



## New Hampshire/ Vermont Chapter

# ABC NH/VT

# Action News Letter

## May 2017



### LEGISLATION PROPOSES TO ELIMINATE BONDING ON MUNICIPAL PROJECTS

For a complete status report of all legislative activity, [click here.](#)

NH HB371, relative to bond requirements for public works contracts, proposes to eliminate, make discretionary, the bonding requirement for municipal projects. The House passed the bill with the discretionary language, the Senate passed an amended version of the bill which maintained the existing bonding requirement but increased the threshold for requiring bonding from \$35,000 to \$100,000. ABC opposes the House bill eliminating the requirement and supports the Senate bill with only the threshold increase. As ABC testified:

1. Removing Bonding Requirements from Municipal Work Could Encourage Greater Risk-Taking by Contractors at the Expense of the Municipality. The owners of bonded companies are required to personally indemnify the surety for any project claims it pays on the company's behalf, making it far less attractive for a contractor to gamble on unrealistic subcontractor pricing or to walk away from a subcontractor default. The personal liability of principals on the bond creates an incentive to cure and cover the default to avoid both business and personal loss. This translates into fewer construction delays and defaults, as well as the selection of higher quality subcontractors.

2. Bonds Keep Subcontractor/Supplier Pricing Competitive The mechanic's lien granted to all types of contractors by RSA 447:2 provides valuable security for work performed on private projects. Labor and materials liens cannot be filed against public property. Subcontractors and suppliers count on the public bond statute to provide security against contractor payment default. In fact, New Hampshire case law suggests that

RSA 447:16 was enacted as a substitute for the mechanic's lien rights that are unavailable on a public project.

3. Waiving bonds may hurt small and minority contractors. If bonds are waived, the small contractor may never receive his or her business review from a surety and will not have the opportunity to build a successful track record with the surety company, preventing the contractor from competing for contract awards for projects that have bonding requirements.



### LABOR COMPENSTION COST REMAIN THE FOCUS FOR PROJECT PRICE EXPANSION

According to analysis of U.S. Bureau of Labor Statistics data released by Associated Builders and Contractors, construction input prices rose for the fourth consecutive month in March, increasing by 0.3 percent on a monthly basis and 4.4 percent on a yearly basis. Nonresidential specific construction input prices performed similarly, increasing by 0.4 percent for the month and 4.4 percent for the year. Energy-related inputs experienced a sharp decline in prices for the month, with natural gas prices decreasing by 30 percent and crude petroleum prices falling by 10.8 percent. That said, those two inputs have increased by 51.7 percent and 40.3 percent on a year-over-year basis, respectively. "The pace of construction material price increases slowed in March," said ABC Chief Economist Anirban Basu. "After beginning the year with impressive increases, a number of factors contributed to produce less aggressive price expansion, including perhaps declining estimates of U.S. economic growth in 2017."

"With energy prices moderating, it is quite possible that cost increases will remain moderate," said Basu. Additionally, speculation that a large-scale infrastructure package may be placed on the back burner has also diminished predicted demand for construction materials in the near term. **"The upshot is that contractors should remain focused on rising labor compensation costs,"** said Basu.



## New Hampshire/ Vermont Chapter

# ABC NH/VT

2

# Action News Letter

## May 2017

### ANNUAL ABC WAGE AND BENEFIT SURVEY RESULTS AVAILABLE SOON



The NH/VT ABC Chapter annual Wage & Benefit survey results will be available soon. Over 50 companies responded and provided data. The average annual volume of the companies responding is \$15 million, the average number of employees is 53. ABC will notify members when the complete results are available. **THANK YOU TO ALL COMPANIES WHO PROVIDED DATA.** This anonymous survey is the only one of its kind available in our area. The survey data is extremely important to members' efforts to understand current wage and benefit practices and to maintain competitive practices to attract and retain quality employees. In addition to ABC Members, the results are made available to owners who may be purchasing construction services and are subjected to union campaigns that include inaccurate statements about merit shop wage and benefit practices. The survey results provide factual data to counter the anecdotal references made by union representatives. The survey results are also used in the legislative arena and other public policy decision making forums to provide documented evidence of the wage and benefit practices of merit shop contractors.

### REMINDER, BE RECOGNIZED FOR COMPANY SAFETY PERFORMANCE

**NH/VT Chapter Safety Awards deadline May 19, 2017**

[Click here for chapter safety award application.](#)

Do not forget, all contractor and supplier members are encouraged to participate in the 2017 ABC NH/VT Annual Safety Awards program. Submit your entry to receive recognition for your efforts to provide a safe work place! Applications are easy to complete and the potential rewards are great. The deadline for entries is May 19th, the Awards will be presented at ABC's Annual Education & Employee Recognition Awards BBQ on Thursday, June 15, 2017. For more information or to register for the BBQ, [click here](#).

### ABC OFFERS VALUABLE, FREE SAFETY TRAINING AND EVALUATION PROCESS - STEP



The Safety Training and Evaluation Process (STEP) program is a self-evaluation process, developed and written by contractors, for contractors. There is no charge for this service (unless you are applying for STEP Diamond or Platinum), and your responses are strictly confidential. STEP Applications are accepted throughout the year, however, to be recognized for your company STEP participation and to receive your STEP plaque at the NH/VT Annual Employee Appreciation/Safety Awards event (June 15), your STEP Applications must be received by **May 5, 2017**. Detailed instructions regarding STEP qualification criteria can be reviewed by [clicking here](#).

### DEADLINE APPROACHING, ABC EXCELLENCE IN CONSTRUCTION AWARDS, RECOGNIZE OUTSTANDING PROJECTS AND THE HEROES THAT MAKE THEM HAPPEN



[Click here](#) for an online entry form.

All member contractors will soon receive the invitation for entry to Associated Builders & Contractors' 2017 EXCELLENCE IN CONSTRUCTION AWARDS (EIC) program. Be recognized, promote your capabilities and get noticed by prospective customers. The 2017 Awards ceremony will be held on Thursday, October 26, 2017. Projects to be entered must have been completed between 1/1/15 and 1/1/17. The deadline for entries is June 30, 2017.

Please feel free to contact the chapter office to schedule a meeting to assist your planning and preparation of an entry, including questions on entry rules, requirements tips for submitting an entry and examples of award winning submissions and the required project narratives.

[Click here](#) to view the 2016 Award Winning videos