



The Tool Box

Serving the Electrical, HVAC & Plumbing Industries Since 1912

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Talk 'Market Power' With Legislators

A frequent complaint among subcontractor advocates is that legislators "simply do not understand how the construction industry work." One of the jobs of an advocate for construction subcontractors, then, is to educate legislators and others about the industry and how legislation would rectify the problems subcontractors encounter. One concept that legislators often miss is "market power" and how it relates to subcontractors. Legislators who understand this concept will be more sympathetic to subcontractors. Legislators who understand this concept will be more sympathetic to subcontractor causes, but educating legislators about this concept requires knowing some economic theory.

"Market power" can be described as the power to dictate contract terms, including payment, retainage, hold harmless and insurance terms. A business with a "monopoly" has market power because it is the only source of a product, and no substitutes for the product are readily available. A "monopsony," on the other hand, is the mirror image of a single buyer. A business with a monopsony ("a monopsonist") has market power because it is the sole buyer of a product available through multiple sellers.

A prime contractor on a construction project may be fairly described as a monopsonist with the market power that accompanies this position. Once the prime contract is awarded, the prime contractor becomes the single buyer of subcontract work for that project. Since each bid is necessarily unique to the parameters of a particular project, the "relevant market" for the work proposed in any particular bid will be a single project. A subcontractor cannot simply bid the same work with a different prime contractor if it pleases.

In addition, geography and other important factors limit the "relevant market" for a subcontractor's services. For example, other opportunities to bid similar work may be located too far away for the subcontractor to offer its services. The limited number of potential buyers enhances the monopsony power of the few prime contractors available to purchase any particular subcontractor's services.

Besides considerations of monopsony, prime contractors have other levers of economic power to dictate terms. The power to share the details of a subcontractor's bid with other subcontractors is an example. The subcontractor can accept the terms offered by its prospective client, or not. The risk of not accepting the terms is that the client will share details of the subcontractor's means and methods for a particular job with its competitors. In this case, its competitors can "free-ride" rather than investing the work to prepare their own bids properly while the subcontractor bears a "sunk," i.e., unrecoverable, cost. The pressure can force the subcontractor to accept term that it wouldn't accept otherwise.

After the contract is signed, "switching costs" lock the parties into a relationship economists know as a "bilateral monopoly" (it could just as logically be called a "bilateral monopsony" because one of the parties is a buyer). In this situation, each party has power over the other, but their power is not necessarily equal.

Prime contractors often can dictate terms before the contract is signed that are designed to undermine the bilateral monopoly power of the subcontractor after the ink has dried on the contract. For example, the subcontractor may be locked into change order procedures and fixed unit prices that limit its power to recover costs from the prime contractor. The prime contractor may, for example, retain its own power to backcharge the subcontractor or to switch to another subcontractor altogether. Perhaps the most extreme example of a bilateral (Continued on Page 4)

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WINTER RETREAT

MARCH 10-13, 2005

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**Mechanical Member:
Self's Heating & Air Conditioning, Inc.**

Self's Heating & Air Conditioning, Inc. is a mechanical contracting firm based in Camden, South Carolina. They have provided quality installations and reliable service to their customers since April 1969.

Through the years, they have taken pride in a wide range of installations for industry, commercial, government, health care and residential projects.

They have the technology and expertise to maintain quality projects. They also provide design build.

Self's Heating and Air Conditioning, Inc. is currently licensed for heating, air conditioning and ventilation in Georgia, North Carolina and South Carolina.

*We at Self's Heating and Air Conditioning, Inc.,
are pleased to offer our services to you!*

***Self's Heating & Air Conditioning, Inc.
PO Box 686, 149 Hunting Inc. Road, Camden, SC
Phone: (803) 432-8519 Fax: (803) 432-3845***



