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## CHANGING OF THE GUARD: SUBCONTRACTORS TO BENEFIT FROM NEW PROCEDURES WITH CHANGE ORDERS

by William C. Thompson, Jr.,  
Comptroller The City of New York Office of the Comptroller



New York City's future is largely dependent on our ability to maintain its infrastructure while continuing to develop new and important projects and public improvements. Thus, the construction industry plays a pivotal role in our pursuit of growth that is forward looking, yet safe and responsible.

Unfortunately, construction managed by New York City has often been plagued by a sluggish bureaucracy, closed to new ideas and resistant to change. In recent years, this problem has worsened due to soaring labor

and escalation costs, coupled with the sheer number and scale of projects being built by the City.

A major part of the problem is a flawed change order process. As we all know, change orders play an important role in the construction industry. In FY 2007 alone, my office registered over \$750 million dollars in change order increases to contracts. Often those increases were associated with contract decreases as contract work was modified to adapt to changed conditions. So,

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## APPRENTICE BOOTCAMP GIVES ELECTRICIANS AN INDUSTRY EDGE

Intensive One-on-one Evaluation for Electricians in Training



It's no easy task to become a licensed electrician in New York. It requires more than five years and 8,000 hours of training. Even before their training is completely over, an apprentice is officially ready to apply his/her trade. The fact is, though, as with any course of study, until the recently minted electrician has been in the field for a while, working on actual jobs and experiencing the variety of challenges involved in being a professional, they are essentially untested.

The Joint Industry Board of the Electrical Industry (JIB) recently introduced an Apprenticeship Bootcamp as a way to evaluate each fifth year apprentice, known as a Mechanic Intermediate Journeyman (MIJ) and enhance an already rigorous training program. The Program started April 1st and is currently being run twice a week. This mandatory bootcamp represents a major addition to the training of electricians and is designed to sharpen skills. "Ultimately, though,

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# WELCOME TO POWER ON

Welcome to our second volume of NECA New York's Power On, our quarterly newsletter. This issues marks the second year of our publication.

We have modified our format and included additional features about our members' activities. We have also included some information about professionals and suppliers in our community who provide services. We hope you enjoy learning from them and about them.

NECA New York members provide the highest quality electrical services in the greater New York area. A trained and skilled workforce, our members may be found on all types of projects, commercial, residential, transportation, infrastructure in both New York's public and private markets.

As an industry, we offer invaluable career opportunities to our young people and today attract a high percentage of college graduates within our ranks.

Visit our new website at [www.necany.org](http://www.necany.org) and learn more about our people and our projects.



## Educational Programs for Professional Development

NECA is sponsoring a variety of educational programs in which Electrical contractors can find valuable knowledge and information for their professional development. Following are some upcoming programs:

### May 29

(MEI) Financial Principles and Tools for the Electrical Contractor  
8 am - 5 pm  
Location: 1430 Broadway, 8th Floor  
New York City

### July 16

(MEI) The Disappearing Bottom Line  
8 am - 5 pm  
Location: 11-51 47th Avenue  
Long Island City NY

### June 17 - 18

(MEI) Advanced Estimating  
8 am- 5 pm  
Location: 11-51 47th Avenue  
Long Island City NY

the purpose is to develop the skills of young electricians so that they are better prepared to successfully complete projects for our employers in a very competitive market place", according to Chris Erikson, Local Union No. 3, IBEW Business Manager and the driving force behind the boot camp program.

### An Intensive One-on-One Evaluation

The bootcamp is organized so that six MIJs at a time are set up in individual cubicles outfitted with a variety of components fashioned into five basic electrical tasks that test practical knowledge of conduit, circuitry, transformers, and motor control. In one task, for example, the MIJ must install conduit and connect associated wiring. In another, they must wire a motor control station. The MIJs have four hours to complete all the tasks.

Boot camp participants work individually with a mentor, of which there are currently 130 in the program. The mentors—superintendents, foremen and journeyman who volunteer their time, must go through a training program to learn how to evaluate MIJs during the bootcamp.

If the MIJ does not perform one or more of the tasks to the mentor's satisfaction, or fails to complete the evaluation within the allotted time, they would be required to re-do either the individual task(s) or possibly the entire bootcamp, and could even be required to go through remedial instruction.

"If the bootcamp shows an MIJ is not up to par, eventually what we want to do is send him back to training on the specific skill(s) where they might be weak," says George Schuck, Apprentice Director for the JIB.

