

Construction at junction

Firms shift into military, energy as major commercial deals dry up

BY THOMAS OLSON
 TRIBUNE-REVIEW

Despite the recession, 2009 rewarded most general contractors in the Pittsburgh region. But those without big ongoing jobs will find 2010 to be rougher sledding because new work has slowed, say experts and builders.

For instance, American Bridge Inc. expects to crank away at bridge and pier construction at least through this year, because of multiyear contracts, said Robert Luffy, CEO of the Coraopolis company.

"Our projects are several years long, so we have a good backlog," said Luffy, who estimated nearly

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\$600 million in 2009 revenue, about the same as in 2008. "That will sustain us through 2010, and probably into 2011."

But the flow of new projects has "slowed down," he said, because of "the fall of the economy and a lack of financing."

DCK Worldwide, formerly known as Dick Corp., is concentrating more on long-term contracts for the military, for instance, as much commercial work has dried up. The company, based in Large, is at work on a \$300 million security-operations command center in Hawaii for the Navy.

"In 2010, I'd say our project mix will probably be about 80 percent military, in places like Hawaii, Guam, Cuba and other strategic bases," said Stephen D'Angelo, CEO of DCK, the largest general contractor based in this region. The company's project mix was roughly

evenly split between military and nonmilitary work two years ago.

Most-recent data from the Associated General Contractors of America showed spending on construction of all types declined nearly 1 percent in November to about \$900 billion from October. The November level was a six-year low and 13 percent below year-ago levels.

Construction spending had been considerably higher for most of 2009. It stood at more than \$974 billion last January, but slipped to \$964 billion in May and \$910 billion by September.

"Most of the contractors, subcontractors and suppliers in the area will probably look back on 2009 as a pretty good year, financially speaking," said Jeff Burd, president of Tall Timber Group, a construction research and consulting firm in Ross. "But that has a lot to do with work backlogs, which were strong coming into 2009."

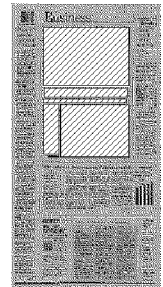
For new projects, however, 2009 was a "lousy" year, said Burd. "The worst of the recession was being felt late last year."

Several big jobs in Allegheny County were finished or nearly completed last year, leaving less work to do now, said Jack Ramage, executive director of the Master Builders Association, Green Tree.

"2009, at least for the first three quarters, was a fairly good year for just about everybody. Big projects carried guys through," said Ramage, citing Children's Hospital of Pittsburgh, the Rivers Casino, the Penguins' Consol Energy Center and the "T" stations and tunnel from Downtown to the North Side.

"But we're seeing a steep drop-off in work on those projects," he said. "Heading into 2010, there doesn't seem to be the backlogs."

The year is likely to be down-to-stagnant for commercial construction — especially the market for new office space, multi-unit dwellings and retail — given the continued



crimp in project financing, say experts and builders.

“Projects that are based on unit sales, such as condos and time-shares, will find it very, very difficult to get financing,” said DCK’s D’Angelo. “Pittsburgh still has work, but it’s very, very competitive.”

Spending on construction of power plants and energy-related facilities in November, however, was up 9 percent from the year earlier, said the Associated General Contractors.

Stevens Engineers and Constructors Inc., Canonsburg, is making book on such work. Late last year, it completed an \$80 million expansion of Reliant Energy’s power generating station in Springdale. Currently, Stevens is working on a wind energy project that includes an experimental turbine for Cleveland State University.

“That’s something we’re pushing hard to get into, with the focus on alternative energy these days,” said assistant controller Tony DeLuca.

Stevens completed a conveyor system last year for Allegheny Energy Inc. to move coal from railways to its power plants near Masontown and Fort Martin, W.Va. The contractor continues to do miscellaneous industrial jobs, said DeLuca, such as construct a melt shop for Allegheny Technologies Inc.

“For industrial projects related to natural gas and other forms of energy, you’ll certainly see construction activity,” said Tall Timber’s Burd. “Energy policy is still a big issue nationally, so you’ll see money in that space.”

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DCK Worldwide CEO Stephen D’Angelo works at the construction site of the cloverleaf off of Route 22/30, where it meets PA 60 in Robinson. DCK is focusing on long-term military contracts to sustain the company.

Big builders

The Pittsburgh region is home to many large general contractors, which build structures from bridges to offices to power plants.

Rank	Company	Headquarters	Revenue in 2008 (\$ million)	Main market served/ % of revenue
1.	DCK Worldwide	Large	\$689	General construction/79%
2.	American Bridge	Coraopolis	\$592	Transportation (bridges)/100%
3.	PJ Dick/Trumbull/Lindy Paving	North Shore	\$572	General construction/52%
4.	Centimark	Canonsburg	\$420	Commercial/industrial roofing/100%
5.	Sauer Holdings	Lawrenceville	\$379	General construction/100%
6.	Mascaro Construction	Manchester	\$359	General construction/86%
7.	Walsh Construction*	Canonsburg	*	Transportation/NA
8.	Limbach Facility Services	Strip District	\$296	Commercial construction/100%
9.	Stevens Engineers and Constructors	Canonsburg	\$239	Industrial construction/100%
10.	Massaro	O'Hara	\$185	Commercial construction/100%

* A UNIT OF THE WALSH GROUP, CHICAGO, WHOSE 2008 REVENUE WAS \$3.58 BILLION.

Source: Individual companies and Engineering News-Record, a construction weekly

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