



Better

THAN YOU'D EXPECT

Area contractors seemed to have weathered the 2009 economy better than the industry as a whole.

BY STEVE PRESTEGARD



Miron Construction's 2009 projects include Best Advantage Credit Union in Brillion (previous page) and St. Norbert College's Mulva Library (above, left). Consolidated Construction followed clients outside of its usual market area to construct buildings for Airgas in Elk Grove Village, Ill. (second from left) and Boyland Infiniti in Cleveland, Ohio (second from right). The Boldt Co. constructed Encircle Health (right), which includes ThedaCare health care providers and other health care organizations.

If you believe what newspapers were reporting, 2009 was a bad year in the construction industry.

If you ask people who work in the construction industry in Northeast and Central Wisconsin, you might get different and surprising answers.

"Actually, 2009, despite the economy, turned out to be pretty good for our company," says Craig Uhlenbrauck, vice president of marketing for Miron Construction in Neenah, adding that the year was Miron's second best in sales in its history. "Despite the conditions, we were very happy to be in the position we were, because we know there are a lot of guys that didn't have good years."

"2009 for us was a good year — I know that sounds a little unusual," says Ben Ganther, president of Ganther Construction in Oshkosh. "It was profitable, but a year ago in January we had a pretty large cut of people, layoff-wise, knowing it was going to be a pretty lean year."

"It's all relative," says Rick Bickert, president of Consolidated Construction in Appleton. "We met our budget, so that was obviously a good thing. Our 2009 was a challenging year. We really put things in place to facilitate beating our budget and having a decent year."

"For DeLeers, 2009 was not an exceptional year by any means," says Paul DeLeers, director of sales and marketing for DeLeers Construction in Green Bay. "The first half of the

year was a struggle, to say the least. The second half we came out of it a little bit.

"In 2009, a lot of people were very, very reluctant to pull the trigger on anything, especially the first six months."

"2009 was OK," says Jim Anderson, president of Ellis Stone in Stevens Point. "It certainly was not a banner year, but it was not a terrible year either."

Contractors that had successful years in 2009 had to find work where it was available.

"We had to work a lot harder to garner work than we have in past years," says Uhlenbrauck. "It's work ethic, it's the demeanor of people here — they'll pony up so we continue to thrive even in tough economic times."

Ganther's effort to find work where available has taken the company to Canada and Israel.

"We turned over every rock and stone you could find trying to find opportunities," says DeLeers, whose company did more work in residential than in commercial projects. Usually the company's work is split evenly between residential and commercial, but "we did a few commercial jobs, but not a lot" in 2009.

"We primarily work with residences in the higher-end marketplace," he says. "I'm not going to say things were outstanding by any means, but we've put a couple holes in the ground recently." >>



Ganther Construction built Ashwaubenon's Green Bay Tennis Center, owned by two former UW-Green Bay tennis coaches.

TENNIS CENTER

Commercial construction is a lagging economic indicator.

"So when the economy starts to feel the recession, the commercial construction industry has capital projects that have already been committed," says Anderson.

The key to Miron's success lay in diversification. "We work in a lot of different markets, so if one market slows down, we have other markets where we can pick up," says Uhlenbrauck.

Another key was going where their clients' work was. "It was more of a client-driven process, where we have clients that wanted to go into a new location," says Uhlenbrauck.

"We've been following our clients since we've been involved in the company," says Mark Schwei, Consolidated's executive vice president. "We're doing projects for mul-

multiple clients, and these projects have worked out for us, and the client asks us to do more."

DeLeers decided to stay where its existing work was. "We felt that going into new markets at that point was going to cost us more money, so we didn't really focus on new markets," says DeLeers. "We focused on being more efficient and better at what we did."

Miron added, instead of laying off employees. "We used this opportunity over the last part of 2009 and 2010 of adding to our base of employees, and there were a lot of opportunities out there," says Uhlenbrauck. "We felt very proud of the fact that we didn't have to downsize and have in fact continued to grow."

Consolidated met its numbers after it "reengineered" its business development team. But, says Schwei,

increasing company revenue "hasn't always helped our field crews maintain employment in their fields. We're trying to find work that plays to our self-perform strengths. We have an intense focus on specific market segments that will utilize our full resources here."

"We implemented Lean construction practices over the organization in the last year and a half," says DeLeers. "We reduced our overall costs on projects significantly."

WHAT THEY DID

Miron's 2009 work is highlighted by work on its own corporate headquarters. The \$10 million project added 40,000 square feet to its 65,000-square-foot building.

"The owners had to make a tough decision — did they want to make that investment knowing how the economy

was?" says Uhlenbrauck. "They made a significant investment in just this facility alone."

The building is in the process of LEED certification. "It's really one of our niches, to be as sustainable as possible, not just in our buildings but in our business as well," says Uhlenbrauck.

Miron's 2009 included three educational projects — the St. Norbert College Miriam B. and James J. Mulva Library, and the Fr. Eugene E. Gries Residence Hall. The library was St. Norbert's first dedicated library building. The apartment-style residence hall is designed for St. Norbert seniors.

Consolidated's "poster child project," as Schwei describes it, is Wisconsin Specialty Protein, a 19,500-square-foot organic whey plant in Reedsburg. The whey plant includes a wastewater pretreatment building to reuse water during production, reducing water usage in half.

Consolidated also built a 75,000-square-foot freezer building for Midwest Cold Storage in Biron, a

project that featured "an excruciating time frame," says Schwei.

Ellis Stone's biggest projects were the 133,000-square-foot office building for AIG/Travel Guard in Stevens Point, and a 100,000-square-foot food processing facility for Intevention in Plover. The startup company uses locally grown agriculture to create snack foods.