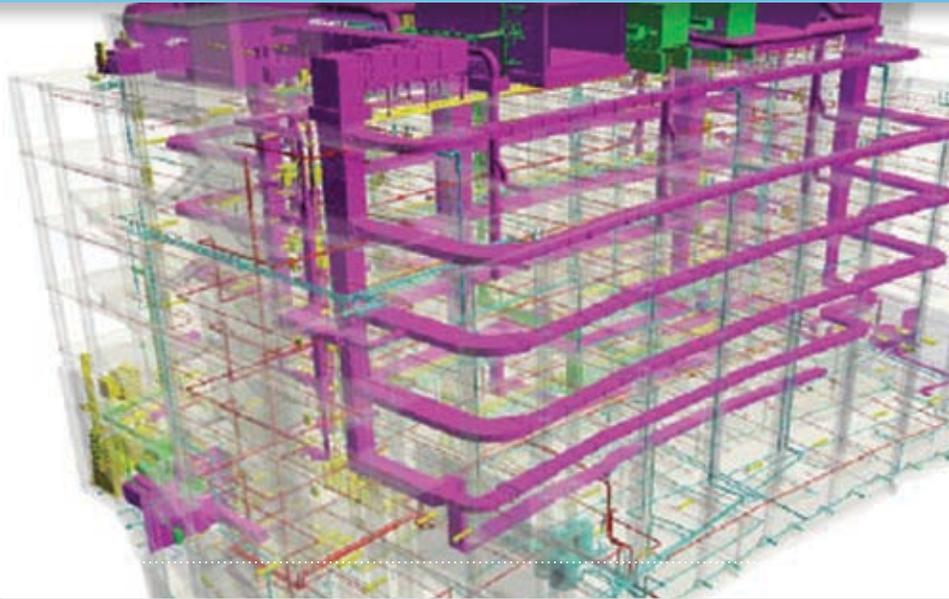
### Making Local 3 More Competitive

The Apprentice Bootcamp was developed to make Local 3 apprentices more competitive. "It seems there are a lot of unions throughout the country employing what they call 'craft certification,'" says Tim Calascibetta, JIB's Associate Apprentice Director. "This is our twist on that. But it's really not certification, it's really for our benefit; this is our way of evaluating our own people.

"Traditionally we use MIJs to vie for jobs against lower bidding, non-union contractors. The bootcamp helps us make sure that the people we're sending out to do these jobs have the right training and can compete with these other contractors."

The apprentice is the ultimate beneficiary of the MIJ Bootcamp. It is a means of building confidence and exposing the young electricians to "battle" conditions. "Oftentimes an apprentice on a job is told what to do, so he doesn't have to think for himself. Also, he may not even be using a lot of the skills he's been taught," says Schuck. "In the bootcamp, with limited time to execute, he has to think for himself and see the big picture."

# DIGITAL CONSTRUCTION



Building Information Modeling (BIM) is a decidedly cutting-edge technology that represents a major evolution from two-dimensional blueprints. Essentially BIM is software that allows architects, engineers, and anyone else in the building trades to render and work on structures in 3-D. It is steadily changing the way buildings are designed and constructed, and eventually it will be the industry standard. Electrical contractors may not yet be involved in the use of this exciting new technology, but those in the forefront of BIM envision a future where anything that gets built uses BIM. That means contractors and even subcontractors will have to be conversant in the technology if they want to work on projects where all the participants are using BIM.

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BIM allows virtual information about any element of a project, from foundation to conduit to ductwork, to be shared among multiple parties and organizations, e.g., a developer or government entity, third-party architects, engineers, contractors, etc. Each party involved in a project can add their own discipline-specific knowledge and ensure that their work will assimilate smoothly with the work of everyone else involved. Because of its highly collaborative, overlapping nature, BIM works most effectively when as many people as possible involved in a project are using it.

## The Wave of the Future: It Just Makes Sense

The construction trades have traditionally been slower than other fields to adopt new technologies, but within three to five years BIM will prove irresistible not only for economic reasons—i.e., no BIM no job—but also because it will be universally seen as far and away superior to current practices.

Not only does BIM save time, which of course on building projects is money, but it saves effort and prevents errors.

“When you’re building something, every time you make a transition, from a real 3D visual in your mind to a 2D shop drawing, back and forth multiple times for every element in a project—every time you do that there’s a possibility for mistakes,” says John Reiter, P.E., deputy vice president, engineering services, MTA New York City Transit. “BIM eliminates almost all chances for these kinds of errors and generally gives you a lot more flexibility. With BIM you could chose to fabricate your components off-site, based on the model. For example, instead of putting up electrical racks then putting in conduits on-site, you could do it offsite and then just hang it up.”

## No More “Uh-oh” Moments

A key to BIM’s effectiveness is how it coordinates all the elements of complex jobs, including not only building per se, but scheduling and other contingencies (which is especially important in something like transit work, where major pieces of infrastructure cannot be completely shut down to accommodate construction work).

Reiter cites a vivid example of how BIM manages projects. “If you’re putting in a diesel generator, you can coordinate not only your own work, but also the work of those around you. So when the generator arrives onsite, it will in fact fit through that doorway, or if it can’t fit, then the doorway isn’t supposed to be built first. With BIM, everyone would know that.

