

# Special Contractors

By Scott Judy

An increase in subcontractor failures, more reliance on contractor-obtained financing and the nation's continuing economic sluggishness highlighted concerns facing members of the Construction Financial Management Association as they met at their annual convention on June 23-27 in Orlando, Fla.

Contractors around the nation are increasingly finding that some specialty firms hired for their projects are unable to finish the job due to financial distress. The topic was especially relevant at CFMA's first "Large Firm CFO Roundtable," says Erika Urbani, CFMA chairwoman and chief financial officer with R.D. Olson Construction, Irvine, Calif.

"We are witnessing the financial weakening of a substantial portion of our [company's] subcontractor base," Urbani said. Contractors are more frequently finding themselves forced to issue joint checks or pay subcontractors in advance to keep them working, she added.

Steven Davis, director of construction risk services with Bir-

mingham, Ala.-based McGriff, Seibels & Williams, a CFMA exhibitor, told ENR that, so far, the impact from the specialty failures has been borne mostly by subcontractor default insurance and that bonding companies have largely managed to avoid a major hit.

Heavy-highway firms should also prepare to deal with specialty contractor failures in the coming year, added Robert A. Davidson, a certified public accountant with DGLF, Nashville, Tenn., who led a forum on emerging trends.

Another topic of particular interest to attendees was the growing use of contractor-obtained financing—or "gap" financing—by state transportation agencies.

Here, Florida is leading the way, Davidson said, with more than a dozen contracts using some form of gap financing. But other states are also beginning to employ this tool.

The trend toward contractor financing is a result of state transportation-department budget

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2012-2013  
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## PCEA-Orlando Chapter 2011-2012 Fiscal Year Charitable Contributions

Community Food Bank	\$ 500.00
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2011 PCEA Nat'l Convention	\$ 500.00
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Student Member Scholarships	\$ 4,600.00
Jim Crabtree Memorial Fund	\$ 300.00

**Total \$12,850.00**

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# Building Biomimicry

On the leading edge of the green building movement is a strategy called biomimicry - using patterns in nature, particularly in biological systems, to inspire innovative and more efficient designs within architecture and engineering. One such leap from the natural to the artificial is the advanced passive cooling and ventilation systems found within termite mounds and other hive-like structures. Other architects have copied the structure of shells to create stronger, more versatile bridge designs, as in the proposed Shi-Ling Bridge by Arup. Whether by mimicking natural forms or drawing inspiration from the principles that shaped them, architects are increasingly looking to the eon-won wisdom of evolution to provide clues to maximum efficiency and the aesthetic of tomorrow's buildings.

An important ethos derived from organic systems is that of efficient resource management and closed-loop design. To put it another way, living natural systems use resources in highly effective ways, and are oriented such that waste products from certain elements of the system become raw resources for others. One such application of this methodology is aquaponics, where vegetable farming, fish breeding, and other techniques are used to create a complementary system of resource management and production.

'The Plant,' one of Chicago's latest industrial renovations, is a three-story aquaponic farm in the Back of the Yards Park area that is being molded out of a retired, 93,000 square foot meat-packing facility. One-third of the building

will consist of the vertical farming operations, with the rest being leased to sustainable startups - including the New Chicago Brewery, a kombucha tea company, an artisanal bakery, a tilapia farm, and more. Through creative industry pairing and some innovative engineering, the products of each venture will become the raw materials for other businesses within the complex. For example, the oxygen created by the vegetable farming operations will be used in kombucha production, which will produce carbon dioxide for the plants - the plants will also clean the waters for the tilapia, while the tilapia themselves will feed on the spent barley from the brewery. Organic waste from all of the companies will be fed into an anaerobic digester, which feeds biogas into a generator to create electricity for the entire complex.

This kind of symbiosis will be an increasingly-integral part of the sustainability movement around the globe, as we shift from the mindset of 'waste management' to one of intelligent and productive pairings of resource consumption and creation to create more efficient, productive systems. Implementing these systems in building design will not only improve energy efficiency, but may eliminate infrastructure-dependence altogether, as all of water, electrical, and even food

needs could be met with creative, nature-inspired design.