Ganther has been working in the senior living market for the past five years. The company is working on Merrill Hills Manor, a Waukesha memory-impairment-care facility. Ganther converted the former Mercy Medical Center in Oshkosh into Bella Vista, owned by CRL Senior Living Communities ("21st century senior living," MARKETPLACE, Jan. 22).

"We've developed such a good infrastructure here," says Ganther. "We've developed a knowledge base in senior living."

Ganther also built the Green Bay Tennis Center, a 45,000-square-foot six-court indoor tennis facility that opened in October. >>



Ganther Construction converted the former Mercy Medical Center in Oshkosh into Bella Vista and Bella Vista Manor, assisted living facilities owned by CRL Senior Living Communities.

Lawrence University in Appleton opened its Richard and Margo Warch Campus Center before classes began last fall. The \$35 million project, constructed by The Boldt Co., received LEED Gold certification.



STIMULUS, OR NOT

The effects of the American Recovery and Reinvestment Act ("The \$787 billion business opportunity," MARKETPLACE, May 12) are debated in the construction industry. The act was intended to fund "shovel-ready projects."

"We've seen value in those federal stimulus dollars," says Uhlenbrauck, noting the biodiesel plant Miron will be building and funding for school projects and municipal water and wastewater projects.

"There are facets of the stimulus bill that could help projects move quicker," says Schwei. "It isn't the promised land for anybody, but there are facets that can help projects get funded."

"I don't see that stimulus doing much; it seems to be backloaded to 2012," says Ganther. "The government unfortunately seems to have plenty of money to spend, but look at state and local governments, how much trouble they're in. I don't see the public having much appetite for school referendums." >>

"WE SEE LIGHT AT THE END OF THE TUNNEL"

CRAIG UHLENBRAUCK, VICE PRESIDENT OF MARKETING FOR MIRON CONSTRUCTION

The first-time home-buyer tax credit helped propel sales of homes, but that didn't necessarily benefit DeLeers.

"People have built a lot of starter homes," says DeLeers. "That's not the marketplace we work in, so that didn't really affect us."

THE YEAR TO COME

Regardless of one's opinion about how 2009 went, 2010 looks better almost across the board.

"2010 looks much more promising," says DeLeers. "We have three times the backlog we had at this time last year and we have three times the opportunities we had last year. It's a whole lot more fun coming to work right now."

DeLeers says elderly care and senior living facilities are "the biggest area that's going. There's a significant amount of retirement living that we're bidding on right now."

One recent growth market for DeLeers is remodeling of homes with price tags around \$1 million that were purchased "for pennies on the dollar," says De Leers. In addition, service had "a great year last year and is tracking to be an even better year this year."

"There seems to be more activity than in the past couple of years, more opportunities," says Ganther. "We have to do more to get the job these days. We're doing a lot of at-risk-up-front work, some engineering before it becomes a project. It's more and more intellectual capital — it's not just bricks and sticks anymore."

Ganther is the construction manager for Watermark ("A project that hits the (Water)mark," MARKETPLACE, June 9), a \$12.2 million project that includes the new Children's Museum of Green Bay, a family restaurant,

Miron Construction built the \$13.9 million UW-Fox Valley Communication Arts Center, which opened in September. The center includes a 362-seat hall, classroom/black box theater and art gallery.



retail space, Class A office space, loft apartments and enclosed parking. The project, built on the former Prange's and Younkers building, has been delayed while developer Vetter Denk Development of Milwaukee has been seeking additional investors.

Ganther's 2010 plans also include a new Illinois senior living facility and an addition to a Sheboygan senior living facility, and the lounge at the Grand Opera House in Oshkosh.

"I think we will have a very good year, but we had to rightsize our company to do it, and we've had to be

flexible in the geography we're in to do it," says Ganther.

"Our backlog is OK," says Anderson. "Unless things really turn around, we're not going to set the world on fire."

Ellis Stone is slated to build two Stevens Point-area grocery stores and

plumbing updates for several UW-Stevens Point buildings.

"We're looking very positively right now," says Uhlenbrauck. "We have a very strong backlog, so we have gotten a few projects we have been working on and a lot of projects we're looking at." **>>**

One Miron project is the Salvation Army Ray and Joan Kroc Corps Community Center in Green Bay, funded in part by a donation from Joan Kroc, widow of McDonald's Restaurants founder Ray Kroc. The center should be completed this spring.

Another project is St. Norbert's Donald J. Schneider Stadium, which will be the home of the Green Knights' football, soccer and track and field teams. Miron is also building a new residence hall at UW-Stevens Point.

Miron expects to complete work on Plexus Corp.'s headquarters by June. Miron is also working on an expansion of the Menominee Casino in Keshena.

"We had a great December as far as sales go, which creates a good backlog from the start," says Bickert. "I think that 2010 will be more challenging in commercial construction than 2009. If the stock market is the economic engine that pushes us out of the recession, commercial construction is really the tail."

"The key to our success is to convert those opportunities into real projects," says Schwei. "A lot of that will depend on financing for our projects."

DEPENDENT ON FINANCING

What happens to credit in commercial real estate will have a large impact on what gets built this coming year.

"The biggest issue is credit," says Ganther. "People are having a hard time financing, and where they are getting financing they're having to put a lot more equity into the deal."

"We're carrying a strong backlog in 2010," says Schwei. "If the banks cooperate with our clients we're going to have a great year."

"We see light at the end of the tunnel," says Uhlenbrauck. "There seems to be activity and talk out in the marketplace about projects that may have been put on hold before."

"I think a lot of businesses have made necessary adjustments to their business, and that's reflected in confidence," says DeLeers. "I think it's gotten to the point where good businesses have made the necessary adjustments for this marketplace." **M**