# ART IS BLOOMING:

## JOINT INDUSTRY BOARD SHOWCASES ARTISTS IN THE ELECTRICAL INDUSTRY

Spring is here, which means flowers are blooming, birds are singing and The Educational and Cultural Trust Fund of the Joint Industry Board of the Electrical Industry (JIB) is once again holding its Spring Art Festival. This is the 30th edition of the festival, which became a biennial event ten years ago. The festival takes place June 1 – June 8 and all members of Local Union No. 3, I.B.E.W., contractors and employers of the electrical industry, and their spouses and children (16 and up) are eligible to exhibit.

The festival was started as a way to showcase the talents of Local 3 members and their families. “It’s a way to encourage art in the industry,” says Dr. Gerald Finkel, Chairman of the Joint Industry Board and Chairman-Director of JIB’s Educational and Cultural Trust Fund. “We send information to the media about the show and encourage people in the community to come and see the work. It’s a wonderful opportunity for our members to

show their other talents and express themselves creatively outside of the work environment.”

The show, held at the Electric Industry Center in Flushing, averages more than 300 pieces by 60-plus artists. There is always a wide array of styles and formats, including painting (oils, water colors, and acrylics), posters, sculpture, ceramics, handicrafts, computer art, photography and more.

Past festivals have featured professional artists and highlighted labor themes in art. Joseph Michetti is this year’s guest artist and there are tentative plans for an exhibit of memorabilia from labor conventions.

For information on how to exhibit in the Spring Art Festival, visit the JIB’s website, [www.jibei.org](http://www.jibei.org) (download the PDF, “Attention Artists!” under the “News and Calendar” section).

### >> Digital Construction Continued from Page 3

“With BIM, optimally, everyone buys into the model, everyone approves the model, and everyone can see what everyone else is doing before anyone does anything. You don’t have to look through a thousand drawings to figure something out—it’s all right in front of you. Everyone’s work is accessible to everyone else’s.”

### BIM’s Moment of Critical Mass?

BIM cannot yet be called the industry standard, or as Reiter says, “more people are not using it than are using it.” In last two or three years, however, there have been several BIM projects that have received a lot of favorable publicity. GM, for one, built their first facility using BIM completely. The company established rules up front that no one could order a piece of equipment or do anything related to the facility until it was in the model. In addition to publicity, another major development in the recent evolution of BIM is that the technology has reached a state of interoperability—all the different BIM tools (software) can now “talk” to each other, which of course makes it more effective and easier to use.

Today BIM is at the same stage CAD (Computer Assisted Design) was about two decades ago, right before it was universally accepted as the industry standard, thereby consigning the old techniques to the dust heap of archaic technology.

“I came to the transit authority 22 years ago and 99 percent of our work was still being done on the drafting board,” says Reiter. “We had a couple new CAD machines that sat in a room that some geeks worked on. We went from that into the CAD world. If you said to someone now, ‘we should do some hand drawing,’ they’d look at you funny. It will be the same with BIM in 10 years. People will look at you funny if you say ‘Let’s do this in 2D, in AutoCAD.’”

### Someday, Contractors Will See it Pays to Get on Board

When BIM eventually becomes the industry standard, as it seems likely, electrical contractors will understand the value of getting on board. When organizations like MTA NYCT, with an annual capital budget of more than \$2 billion, mandate that contractors must use BIM to work on their projects, the effects of this technology will certainly ripple through the industry.

“Eventually we’ll give the contractor a BIM model and tell them at the end of the day we’ll expect to see an as-built BIM model returned to us,” say Reiter. “That will force GCs and SCs to take a hard look at BIM and begin to learn it. And once they see it’s not just another MTA requirement being foisted on them, but a tool that’s probably more useful to them than to us, people will begin to use it big time. That’s some years down the road, but things are moving in that direction.”

# ELECTRICAL INDUSTRY OPPORTUNITIES A GREAT TIME TO BE A GRADUATE



This past April, for the second straight year, the Joint Industry Board of the Electrical Industry (JIB) held a job fair where more than 50 firms from the construction industry were on hand to meet with prospective employees in a variety of fields that are relevant but peripheral to the electrical construction industry.

“When most people think of Local 3, they think of electricians, not necessarily the other job functions that surround electrical contracting, but those jobs are very important to contractors,” says Michael Yee, Associate Director of JIB’s Educational and Cultural Trust Fund and one of the fair’s coordinators.

The firms represented at the fair went seeking qualified employees and interns for positions in electrical engineering, project management, accounting/finance, administration, and AutoCAD. Also, those with skills in architectural, blueprint, layout, and design also found companies there with a variety of opportunities.

## **Expanding the Industry, Swelling the Ranks**

The fair was conceived in part as a way to staff the JIB’s own ADM (administrative) division, which handles the organization’s back office functions. It’s also a means of recruiting professionals to the union whose work, while relevant to electrical contracting, is not the sort done by the typical Local 3 member.

