

CCIA HIGHLIGHTS *of the week*

A weekly information bulletin for members of the Connecticut Construction Industries Association

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CONNECTICUT'S UNEMPLOYMENT trust fund is headed for insolvency later this month or early September, according to state Department of Labor officials, as reported in an [article](#) in the *Stamford Advocate*. That means Connecticut will need an emergency federal loan, a move that would likely translate to additional assessments on state businesses. States routinely exhaust their unemployment trusts during recessions, then borrow from the federal unemployment reserves to replenish their benefits programs. Unless other provisions are made, businesses in Connecticut would face a higher unemployment assessment to repay the principal and interest costs on these emergency loans.

THE FIRST PHASE OF CONSTRUCTION of the Downtown North (so-called DoNo) development in Hartford, across the street from Dunkin Donuts Park, is weeks away from starting, according to an [article](#) in the *Hartford Business Journal*. The first phase, projected to cost \$56 m., includes a 270-unit apartment building with 11,000 square feet of retail and flex space and a rear 330-space parking garage. The apartment-garage complex is being built on a surface parking lot in the shadows of the Red Lion Hotel. An estimated 18 months of construction means the apartments would come online in spring 2022, developer Randy Salvatore said.

CCIA MEMBERS ARE INVITED to participate in a webinar about the new Main Street Lending Program on Wed., Aug. 26, 2020 at 2:00 a.m. EST. This program will provide credit support to eligible small and medium-sized businesses that are integral to the U.S. economy and create jobs for a large share of the U.S. workforce, particularly in the construction, design and infrastructure sectors. Using established lenders, Main Street will offer several types of 5-year term loans supported by the Federal Reserve and the Treasury Department, ranging in size from \$250,000 to \$300 m. In addition, the SBA will give an update on the Paycheck Protection Program. To register, follow this [link](#).

CONNECTICUT'S ECONOMIC FORTUNES depend heavily on its 350,000 small businesses, which comprise 99 percent of the state's total employers and employ 745,000 people, nearly half of the state's 1.5 m. strong workforce, according to the [U.S. Small Business Administration's 2020 Connecticut Small Business Profile](#). The profile shows the critical role small businesses, those with fewer than 500 employees, play in Connecticut's economy. Small businesses accounted for 972 net new jobs in Connecticut in 2019 and generated 42 percent of the state's \$16.4 m. in exports. Small businesses dominate certain industries, including construction, employing 86 percent, or 47,079, of the state's 54,429 construction workers.

FITCH RATINGS HAS DOWNGRADED New Britain's ratings outlook from "stable" to "negative," citing the city's reliance on one-time budget measures and expected future budget pressures driven by rising fixed costs for debt and retiree benefits, according to an [article](#) in the *Hartford*

Business Journal. Fitch's revised outlook comes as New Britain prepares to issue more than \$65 m. worth of bonds in order to refinance a portion of its current debt, producing near-term budget savings. The negative outlook indicates the direction in which New Britain's bond rating is likely to move over the next one to two years, should current trends persist. Fitch said it expects New Britain's spending pace to be above its revenue growth over time.

LESS THAN TWO MONTHS BEFORE the country's current highway policy law expires, congressional leaders and the White House are plodding through negotiations on a new highway bill, according to an [article](#) in *Transport Topics*. Although the Senate Environmental and Public Works Committee has approved its version of highway reauthorization, Senate committees with jurisdiction over freight, transit, and taxes have not yet acted on their contributions to the legislation. The U.S. House earlier this summer passed along partisan lines an update of the 2015 FAST Act. And the White House has not yet produced a highway proposal this year. A significant number of freight stakeholders, the business community, and construction firms, among others, have warned that lacking long-term federal highway legislation raises the potential for halting construction projects.

LAST WEEK, FOURTEEN TRANSPORTATION industry advocates, including ARTBA and AGC of America, sent a [letter](#) to Congressional leadership urging them to provide an immediate infusion of \$37 b. in funding for state DOT's and to oppose any temporary suspension or permanent repeal of dedicated federal user fees that generate revenue for the Highway Trust Fund (HTF) in the COVID-19 legislative package that is currently being negotiated. This call comes in light of a recent effort among other industry stakeholders, notably, the trucking industry, to push Congress to temporarily suspend the federal excise tax on the purchase of new heavy trucks and trailers.

OSHA RECENTLY POSTED a series of COVID-19 Frequently Asked Questions (FAQ's) on its [website](#) and one of the sections was Cloth Face Coverings. As to whether or not wearing a surgical/medical mask or cloth face covering causes unsafe oxygen levels or harmful carbon dioxide levels to the wearer, OSHA says, "No. Medical masks,

including surgical masks, are routinely worn by healthcare workers throughout the day as part of their personal protective equipment (PPE) ensembles and do not compromise their oxygen levels or cause carbon dioxide buildup.”

