MBI Launches Industry PR Campaign

The Modular Building Institute announced the launch of a new industry-wide campaign aimed at heightening the awareness of the advantages of permanent modular construction (PMC).

The campaign, “Changing the Way the World Builds: Greener, Faster, Smarter,” will target architects, engineers, contractors, owners and developers in the healthcare, education, retail, hospitality and multi-family sectors.

MBI provided the seed money to launch the campaign and will utilize funds from its labeling program for future outreach efforts. MBI member manufacturers can support the campaign by acquiring one $10 label for each module or floor produced in their facilities. In addition to funding the campaign and increasing awareness, supporters will soon have access to a variety of campaign marketing templates for their own use, including customizable brochures and web page templates. Campaign supporters will also be eligible to participate in the industry’s annual Awards of Distinction contest held each year at the World of Modular conference.

MBI is partnering with Building Design & Construction (BD&C) for this effort. According to their latest BPA audit, BD&C serves more than 35,000 design professionals, 26,000 contractors, and nearly 11,000 developers for a total audience of more than 72,000 construction professionals. BD&C’s markets served include: education, healthcare, hotels and hospitality, multi-family, government and retail markets.

The overall goal of the campaign is to help increase the market for permanent modular construction from 1% to 5% by driving traffic back to MBI’s newly designed website, where content will be readily available for the various audiences.

MBI will also be sending out a series of case studies to these contacts. If you want your project to be considered, it must be submitted through MBI’s Award’s of Distinction program.

Sincerely,

Tom Hardiman
MBI Executive Director
Assembly line ... streamlined

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- **Self-Bridging Mate-Line™** decreases multi-unit setup time with a one-piece, one-step design — it’s a Mule-Hide exclusive that’s patent pending.

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MBI Proposes Changes to Kentucky Program

MBI members recently met with officials in Kentucky to discuss changes to the Kentucky Industrialized Buildings program (KIBS). KIBS contains some of the most onerous and problematic language of any statewide modular building program. Essentially, each unit needs to be recertified upon adoption of a new code cycle, even though no process for recertification exists. Agency officials committed to submitting an administrative code change to address this issue, with an effective date in mid-2013.

Penalty-Heavy Legislation Dies in Massachusetts

A bill introduced in the Massachusetts assembly would have given the state Board of Building Regulation and Safety (BBRS) the power to impose stiff penalties on the construction industry, up to $2,000 per code violation. The funds generated from penalties were to be used to hire additional staff for the modular program to increase inspections. The bill did not make it across the legislative finish line before the deadline and is dead for the year.

Industry Waits (…and Waits) for Rules in Pennsylvania

In 2009, MBI was successful in getting legislation passed in Pennsylvania to move our industry under a statewide program similar to the modular housing industry. After the legislation passed, it was sent to Pennsylvania Department of Community and Economic Development (DCED) to draft the rules to implement the program. To date, we are still waiting for the rules.

The latest set back is a result of the DCED now claiming that the legislation is too vague to give them the authority to regulate our industry, particularly relocatable buildings. The bill language was modified to be less specific at the insistence of DCED officials in 2009. MBI plans to move forward to get the program implemented to cover newly constructed modular and relocatable buildings. We will then work to amend the program once adopted to include a process to certify existing and secondary placement of relocatables.

MBI Lobbyist Named to Romney’s Team

Paul A. Miller, the owner of Miller-Wenhold Capitol Strategies, a small business in Virginia has been named to Governor Mitt Romney’s Small Business Advisory Council.

Partisan views aside, it is critical that small businesses have a voice at the national level, and Paul is very familiar with our industry and our issues. We look forward to gaining his insight as the campaign progresses and wish him the best of luck.
WELCOME NEW MEMBERS!

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October 17-19, 2012  
Belfast, Dublin, & Cork

Space is limited. Reserve yours today!
modular.org
It's been a very hot summer in Washington, and if the 100 degree heat and oppressive humidity didn't put enough pressure on people, the political situation certainly has! In the past few months, decision makers in Washington have dealt with a series of hot button political issues including:

- The Supreme Court's decision on the Affordable Care Act;
- The passage of a two-year highway transportation bill;
- A contempt vote for Attorney General Eric Holder; and
- Freezing student loan interest rates

I thought I would take a moment to recap some of the advocacy initiatives MBI has been working on for the commercial modular industry in Washington. This year has been successful from an advocacy standpoint for MBI. Many of the goals and objectives on our advocacy agenda have been achieved, while others are still a work in progress.