“The AutoCAD operator is very important to the contractor, as are project managers, members of the engineering staff, and others; the demand for these professionals in construction is definitely there,” says Yee.

## **A Way to Liaison with Educational Institutions**

“We’re in competition with architects and the other building trades for the best talent that’s available, which is why we’re trying to be at the forefront of the recruiting effort. That means establishing relationships with area colleges

so that they’ll send their best and brightest our way,” says Yee. JIB’s efforts in this area also include visits to individual school job fairs and other career outreach activity.

The timing of the fair couldn’t have been better, as it coincided with the end of school, to better target the event’s primary audience: graduates who are new to the job market and undergrads seeking internships. To this end, Yee and his staff sent information about the fair to over 100 technical colleges and business schools in the tri-state area.

“This year’s job fair, which was hosted by the educational trust fund for the ADM division of Local 3 featured approximately 40 signatory contractors and several hundred prospective job applicants,” says Yee. “This year’s event was a great success – one contractor was there conducting interviews for an extra 40 minutes after the doors closed. The level of skill was ranked as very high for the applicants and excellent feedback was provided by each contractor that was there.”

Last year’s fair, which took place in June, drew about 500 participants and this year’s fair was even more of a success, with more registrants attending than in 2007. Participants in the fair got a chance to meet one-on-one with company representatives, to pitch their skills and learn about job opportunities that encompass everything from high rise data centers to transit construction projects to highway infrastructure work.

The fair was made possible by the hard work and support of several JIB associates, including Dr. Gerald Finkel, Chairman of the Educational and Cultural Trust Fund; the fund’s trustees; and Christopher Erikson, Business Manager of Local Union #3

**The Electrical Industry Job Fair took place on Saturday, April 26, in Flushing, NY.**

# WE ARE QUEENS

Queens is probably the most ethnically diverse part of the entire country. It's also a place overflowing with diverse construction projects, including a slew of commercial and industrial developments, public works and sporting facilities. The mother of all Queens projects is of course Citifield, which will be the Mets' new stadium in 2009. There are now more than 200 electricians from eight NECA New York member firms working on the project, and by July the number of electricians will increase to 350. In other sports facilities, the United States Tennis Association is adding a new indoor complex, with help from ADCO Electric Corp. The Bowrey Bay DEP Plant is one of the larger public projects now underway in the borough, with six top-line firms handling the electrical work. These and other select NECA New York members' projects in Queens are listed below.

## **United States Tennis Association.**

Grand Central Pkwy. & Roosevelt Ave.  
ADCO Electric Corp.

## **Citifield (new Mets stadium)**

126th St. & Roosevelt Ave.  
• A.S.R Electrical Contracting, Inc.  
• Corporate Electrical Group, Inc.  
• Danco Electrical Contractor, Inc.  
• Five Star Electric Corp.  
• Forest Electric Corp.  
• Nead Electric, Inc.  
• Nuñez Electric, Inc.  
• Quantum Electric Corp.

## **Long Island Jewish Hospital**

Lakeville Rd. & 76th Ave.  
Belway Electric NYC, LLC.

## **Art and Leather High School**

94th St. & 45th Ave.  
Coastal Electric Construction Corp.

## **St. John's University**

8000 Utopia Pkwy. at Grand Central Pkwy.  
DiFazio Electric NY, Inc. & Nead Electric, Inc.

## **NY Hospital (Booth)**

Booth Memorial Blvd. & Main St.  
Dooley Electric Co, Inc., E-J Electric Installation Co.

## **Bowrey Bay DEP Plant**

Steinway Street & 19th Ave.  
E-J Electric Installation Co., Terraferma Electrical,  
Eaton, Barbaro Electric Co, Inc., Kleinberg Electric, Inc. and Arcadia  
Electrical Contractors, LLC.

## **Frank Sinatra High School 3**

36th St. & 35th Ave.  
Five Star Electric Corp.

## **CitiBank**

Jackson Ave. & 45th Ave.  
Knight Electrical Services Corp.

## **ITS System System**

Van Wyke Expressway & Conduit Blvd. East  
Hellman Electric Corp.

## **Muss Development**

Roosevelt Ave. & College Point Blvd.  
Urban Power and Light

## **Vornando Development**

Junction Blvd & LIE  
E-J Electric Installation Co.

## **Con Edison Utility**

College Point Blvd. & 39th Ave.  
Hawkeye Electric and Welsbach Electric Corp.

## **Hellsgate Catinary**

21st St. & Hoyt Ave.  
Mass Electric Construction Co. and Aldridge Electric, Inc.

## **Avalon Development**

5th St. & 50th Ave.  
S.J. Electric, Inc.

## **Rockrose Development Corp.**

2nd St. & 48th Ave.  
Speiler & Ricca Electrical Co, Inc.

