Canada, Australia, and Brazil. The mission of SMACNA is to create a competitive advantage for SMACNA members through industry education, labor relations, standards development, industry representation, and business studies. SMACNA members are innovative and forward-thinking sheet metal contractors who specialize in Heating, Ventilation, and Air Conditioning, Architectural & Industrial sheet metal, Manufacturing, Testing & Balancing, and Energy management.

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THE POWER OF MENTORSHIP: HOW CONSTRUCTION APPRENTICES CAN BENEFIT FROM GUIDANCE AND SUPPORT



By Mark Breslin
Principal, Apprentice Performance Solutions

Hiring and retaining apprentices who have what it takes to succeed in the construction industry has never been easy. Now, however, the challenge is much harder: With an average turnover rate of 25%–30%, the competition for top talent—even just decent talent—is fierce, and many companies struggle to find and keep the apprentices they need to grow their businesses. One way to stand out from the crowd and attract more and better talent is to be the organization that shows a personal interest in developing apprentices and helping them launch their careers.

Apprenticeships are all about teaching: teaching the trade, teaching leadership, teamwork, safety, and more. But mentors create a personal connection that help people to shine: You may not remember everything about your apprenticeship, but you remember the people who took an interest and gave you the advice and opportunities that made a difference.

What do mentors do for apprentices? Here are a few important examples:

A mentor can offer the guidance, support, and valuable industry insights to help apprentices navigate the challenges of the construction field and develop the skills they need to succeed. Sometimes it's offering guidance on the technical aspects of the trade, but more often it's about helping them understand and make their way through the complexities of the job and the workplace. A seasoned mentor can help an apprentice see the big picture, connect it to what they're experiencing, and figure out what to do.

Mentors help apprentices develop the soft skills they need to succeed in the industry. For example, mentors can teach apprentices how to communicate effectively with other team members and management. They teach how to problem solve and how to manage conflict. Most apprenticeship programs teach these skills, too, but having an experienced mentor to help work through the apprentice's own real-life challenges makes a big difference.

Mentors can also provide apprentices with a sense of belonging and camaraderie. Construction can be a challenging and often a solitary profession. Mentors can provide apprentices with support and a sense of community that can help them through the tough times. In turn, apprentices help mentors stay connected to a younger generation that can often seem different and mysterious.

Mentors can also provide apprentices with networking opportunities that can be crucial to their long-term career

success. A mentor can introduce apprentices to other professionals in the industry, which can lead to valuable connections and opportunities.

Last, mentors give apprentices someone to work harder for. Many of us had a teacher or family member along the way who believed that we could do better, and we did everything we could to prove them right. Having that personal and professional connection to someone who only wants the apprentice to succeed is a powerful motivator.

With all of this said, mentoring programs are not something you can make happen just like that. But it's easy to start small and grow your program from there:

- Start by surveying apprentices and experienced union members (as well as retirees) to see who would be interested in meeting once every week or two (in person/by Zoom/on the phone) for an hour.
- If you can, allow prospective apprentices and professionals to have short “chemistry” meetings to see if they match up well before you formalize the relationships.
- Provide some simple ground rules on what kind of support mentors can and can't offer.
- Offer some ideas on how to connect and get the mentoring relationship off the ground.
- Once the relationships are established, have brief check-ins every so often to make sure that meetings are happening and that both sides are finding them valuable.

To sum up, we believe that mentorship is a vital component of career development for construction apprentices—and we think that anyone who's had a good mentor will agree. Apprentices who have access to mentoring programs are better equipped to meet the challenges of the construction industry and build a strong foundation for their careers. That means that they will stay on, catch on faster, and perform at a higher level than those without this kind of support. Just as importantly, maintaining a strong mentoring program will create a reputational difference that will help your organization become the choice instead of a choice when people are looking to start their careers.

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WASHINGTON'S PAY TRANSPARENCY ACT

Beginning January 1, 2023, Washington employers with 15 or more employees will need to include pay information in all job postings (RCW 49.58.110). This amendment to the *Equal Pay and Opportunities Act* came about because the legislature intends to give women, who the legislature identifies as traditionally underpaid, or any underpaid workers the information they need to negotiate wages (RCW 49.58.005).

Similar laws have been passed in other states but applying these pay transparency laws has been notoriously difficult. In New York, for example, many employers reacted to that state's newly enacted transparency law by posting ranges that span more than \$100,000. Such wide ranges make it difficult for applicants to know what the job actually pays, but determining an appropriate salary range often depends on unknown variables like skill and experience. Geography also plays a big role where the cost of living can vary dramatically between regions within the state, and for positions where work-from-home is an option, between states where employees live.