In the early part of 2012, MBI sought to have language included in the FY 2013 Military Construction and Veterans Affairs Appropriations Act (HR5854) that would require agencies to ensure that requests for proposals or qualifications do not arbitrarily foreclose, discourage or privilege any type of construction method and to encourage a level playing field for both traditional construction methods and alternative methods such as permanent modular construction.

MBI was successful in having language addressing this issue included in the HR5854, and that bill passed the House of Representatives in early June on a vote of 407-12. The Senate is currently working on its version of the Military Construction Appropriations Act, and we remain hopeful the final bill will pass before the start of FY 2013 on October 1, 2012.

In addition to this effort, MBI has been working for a number of years to encourage the Department of Veterans Affairs to change its project delivery method to a Design Build system to allow for modular contractors to compete. While this effort is still ongoing, MBI has made great progress including having language included in HR5854 that encourages the Department of Veterans Affairs to utilize Design Build when appropriate, in order to provide greater efficiency, lower life-cycle costs and expedited construction for federal buildings.

However, our efforts have not been limited to legislative activity. MBI is aggressively working with federal agencies to ensure modular construction is provided the same opportunities as traditional construction. Our efforts have been focused on agencies that have typically resisted modular construction such as the Department of Veterans Affairs and the Naval Facilities Engineering Command (NAVFAC.)

I am happy to report that our hard work is beginning to pay off! Recently, MBI was approached by both the VA and NAVFAC and asked to review their construction specifications to ensure none of their language prohibits or discourages our industry from bidding. This is an excellent opportunity for MBI, and we are working to ensure that modular contractors benefit from the opportunities present with the VA and NAVFAC.

Overall, MBI is enjoying a year of successes on several major initiatives for the betterment of the modular construction industry. Whether it is through MBI's legislative agenda or its work with several key agencies, these advocacy efforts will lead to increased access to government contracts through ensuring a level playing field for the modular industry.

If you have any questions regarding MBI’s advocacy agenda, please contact Tom Hardiman at tom@modular.org or David Skiles at dskiles@mwcapitol.com.
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CHAMPION HOME BUILDERS ADDS 42 NEW JOBS IN LAKE CITY, FLORIDA FACILITY

Company Expands Homes of Merit to Build Modular Commercial and Residential Structures

The Michigan-based Champion Commercial Structures, a division of Champion Home Builders — a leading producer of modular homes and buildings for government and commercial applications — has added 42 jobs in its Lake City facility, representing a 45 percent increase in its workforce to support the company’s business in Florida’s hotel, commercial and residential structure market.

Champion Commercial Structures utilizes an in-house team of professionals to design, engineer, cost and manage complex construction projects.

The 300,000 square foot Lake City factory was chosen to design, engineer and build a USA Stay Hotel to be delivered to the state of Louisiana. Champion recently completed a La Quinta Inns & Suites in the same area. Both hotels will be completed in the Fall of 2012. In addition, the Lake City factory has recently hosted representatives from South America and Europe to promote Florida's building industry and its capability to ship products worldwide from the Port of Jacksonville.

The company owns and operates 29 factories in the U.S., Western Canada and United Kingdom.

TRIUMPH WELCOMES AJ BERGIN

Alfred “AJ” Bergin, Jr. has joined Triumph Modular Corporation as Site Superintendent. Bergin brings with him more than 20 years of experience managing all aspects of field construction projects across several markets, geographies, building types and materials. His expertise spans routine capital improvement projects to $350M ground-up new construction.

At Triumph Modular, Bergin will be providing coordination and execution of all construction disciplines at the project site, maintaining the project schedule and managing the workforce. Bergin will also implement and maintain the company’s safety policy.

For more than 10 years, Bergin ran his own construction company specializing in large scale hotel renovations primarily in the New York area. Previously, he served as Construction Operation/Project Executive for Hirsch Construction Corporation, Danvers, Massachusetts, and Project Superintendent/General Superintendent for Shawmut Design and Construction. In these roles, he was responsible for managing all operations, including design-build, pre-construction and general contracting at commercial sites.

Mr. Bergin received a degree in Construction Management from Wentworth Institute of Technology and is a licensed Construction Supervisor in both Massachusetts and New York. He is actively involved in the industry by serving as a member the United Brotherhood of Carpenters & Joiners of America, Local 275.

MEMBER NEWS REQUESTED: WE WANT TO HEAR FROM YOU!

The MBI Member Connection newsletter is an excellent forum for you to showcase what your company is doing. Do you have a new product, innovative project, recent hire, a change in your office location, a revamped website? Please share it with us so we can let others in the industry know your latest news.