## **New York City School Construction Authority**

Various Locations in Queens  
Tru-Val Electric Corp., NJD Wiring & Electric, Inc., AJT, Caruso & Son  
Electrical Contracting, Inc., Levinson & Santoro Electric Corp and Volpe

## **New York Times**

Whitestone Expwy. & 25th Ave.  
Wade, Petrocelli Electric Co, Inc., E-J Electric Installation Co. and Gallant  
Fox



# WESTCHESTER / FAIRFIELD DIVISION ENTERS NEW FIVE YEAR LABOR AGREEMENT

An historic five-year Collective Bargaining Agreement was approved by the Westchester/Fairfield Division of Local Union No. 3, IBEW and participating employers. The employers are members of the New York Electrical Contractors Association and members of the New York Chapter of the National Electrical Contractors Association (NECA).

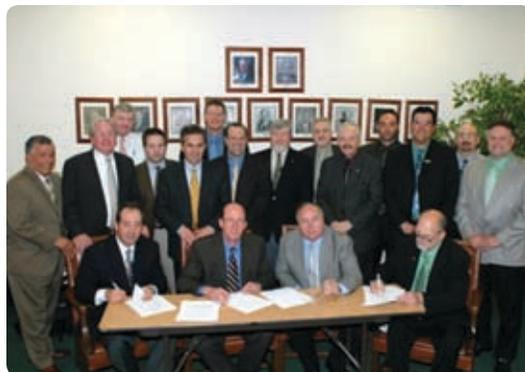
After more than one hundred hours dedicated to reaching an agreement on a multitude of complicated policy issues, the parties agreed to wage and benefit increases averaging less than five percent per year over the life of the agreement and significant changes in work rules.

Citing a difficult economy in his opening statement, Chief Negotiator for the Employers, David Wardell of Belway Electric said in part:

“The economic climate is changing and we cannot ignore that. We must be ready to change our ways of doing business to meet the huge challenges ahead. Despite these concerns, we are prepared to bargain in good faith and work together to come to an agreement that is fair and reasonable under the most difficult of circumstances.

Although we are negotiating with just two organizations at the table, it is important to recognize that there is a third party that we must not forget to include in our deliberations: the customers we serve. Our customers make it possible for us to pay the salaries and benefits of our workers.

Over the last ten years, the Westchester/Fairfield Division of Local Union No.3, IBEW has employed approximately 900-1000 Journeypersons. In



a market that has expanded threefold, the number of union electricians has remained relatively stagnant. However, there continues to be a growing non-union sector that has increased their experience and ability to complete more technical and complex projects. As the non-union customer base and their financial resources have grown, our union market share has declined. Some of our existing customers and many potential new customers now have a

viable alternative. This is a cycle we must reverse if we are to remain relevant or even exist.”

Local Union No. 3, IBEW Business Manager Chris Erikson encouraged a five-year agreement stating that there is real value for the industry with known costs over an extended period of time. Although there is risk for both sides in a long-term agreement, there was widespread support for the terms of the agreement.

Major efforts are to be made to recover market share through work rule changes in an environment that will be enhanced through new safety standards for supervisory personnel. In addition, adjustments were made to temporary light and power rules and to the Emergency Work Sharing provisions of the existing Employment Plan. Due to licensing requirements in the Connecticut portion of the jurisdiction, emphasis will be applied to the Apprenticeship training program to assure the availability of an adequate number of licensed electricians.

The parties agreed to establish a Labor Management Committee that will meet regularly and monitor progress in market recovery activities.

The members of the Employer Negotiating Committee were Jeff Albanese, Tom Anderson, Peter Borducci, Tom Carlucci, Tom Devine, James Farina, Chris Mandler, and David Wardell. The committee was assisted by NECANY Chapter Manager Edwin Lopez and Richard Wishnie.

(L) David Wardell, Chief Negotiator, Belway Electric  
(R) Chris Erikson, Business Manager, Local Union No. 3





**ALLIED NORTH AMERICA**  
America's Construction Specialist™

## HOW TO SELECT YOUR INSURANCE AND SURETY BROKER

One of the country's leading construction insurance specialists, Allied North America, provides practical advice on how to select the right broker for your business.

### 10 Interview Questions:

Here is a list of ten questions to consider when interviewing potential brokers:

1. Who is the point person that will be handling your insurance on a day-to-day basis? What is their experience and skill level in handling contractors?
2. Who will be handling your Workers' Compensation and Casualty claims? What is their experience level? Will I receive claims management or simply claims monitoring?
3. Who will be handling your surety needs? What is their level of experience? Do they have relationships with the best surety markets?
4. Does the brokerage have expert safety support to help formulate, implement, and monitor construction safety programs?
5. Who are the three top insurance markets they recommend for your business? And why?
6. What kind of relationships does the broker have with construction industry associates: attorneys, CPAs, and other industry affiliates?
7. Will there be a defined service plan with clear objectives and timelines to improve upon your existing program?
8. What contractor references are available from the broker? Ask for a list of clients you can contact.
9. How quickly and accurately are certificates processed? Who will be handling your requests?
10. What specific services does the broker provide that will benefit your company?