NEXT WEEK, AUGUST 16-20, 2020, is OSHA’s Safe + Sound Week. The event recognizes successful workplace health and safety programs while offering information and ideas for keeping American workers safe. Companies interested in participating may visit the [Safe + Sound Week webpage](#) to register their activities and learn how to get involved. OSHA said companies of all sizes should join Safe + Sound Week because it can help them identify and manage workplace hazards before workers get hurt or become ill.

LAST WEEK, PRESIDENT TRUMP issued two presidential memoranda, one that would defer, but not forgive, the withholding, deposit, payment of certain payroll taxes from Sept. 1 through 31, 2020, and the other on unemployment assistance that would provide an additional \$400 in weekly unemployment benefits to be shared between the states and federal government. AGC of America has posted on its website more information regarding both the [payroll tax deferral](#) and [unemployment assistance](#) memoranda.

CONNDOT BID RESULTS, of August 12: There were no bid results this week.

IN CONNECTICUT, THERE ARE currently 50 COVID-related lawsuits by employees against their employers and nearly half of those are insurance-related, brought by businesses suing their insurers for failing to cover losses due coronavirus shutdowns, according to an [article](#) in *CT Mirror*. The greatest concern among those pushing for legal protections are over coronavirus infections and death; however, so far, no such lawsuit has been filed in Connecticut. The lawsuit issue has emerged as a major stumbling block in congressional negotiations over a new stimulus bill. Republicans say the protections are needed for the economy to rebound. Democrats who oppose the measure say liability shields are unfair to workers and that businesses must take responsibility to keep them safe. They have called liability protections a deal-breaker in talks over a COVID-19 relief package.

THE DODGE MOMENTUM Index moved 3.4 percent higher in July to 124.7 (2000=1000) from the revised June reading of 120.5, according to a [press release](#). This month’s increase was the first in all of 2020. Since December 2019, the Momentum Index has lost 18 percent with most of the decline coming in April. The falloff has largely come from institutional planning, rather than commercial plans. State and local government revenues have been squeezed as declines in economic activity have led to a drop in tax revenue just as costs related to the pandemic have skyrocketed. The institutional component is currently 28 percent below its December 2019 peak and 21 percent lower than its year ago level. Commercial planning is down 13

percent from its January 2020 peak, but is actually 1 percent higher than its year-ago level.

CONSTRUCTION EMPLOYMENT nationwide increased modestly in July, but the gains were concentrated in homebuilding and remodeling, while nonresidential construction employment stalled, according to data the Bureau of Labor Statistics (BLS) [reported](#) last week, which is based on the payroll period covering July 12. Construction employment increased from June to July by 20,000, following a record one-month rise of 456,000 in May and 163,000 June. But the record drop of 1,018,000 in April and decline of 65,000 in March meant that the total in July (7,195,000) was 444,000 (5.8 percent) less than in February and 309,000 (4.1 percent) less than in July 2019.

LAST WEEK, A FEDERAL RULE was issued prohibiting the use of certain Chinese telecommunications components by federal contractors. The new [Interim Final Rule \(IFR\)](#), prohibits federal agencies from entering into, extending, or renewing a contract with a contractor that uses any equipment, system, or service that utilizes certain Chinese companies’ telecommunications equipment or services as a component or critical technology of any system, unless an exception applies or a waiver is granted. The Department of Defense issued a [memo](#) on this measure, explaining that federal contractors should expect change orders or other required affirmations of a contractor’s compliance with this prohibition.

GLOBAL AVERAGE COMMERCIAL insurance prices rose by 19 percent in the second quarter of 2020, according to a new report by Marsh, as covered in a recent [article](#) in Business Insurance America. The increase, the largest since Marsh’s Global Insurance Market Index was released in 2012, follows average year-over-year increases of 14 percent in the first quarter and 11 percent in the fourth quarter of 2019. Average price increases were driven primarily by increases in property insurance rates and financial and professional lines, Marsh reported.

CCIA COVID-19 POSTPONEMENTS: AGC of Connecticut has postponed its 2020 Annual Golf Tournament, previously scheduled for September 29, 2020 at Tumble Brook Country Club, to July 19, 2021. And the CCIA Young Constructors Forum (YCF) Golf Tournament has postponed its 2020 golf tournament, previously scheduled for September 24, 2020 at Lyman Orchards Country Club to a to-be-determined date in 2021. We look forward to getting together in person next year in, hopefully, safer and healthier times for all.

FROM THE INTERNET: On August 14, 1935, U.S. President Franklin Roosevelt signed the Social Security Act into law. The act created unemployment insurance and pension plans for the elderly. In the U.S., it costs \$245,000 to raise a child, before college. GPS is owned and controlled by the U.S. government. The poorest 5 percent of people in the U.S. are still richer than 68 percent of the world’s inhabitants.