Please email stories and photos to Tracey Daniels, MBI Communications Director, at tracey@modular.org.

Don’t miss this opportunity to let others in the industry know the exciting developments in your company!
Over the past few years, MBI has remained relatively quiet on the issue of prevailing wages. Our logic was that we did not want to draw unwanted attention to a very controversial issue, one in which the modular construction industry currently enjoys a significant advantage. However, as states such as California, Ohio and New York have started to weigh in on the issue, it’s becoming evident that this issue will continue to impact our industry.

Thirty two states as well as the District of Columbia have prevailing wage laws. The federal Davis Bacon law, as well as most state laws, are clear on when prevailing wages apply. In most cases, prevailing wages apply on projects receiving public funding and applies to “mechanics and employers employed directly upon the site of the work.”

California: Overturning decades of past practice and enforcement guidelines, the Director of the Department of Industrial Relations recently stated that off-site fabrication and transportation of materials by contractors and subcontractors to a public works jobsite are now subject to prevailing wage law. According to recent opinion letters issued by the DIR Director, the reach of the prevailing wage law now extends to fabrication shops as well as the transportation of material to and from public works jobsites.

The decision stems from a case known as Russ Will Mechanical, Inc. In Russ Will, the general contractor subcontracted the HVAC portion of a public works project to Russ Will Mechanical who fabricated sheet metal items including ducts, flashings, square rounds and fittings in its permanent shop. The material was made according to the plans and specifications issued by the Community College for the modernization of its administration building. There was no dispute that Russ Will Mechanical paid prevailing wages to its installation employees. The sole issue was whether the company had to pay prevailing wages to its shop employees.

The Director focused on whether the employer was a contractor or subcontractor as opposed to a material supplier which sells products to the general public. Thus, a bona fide fabrication shop that merely supplied material to a public works jobsite was not required to pay prevailing wages to its employees, whereas a contractor or subcontractor performing the exact same work would be required to pay prevailing wages to its shop employees. (Source: Cook Brown LLP)

The Director’s flip has obviously caused a great deal of confusion about prevailing wage applicability in the Golden State. MBI signed on with three other associations to file a friend of the court (amicus) brief on behalf of Russ Will’s position. That hearing is expected later this Fall.

Ohio: In June 2009, the Ohio Supreme Court ruled that prevailing wage law applied only to work performed on the site of a public improvement project, reversing the lower court’s ruling by a 6-1 vote. Justice Stratton noted that in 1990 the Ohio Department of Commerce adopted administrative regulations to facilitate administering the prevailing-wage laws. “These regulations were adopted following extensive hearings in which both industry employers and organized labor had opportunities to voice their concerns. They likewise refer to work performed on the job site and do not refer to off-site workers as being entitled to prevailing-wage rates.”

New York: In New York, a coalition of industry and agencies have joined together to push back on multiple attempts at enforcing prevailing wage in offsite fabrication shops. The coalition, led by the NY AGC, recently sent a letter to NY Governor Andrew Cuomo expressing opposition to such expansion.

Currently, only Washington State has a prevailing wage rate specifically for “modular buildings” ranging from $9 - $14 per hour depending on the county. While a dangerous precedent, the good news here is that the state considers modular workers as its own “trade classification” rather than applying conventional trade rates (carpenter, electrician) in the factory. As such, the prevailing wage rate for a modular building worker will be the most common rate that a modular manufacturer pays its employees.

Why it doesn’t work for us: The modular construction process is all about efficiency — in terms of labor, time and resources. Prevailing wage laws are about protection and creating a false floor for wages.

There are another eight classifications for a carpenter ranging from $55-$62 per hour. Four more rates for drywall installer; electricians, crane operators, steel fabricators all have their own (and multiple) rates. Further, a craft person in one trade is NOT ALLOWED to perform work in another trade area, meaning that the carpenter cannot do the laborer’s work, even if is something as simple as cleaning up the work area.

Imagine the modular manufacturing process with all its efficiency and the building making its way down the line. Now imagine a foreman standing at each station trying to determine the appropriate wage to pay an employee for each task completed along the line, and the paperwork needed to document it all.

Summary: As the modular construction industry gains further acceptance and market share, we can most certainly expect an increasing effort towards prevailing wage expansion into our factories. We as an industry need to find the balance of paying our workers a fair and competitive wage while remaining competitive as a company. Expansion of depression era prevailing wage laws into the factories is a huge step back for an industry built on speed and efficiency.
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