*How do you know your broker is right for your business? How long have you been with the same broker? Do you shop brokers every year, every five years or every ten years? Or, do you choose your broker like your accountant or attorney?*

*Selecting the right broker for your business doesn't happen by accident. There is a process that should be followed. From one nationally regarded broker, here is one effective way to work through this process.*

As a first step, identify three to four brokers who you feel would best represent you in the marketplace. Allocate insurance markets between no more than two brokers and let them represent you to the marketplace. The market is limited for contractors and having more than two brokers competing may work against you.

The ultimate goal of the interview process is to select the broker who can spur competition from insurance markets. This process is similar to selecting your accountant or banker. The objective is to develop a business relationship you will have for many years. By committing to one broker, you are giving notice to the insurance companies that your broker has a mandate to get you the best program available. This allows your broker, rather than the insurance company, to drive the process and control the pricing.

According to Allied NA, there are definite advantages to selecting one broker since broker ultimately drives the process and pricing. Underwriters typically give their best efforts to a broker that controls your account. In addition, underwriters will not get confusing calls from multiple brokers, you will have one renewal meeting and more time can be spent with your broker and company to arrange the best program for you. Of course, there are disadvantages to selecting one broker: there is the potential that the premium may be slightly more expensive, and relying on broker could limit your exposure to new ideas.

Since most brokers say they have access to the same markets, this process is more about choosing the broker that offers the services you need for the right price. This concept can be difficult for many contractors to accept because they are bidding every day on projects and feel their broker should do the same. Your partner broker does get competitive bids on your behalf. Your broker will be able to provide you with an analysis of all critical items, such as price, coverage, and service, so you can make the best decision for your company.

It has been Allied North America's experience that selecting an expert construction broker with substantial market relationships will get the best results for your business. We have found it usually takes a substantial investment in time from the broker to truly understand your business and design a program to fit your needs. Changing or bidding, an insurance broker often is not the way to obtain the best results.

Remember that a broker's compensation is typically less than 10 percent of your total premiums. Putting brokers out to bid to save 10 percent on the broker's fee translates to a one percent savings to you the client. A good broker can negotiate better savings from the other 90 percent of the annual premium cost. Getting a 10 percent savings on the other 90 percent can translate into a nine percent savings to you because you chose the right broker. Long-term relationships and a proven track record of successful experience are major factors in pricing your insurance program. It is the broker's responsibility to enhance your relationships and offer you creative solutions.

*Allied North America is a national, privately held insurance & surety brokerage focused solely on the construction industry and the improvement of our contractor clients' Risk Management & Surety Programs. For more information visit [www.alliedna.com](http://www.alliedna.com) or call Lisa Buglione at 866.525.3606 or email her at [lbuglione@alliedna.com](mailto:lbuglione@alliedna.com)*

while the net effect to the contracts was not as great, the sheer number of change orders needed to be processed increased.

## Change Order Procedures Impede Timely Payments

As contracts are not written by a higher power, change orders are a necessity. Of equal necessity is the reasonable expectation that contractors will be paid in a timely manner. While my office typically takes about two weeks to review contracts and associated change orders, in FY 2007 the average payment lag for the performance of change order work was roughly five months. In some cases, City agencies have taken over a year to approve a change order so it can be registered. Why? Because before a change order even gets to my office, a number of approvals are required within each agency, and sometimes approvals require sign-offs by different agencies on the same order.

Such delays cause a ripple effect from prime contractor to subcontractor as an increasing number of change orders are backed up in the queue awaiting approvals from agencies. These delays make keeping projects on schedule and within budget very difficult. The City can lose money because slow processing times are often factored into bids for work. And long wait times for payments are not the way to foster good relationships with quality contractors. In many cases, subcontractors do not have the resources to endure the costs associated with delayed payments. Also, this slow process prevents many firms from bidding on new projects.

## New Initiatives to Ensure Timely Payments

My office has heard your concerns and we are committed to improving the efficiency of building in New York City. We are not only working to ensure that projects will be completed on schedule, but also that you get paid on time.

In FY 2007, the New York City Department of Environmental Protection (DEP) processed approximately \$423 million dollars worth of change order increases to contracts. In terms of dollar value, this was the highest among all City agencies. According to the Mayor's Office, the DEP took 227 days on average to process these change orders – the second longest of all City agencies.

