

**Idaho AGC**  
A PROUD CHAPTER OF AGC OF AMERICA



**Testimony of  
Michael Arrington – President, Starr Corporation**

**On the Behalf of the  
Idaho Associated General Contractors**

**Before the Idaho State Legislature's  
Economic Outlook and Revenue Assessment Committee**

**January 3, 2014**

Good morning Chairmen Keough and Gibbs and Committee Members.

My name is Michael Arrington and I am a third generation Idaho contractor from Twin Falls. Our company, Starr Corporation, operates from an office in Twin Falls and a second location in Pocatello. We construct a wide assortment of commercial buildings and public facilities including schools and hospitals.

I am honored to serve as the 2014 President of the Idaho Associated General Contractors, or as we are most commonly known, the Idaho AGC.

The Idaho AGC is made up of over 600 members that hail from every corner of the state of Idaho. Our members construct the roads and bridges Idahoans use every day to get to work, deliver goods and products, or even just drive around. They also build commercial properties including the factories and office towers everyday Idahoans work in, the schools and universities at which our children are educated, and even the churches we attend. Idaho AGC members are successful businessmen who build real, tangible properties that help drive our state's economy and employ thousands of Idahoans in every community across the Gem State.

I am pleased to report that after many years of struggle, the construction industry both nationwide and here in Idaho is continuing to expand. We were all pleased to see high cranes back at work here in downtown Boise this past year. Similar signs of economic expansion can be found in other Idaho communities as well, especially in my home town of Twin Falls.

Despite uncertainty on a number of fronts, our industry believes that we have weathered the worst of the storm and are now looking forward to slow and steady growth for the foreseeable future.

Figures released by the U.S. Department of Labor the week before Christmas indicate that construction firms added jobs in 39 states over the past year, including here in Idaho. Construction employment in Idaho has risen 4.2 percent since this time last year and is estimated to total more than 32,000 jobs.

These numbers reflect what we have experience at Starr Corporation. We recently hired a native of the Magic Valley who is coming down the home stretch on finishing his Construction Management degree. He joins our team in May.

However, according to Ken Simonson, the AGC of America's chief economist, this "progress remains fragile" and construction jobs in every state of the nation remain below pre-recession employment levels.

Of course construction jobs don't just appear overnight. It takes the financial commitment of both private and public owners to put our industry to work. According to the U.S. Census Bureau, while public spending has remained level, private spending on nonresidential construction continues to grow. Private construction was up just over two percent last year with manufacturing and commercial space leading the way.

These trends play out here in Idaho as well. The amount of commercial space for lease in the Treasure Valley has returned to pre-recession levels and is close to doing so in other parts of the state as well. The market for manufacturing space is just as strong here in the Boise area but lags elsewhere across our state.

According to the U.S. Census Bureau's figures, the two areas of construction where Idaho demand outpaces other states are in facilities for health care and religious uses. Both areas saw a decline this past year nationally yet experienced strong positive growth in Idaho and the rest of the Mountain region. Starr Corporation's current workload is a testament to these statistics. Our list of current projects includes an addition to a hospital and a new chapel.

Unfortunately things are less certain for the Idaho AGC's highway members. While the last of the GARVEE projects are either currently out to bid or will be in the coming weeks, there are no more such expansions of our state transportation system are planned.

As I am sure you are already aware, our state faces a serious shortfall in the funding necessary to maintain our roads and bridges. Without action on this important issue, our state will continue to fall behind as we are unable to maintain the critical infrastructure required for future growth.

Once again, thank you for the opportunity to be with you today and to chance to share with you the great work being done by the contractors of our state. I would be happy to attempt to answer any questions you might have.