

Colorado Contractors Coalition | CCC

ABOVE

THE BOTTOM LINE



WELCOME TO THE 73RD GENERAL ASSEMBLY

by Danielle Maya, CCC Chair | Galvanize Law Group

The Colorado Contractors Coalition welcomes you to the 2023 legislative session. We believe that it's business not politics! The Colorado Contractors Coalition works across the isles to advance and support legislation which benefits contractors and the construction industry. We are a broad coalition of several construction associations. The Colorado Contractors Coalition represents over 400 companies and 5100 individuals. We look forward to working with you in 2023 to keep Colorado a strong place for construction professionals, small businesses, and all Coloradans.

THE VOICE OF COLORADO SUBCONTRACTORS

by Debra Scifo, ASAC Executive Director

American Subcontractors Association Colorado | ASAC established in 1966 and represents the business interests of the Colorado Construction Specialty Contractors/Subcontractors thru advocacy, education and business development. ASAC members represent every specialty trade in the construction industry. Construction specialty trades provide 80+ percent of the work on a construction project and finance labor and materials through completion of the project.

CONSTRUCTION DEFECT

by Jeff Johnson, President | The Roofing Company

Approximately twenty-two years ago The Roofing Company ("TRC") received a notice for our very first construction defect case for a project completed five years prior, we were never notified of any issues. As we moved through the legal aspects of the claim, we found that TRC's exposure on the claim was absurd and at times comical (frivolous). Ultimately the insurance negotiated and paid out \$7,000.00 on ridiculous claims and \$79,000.00 for the attorneys defending the claim, totaling \$86,000 expended for a frivolous claim. We have experienced and settled dozens of similar claims that were eventually proven false. *(continued on page 2/reverse side)*



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CONSTRUCTION TERM Construction Defect

Generally speaking, a deficiency in the design or construction of a building or structure resulting from a failure to design or construct in a reasonably workman-like manner, and/or in accordance with a buyer's reasonable expectation. (IRMI)

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American Subcontractors Association Colorado

Colorado Roofing Association

Rocky Mountain Steel Construction Association



CONSTRUCTION DEFECT CONT'D

What is a construction defect claim? The insurance industry (IRMI) says, “a deficiency in the design or construction of a building or structure resulting from a failure to design or construct in a reasonably workmanlike manner, and/or in accordance with a buyer's reasonable expectation.” Construction defect is real, but the process of remedying and litigating construction defect claims is a debate in the insurance industry and the courts.

Why do these frivolous lawsuits exist? Because construction defect litigation is lucrative for attorneys; and the current bar is low for filing and litigating meritless construction defect claims.

What is the result of these frivolous lawsuits? Multi-family and large condominium projects have led to dozens of construction defect lawsuits. Due to the major liability and extreme insurance cost, multi-family, and condominiums have resulted in far fewer being built, creating a barrier to affordable housing.

The total economic impact of Colorado Construction in 2021 was \$25 billion, which represented 5.8% of the states GDP.

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LOOKING AT COLORADO CONSTRUCTION—PART II

by Tom Patton, President | Evergreen Surety

In 2021, there were 21,700 construction firms Colorado, which employed over 180,000 workers. And construction jobs pay well. In Colorado, 4 of the 5 most numerous construction occupations had median annual pay exceeding \$52,000.

Despite this overall strength, the construction industry in Colorado is not without its challenges. One major issue facing the industry is a shortage of skilled labor. As the demand for new construction projects continues to grow, the industry is struggling to find enough workers with the necessary skills and experience. This shortage has led to increased competition and contractors are having trouble filling positions, impeding the industry's impact. In the August 2022 AGC Autodesk Workforce Survey, 93% of firms in the U.S. and 96% in Colorado had unfilled hourly craft positions.

Another challenge facing the construction industry in Colorado is the rising cost of materials. The cost of steel, lumber, and other building materials has been increasing in recent years, putting pressure on construction budgets. This has led some developers to delay or cancel projects and has made it more difficult for smaller contractors to compete.

Despite these challenges, the overall strength of the construction industry in Colorado remains strong. The growth of the residential, commercial, and infrastructure sectors, along with the positive impact on the state's economy, demonstrate the vitality of this important industry. As long as demand for new construction projects continues to grow, the construction industry in Colorado is likely to remain a driving force in the state's economy.