Accordingly, we are partnering with the DEP to streamline its approval process for change orders. DEP can now include a 2.5% line item in each contract that allows for contingency change orders, thereby giving the agency

*“Before the year is out, you will also be able to track whether a contract or change order has been submitted to my office for registration, and, if so, whether it has been registered.”*

the ability to process payments without going through the lengthy and unwieldy approvals process. The 2.5% line item can be renewed, if necessary, so that the total contingency amount can total 5% of the contract.

Accountability and transparency are not sacrificed: reporting of DEP's use of the contingency amount will occur and my office will monitor this pilot program closely. In addition, contingency change orders of \$250,000 or more will require that DEP speak with my office and obtain its approval before moving forward. We believe that this new initiative will vastly improve the implementation of change orders and the efficiency of payments.

Establishing our pilot program with the DEP was an appropriate starting point, not only because of the sheer volume of their change orders but because its work impacts areas critical to the health of New York City. When it comes to our environment, we cannot afford delays.

Presently, over \$3.2 billion in DEP contracts contain contingency change order allowances. These include contracts for the Croton Water Treatment Plant, the Catskill/Delaware Ultra-Violet Light Disinfection Facility as well as existing and upcoming contracts at the Newtown Creek Water Pollution Control Plant.

## Streamlining the City Contracting Process

There are other ways in which the Comptroller's office is working to streamline the City contracting process. We have launched an online information portal through the Financial Information Services Agency that allows contractors to view present and past payment histories and to manage data such as address changes, contact information and much more.

Before the year is out, you will also be able to track whether a contract or change order has been submitted to my office for registration, and, if so, whether it has been registered.

We are pleased by the progress of these initiatives and hope to expand on our efforts in the near future. I urge you to let us know about your experiences with our new procedures and programs, what you like and what you think we can improve. Together will we make construction in New York City the efficient and progressive partnership that it should be.

# SUCCESSION PLANNING, CONSTRUCTION STYLE

By Louis C. Grassi, CPA, CFE  
Managing Partner, Grassi & Co.  
CPAs & Success Consultants



Grassi & Co., CPAs and Success Consultants™ is a premier professional services firm specializing in accounting, auditing, tax, technology, and business consulting. The firm is comprised of four full service entities, each with a unique focus on individual and corporate finance. Headquartered in Lake Success on Long Island, Grassi & Co. has been ranked as the sixth largest firm on Long Island by Long Island Business News and the 25th largest firm in the New York Metropolitan area by Crain's New York Business. The firm has 17 partners and principals and currently employs over 100 individuals. Other accolades include being named one of the Best Places to Work by Long Island Business News as well as one of America's 25 Best Firms based on Fiscal and Management Performance in the 2007 Inside Public Accounting 100 Benchmarking Report. Grassi & Co. serves a variety of industries, primarily construction, real estate, not-for-profit, manufacturing and distribution, professional services and healthcare.

Grassi Consulting, LLC focuses primarily on business and management consulting and it provides specialized services such as business valuation, fraud and forensic accounting, litigation support, and operational reviews/business benchmarking. In addition, Grassi Consulting has a division dedicated to Sarbanes-Oxley consulting which provides support to public companies, not-for-profit organizations and IPOs seeking to reach compliance or to adopt the principles of the act. Other Grassi & Co. entities include Grassi Healthcare Consulting, LLC which provides comprehensive financial services to the healthcare industry, and GCM Systems, LLC which serves the computer/information technology needs of corporations of all sizes. GCM is a Sage Software authorized partner that installs, implements, and sells Sage Timberline Office to construction companies.

Grassi & Co.'s expertise lie in the practice of core disciplines: accounting and auditing, tax planning and compliance, and consulting services. As professionals serving a diverse client base, we have developed specialized expertise in several industries. The construction industry is one that is very dynamic and faces unique challenges. Throughout the years, Grassi & Co. has developed tremendous specialized expertise for serving this industry. Our

firm understands the business and challenges that face the \$100 billion electrical contracting industry.

More than 400 of the area's largest, most respected contractors turn to Grassi & Co. for world-class service and expert guidance. Our team keeps abreast of cutting-edge financial trends and issues and uses this knowledge to develop financial and tax strategies for clients. We maintain active memberships in every industry association. As members and speakers, Grassi & Co. professionals stay on top of the latest developments in the construction industry and consult with other members to tap this reservoir of specialized knowledge.

With one of the nation's largest practices specializing in construction, Grassi & Co. understands the industry and its issues. Our team is comprised of knowledgeable, proactive and experienced advisors who assist clients in all stages of business growth. Banks and sureties recognize the value of the Grassi name and our impressive reputation. According to a recent poll, the majority of respondents named Grassi & Co. The New York area's premier full-service accounting firm to the construction industry. In addition, Grassi & Co. professionals authored the state licensing and state tax guides for multi-state contractors, as well as the contractors chapter of the Corporate Controller's Manual.