To cite another example of this kind of life-enabling ingenuity, researchers have unveiled designs for a wind turbine that produces, in addition to more than 30 kilowatts of electricity, more than 1,000 liters of potable water per day by condensing moisture from the air. Many plants, insects, and other animals use condensation properties to extract this vital resource in climates where available water supplies are scarce - now, scientists are hoping this technology will not only help support communities in arid locations, but also aid in the reforestation efforts of the world's growing deserts.

To sum up, biomimicry is not simply an aesthetic toolkit for artistically-blocked architects, but offers exciting possibilities as we look to reduce our global footprint on the environment and more efficiently steward our planet's dwindling resources. After 3.5 billion years of evolution, nature may have tips worth sharing.



# The Calendar

## July 2012

07-10-12 Board Meeting

07-24-12 Members Meeting  
Code Changes  
Citrus Club Downtown  
5:30 - 7:30

## August 2012

08-14-12 Board Meeting

08-28-12 Members Meeting  
TBD 5:30 - 7:30

## September 2012

09-11-12 Board Meeting

09-25-12 Members Meeting  
Steak on the Lake  
Citrus Club Downtown  
5:30 - 7:30

## October 2012

10-09-12 Board Meeting

10-23-12 Members Meeting  
Citrus Club Downtown  
5:30 - 7:30

## November 2012

11-13-12 Board Meeting

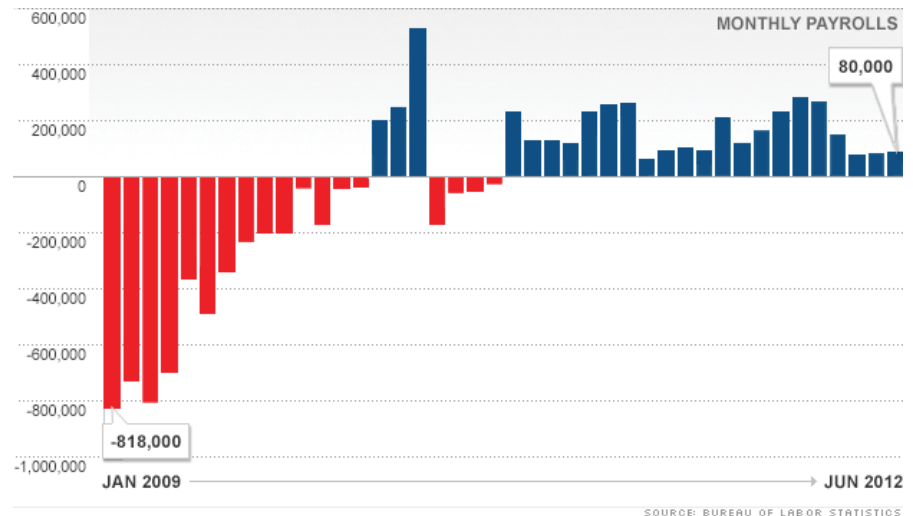
TBD Scholarship  
Golf Tournament

## December 2012

12-11-12 Board Meeting

TBD Christmas Party

# Job Growth



Job losses peaked in early 2009, and steadily declined throughout the year. The economy finally started creating jobs in the beginning of 2010, but then employers pulled back in the summer. A similar trend occurred in 2011, and then again in 2012, when strong momentum early in the year stumbled in the spring.

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constraints. With a major boost in federal transportation spending unlikely and 25 state DOT budgets allocating more than 40% of funds to debt bond service, Davidson told contractors, "I think you're in for a rough ride."

Those issues also are driving industry consolidation, which Davidson said could hit 30% by 2015. Additionally, he cited surveys of heavy-highway firms that indicated 70% are considering some form of acquisition or merger.

"There ought to be some consolidation," Davidson commented. "There are too many contractors."

But the biggest issue for CFMA attendees was the nation's continuing economic uncertainty.

Anirban Basu, a CFMA adviser

and an economist at the Sage Policy Group, Baltimore, told the crowd of financial officers that Europe's ongoing struggles, combined with continued congressional inaction on pending changes to tax rates and regulations, will result in extending the U.S. economic slowdown into 2013.

Without some resolution on those two matters, Basu said, "We can't conclude that next year will be a year of growth. Neither can investors, and neither can anyone trying to push a project forward." CFMA Chairwoman Urbani took Basu's comments to mean contractor backlogs, which lately have increased some, could decrease again. "We need to proceed cautiously," she said.

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 The Meridien Companies  
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