Perhaps anticipating some of these difficulties, Washington's Department of Labor and Industries is in the process of finalizing a new administrative policy that gives more guidance to the short law. The final version is expected to be published before January 2023, but the current draft differentiates between simple "Help Wanted" signs where no wage scale is required and postings that reference a specific position for a desired applicant. In the latter case, when qualifications are included, the law requires the posting to include the "reasonably and genuinely expected range" with a low to high range. In other words, no open-ended phrases such as "\$60,000/per year and up" are permitted. The posting must also include a general description of all benefits.

As the new law takes effect, employers should expect Washington's Department of Labor and Industries to spot check employers as situations are brought to its attention. Sometimes these spot checks are initiated when a disgruntled employee files



By Sarah Capelli, Employer Solutions Law

any kind of claim with the state—discrimination, problems with paid sick leave, unpaid wages, or any other workplace complaint.

When a violation is alleged, the injured party (here, the applicant or employee seeking an internal transfer) can either sue the company directly for damages or the Department can investigate. In the latter case, the Department should first resolve the issue by talking with the employer and collect a civil penalty between \$500-\$1,000+ for each violation. If the employer does not cooperate, the Department can order damages be paid. Damages (awarded in court or ordered by the Department) can include any lost wages or \$5,000 (whichever is greater), interest, costs, and the plaintiff's attorney's fees. The company may also be ordered to hire (or reinstate) the employee and provide other non-monetary (injunctive) relief. This relief is available for each violation, so considering the number of postings and new hires/transfers that any company makes, potentially liability grows exponentially.

If your company needs help complying with the new *Pay Transparency Act*, please contact your attorney at Employer Solutions Law. ■

Sarah Capelli has worked over 15 years in employment law representing business owners and managers. She has defended employers against charges of discrimination, wage and hour violations, wrongful termination, and more, but now devotes her practice to general advice. She enjoys working with employers to develop effective employment policies and also managing the myriad leave entitlements available under state and federal law. Before entering private practice, Ms. Capelli clerked for the honorable Judge Stephen S. Trott of the Ninth Circuit Court of Appeals. Contact her at sarah@employersolutionslaw.com | 425.644.6142

Acceptable examples of postings that meet the requirements include:

A social media post that reads, "Seeking applicants for a Billing Specialist position. Must have two years of medical bill processing experience. \$30.00-\$40.00 per hour, medical, vision, and dental benefits, 401k retirement plan, and stock options available. More information can be found via hyperlink here."

An email to internal applicants that reads, "If you are a current employee with a bachelor's degree in computer science, please apply to be an IT supervisor today! \$150,000-\$170,000 total per year for salary, medical benefits, and bonuses."

EDITORIAL

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5. **Highlight female construction workers.** Let’s get something straight: most women I know don’t want to be called out for their gender for negative or positive reasons. They don’t want to be known as the female version of something, nor do they want pats on the back for doing something when gender is the only thing differentiating them from other people doing that exact thing. What they want, more than anything, is to fit in. For example, since most Employee of the Month programs don’t name candidates “Male Employee of the Month” there is no need to call women out the same way. However, most people I know of all genders enjoy appreciation and acknowledgement. Consider a program or initiative that highlights employees’ great work and make sure all genders are recognized for their achievements.

6. **Acknowledge WIC Week.** Step one is to understand why WIC Week is important (see the first point: Get educated.) Step two is to find a meaningful way for your team to participate. There are any number of ways to do that and your efforts should be both sincere and manageable. One company might present a full week of activities while another may just organize lunch on the go. In any case, acknowledgement goes a long way.

See pages 6 and 7 for a few activities that went down for WIC Week and start planning for next year. Better yet, start working on a diversity plan now so next year is less about all about showcasing your achievements.

Learn more about WIC Week at nawic.org ■

LEGISLATIVE UPDATES

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a financial hardship exemption. A work group is created under the bill to discuss changes that could be made to the law. The Governor’s office prefers creating a more limited delay through regulation rather than a statutory delay.

HB 1433 would require the Department of Commerce to adopt by June 30, 2024, an asset-based Home Energy Score system to evaluate energy efficiency and greenhouse gas emissions for residences. Use of the asset-based system would be voluntary.

Persons doing the assessments—home energy assessors—would be required to be licensed by the state by March 1, 2026.

If you need more information on any of these bills, please contact the SMACNA office. ■

ENGINEER’S DESK

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The other method is modulating room temperature control. The sensor actuates a modulating regulator to provide an incremental increase or decrease of the discharge temperature, which provides closer control and more even temperature control.

Assistance in selecting the appropriate make-up air and ventilation systems is available from local equipment suppliers. ■

CONTRACTOR ADVICE

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Widely regarded as one of the foremost authorities in North America on construction leadership, market strategy, talent development, and labor-management relations, Mark Breslin is also the author of five bestselling books, which have sold over 150,000 copies. His work is focused on creating positive change in the construction industry. As a strategist and speaker, Mark has addressed more than 300,000 business, labor, and construction-owner leaders. Learn more at apprenticeperformance.com

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