Grassi & Co. frequently hosts events for clients, referrals and prospects. The events range from interactive seminars about tax and accounting topics to high-level presentations about the state of the construction and electrical contracting industries. As trusted advisors to our clients and contacts, we offer educational programs as part of our professional responsibility. Building and maintaining relationships with industry professionals supports Grassi & Co.'s mission to be on top of the trends occurring in this dynamic line of business.

*For additional information regarding Grassi & Co. please visit our website at [www.grassicpas.com](http://www.grassicpas.com) or contact Adam Wolf, Director of Marketing & Business Development at (516) 336-2466 or via e-mail at [awolf@grassicpas.com](mailto:awolf@grassicpas.com).*

# HEFTI - HARBOR ELECTRIC FABRICATION & TOOL, INC. LOCAL MANUFACTURER SERVICES NEW YORK'S ELECTRICAL INDUSTRY



Jerry Schiff, President



Lauren Schiff, Vice President

As a family-owned company, HEFTI (Harbor Electric Fabrication & Tool, Inc.) continuously strives to integrate a personal, small business approach with a corporate professionalism. HEFTI was founded in 1987 and serves the Tri-State Area with quality sheet metal electrical enclosures and specialty steel fabrication products.

HEFTI's progressive-thinking policy seeps through every facet of the company. The firm is constantly incorporating some of the most inventive innovations in Research and Development, manufacturing and telecommunications in order to deliver their electrical contractor clientele the greatest possible service. HEFTI's customer-focused approach allows the company to consistently accommodate the dynamic needs of the electrical trade while actively maintaining one-on-one relationships with its customers. Loyalty, trust and customer satisfaction are the key ingredients in HEFTI'S service formula.

### A LOCAL #3 IBEW MANUFACTURER

A member of Local Union #3 I.B.E.W. for twenty-one years, HEFTI has established a respected reputation as a leading domestic manufacturer serving a specialty niche market in the Greater New York Area. The company's Sheet Metal Division produces infinite types of NEMA-rated boxes, trough, and plates available in assorted materials and finishes (i.e. Hot Rolled, Galvanized, Types 304 and 316 Stainless Steel, Aluminum, Copper). Meanwhile, the Steel Division fabricates unlimited designs for custom brackets and structural steel supports, such as transit brackets, custom hardware, pedestals, pipe supports, and cribs. HEFTI's diverse product offering enables the company to be involved in all types of agency, infrastructure, and commercial work.

### STATE-OF-THE ART-FABRICATION – ALL UNDER ONE ROOF

HEFTI's facility, which is conveniently located just minutes from New York City in New Rochelle, New York, spans over 35,000 square feet and houses among the most technologically-advanced CNC-equipment and tooling for steel and

sheet metal fabrication. Over 30 machines operate daily to produce quality sheet metal enclosures within three days.

At its in-house facility, HEFTI also maintains three OSHA-approved paint shops equipped with a state-of-the-art baking facility, as well as a powder-coating facility. It is these in-house resources and the company's own fleet of trucks that enable HEFTI to produce and deliver product directly to jobsites and shops both promptly and efficiently. Constantly reinvesting in the most up-to-date equipment, HEFTI successfully enhances the quality and breadth of their product offering, while also significantly reducing lead time and keeping competitive prices.

### ENGINEERING SERVICES

Another one of HEFTI's deeply rooted, forward-thinking strategies is the firm's engineering focus. For example, HEFTI provides on-site assistance in which the company sends its engineers into the field to assist with design and measurements. This aspect of the firm's service adds tremendous value in that it aids its customers in the development of the most efficient product design and layout for their specific job requirements. Furthermore, HEFTI's team of engineers can design CAD and Inventor drawings, which contractors can submit for approval. These drawings are easily shared via email or fax.

HEFTI is an active member of the electrical community. Aside from being a Local Union #3 I.B.E.W. establishment, HEFTI participates in many associations such as the Association of Electrical Contractors (AEC), the Subcontractors Trade Association (STA), the Westchester County Licensed Electrical Contractors Association (WCLECA), and the New York State Association of Electrical Contractors, Inc. (NYSEC).

HEFTI also has a sister company, ADJIL Pre-cast Products, which provides various pre-cast concrete, cast iron, and polymer products. ADJIL's diverse product mix includes all standard and custom pre-cast manholes and handholes, frames and covers, light pole bases, transformer pads, manhole hardware and crabs, and Quazite polymer boxes. Like HEFTI, ADJIL can engineer CAD and Inventor drawings for job submittals.

*For more information, contact Jerry Schiff, President, at 914.636.4400 or email him at [info@heftifab.com](mailto:info@heftifab.com). You may also learn about the company by visiting HEFTI's website [www.heftifab.com](http://www.heftifab.com)*

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## SAVE THE DATE

**NECA New York  
Golf Outing**  
September 22, 2008  
Knollwood Country Club  
Elmsford, New York



**EDITORIAL DISCLAIMER:***The information provided here is for informational purposes only and does not purport to advise the reader.*



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