MARCH BIRTHDAYS

Jeff Hunter	March 1	S & S Insulation	
Montez Self	March 1	Self's Heating & A/C, Inc.	Wife of Bill
Reta Higgins	March 6	Self's Heating & A/C, Inc.	Wife of Freddie
Terry Wilhelm	March 6	S & S Insulation	
Charles Hipp, III	March 7	C R Hipp Construction, Inc.	
Harvey Coleman	March 7	Walker White, Inc.	
Robbie Stephens	March 7	Temporary Services, Inc.	
Tami Jacques	March 9	HAJOCA Corp.	Wife of Bob Jacques
David Bishop	March 11	Waldrop Heating & A/C, Inc.	
Charley Hipp	March 14	Hipp Properties	
Scott Graham	March 15	Thompson Grand Rental	
Pat Grady	March 16	East Coast Metal Dist., Cola	
Jimmy Champion	March 16	Waldrop Heating & Air Conditioning	
Laurie Wood	March 20	Nash & Powers Insurance	Wife of Kevin
Guy Rogers	March 22	East Coast Metal Distributors	
Suzanne West	March 22	S & S Insulation	Wife of Lee West
Bob White	March 22	Walker White	
Wink Major	March 23	Honorary Life Member	
Russell Lamb	March 30	Past MCASC State President	
Jennifer Jordan	March 31	Jerry's Plumbing, LLC	Daughter of Jerry/Jayne
Julie Clark	March 31	RepSouth	Wife of Mitch

Happy Birthday!!

HAPPY BIRTHDAY MEMBERS! WE WOULD LIKE TO ANNOUNCE YOURS!

PLEASE CALL THE BIRTHDAY HOTLINE AT (803) 772-7834 OR EMAIL TO mflowers@mcasc.com

PROJECTS FOR BID & BID FORECAST

MECHANICAL CONTRACTORS ASSOCIATION OF SOUTH CAROLINA
 P.O. Box 384, Columbia, South Carolina 29202 · 1504 Morninghill Drive, Columbia, South Carolina 29210
 PHONE (803)772-7834 · FAX (803)731-0390 · E-MAIL: mflowers@mcasc.com WEBSITE: www.mcasc.com

JOBS TO BE BID THROUGH THE MCASC BID PROCEDURE.
 ALL MECHANICAL CONTRACTORS WHO ARE NOT MEMBERS OF THIS ASSOCIATION BIDDING ON THESE ADVERTISED JOBS ARE
 INVITED AND URGED TO UTILIZE THE MCASC BID PROCEDURE PUBLISHED HEREIN.
 INFORMATION PUBLISHED BY THE MECHANICAL CONTRACTORS ASSOCIATION OF SOUTH CAROLINA

NOTES:

1. ALL JOBS LISTED WITHOUT REFERENCE TO THE MCASC FOUR-HOUR DESIGNATION ARE EITHER ZERO OR TWO-HOUR BID JOBS.
2. ALL ASPECTS OF THE MCASC FOUR-HOUR BID PLAN APPLY TO JOBS DESIGNATED AS EITHER ZERO OR TWO-HOUR JOBS WITH THE EXCEPTION OF TIME & BID PROCEDURE OFFICE/SIGNATORY GENERAL CONTRACTOR INTERFACING.

*MCASC BID PROCEDURE SIGNATORY GC'S INDICATED WITH "O"

PIEDMONT AREA

CHAIRMAN DESIGNATING COMMITTEE
 DAVID BISHOP
 TEL: (864) 578-7252 FAX: 578-341

1. BOILING SPRINGS (Spartanburg Co.) Re-Adv. New 6th Grade Sch., Spartanburg Co. Sch. Dist. 2, Owner. McGarity Gilmore Forrester Arch.,
 March 31 BIDS DUE MCASC: 3:00 PM GENRL OPEN: 3:00 PM
 Bidders Include:
 o Contract Construction, Inc., Ballentine
 China Construction America, Inc., Columbia
 DeVere Construction Company, Inc., Alpena, MI
 Beam Construction Co., Inc.
 Melloul-Blamey Construction, Ltd., Greenville
 Martin Engineering, Inc., White Rock

MIDLANDS AREA

CHAIRMAN DESIGNATING COMMITTEE

NO JOBS LISTED

PEE DEE AREA

CHAIRMAN DESIGN. COMMITTEE	PAUL PREVATTE	JIMMY LEE
WILLIAM L. SELF	G'TOWN, HORRY & MARION	FLO, DAR, DIL, C'FLD & M'BORO
TEL: (803) 432-8519 FAX: 432-3845	TEL: (843) 272-4915 FAX: 272-6071	TEL: (843) 669-8243 FAX: 673-0826

NO JOBS LISTED

COASTAL AREA

CHAIRMAN DESIGNATING COMMITTEE
 RON RUNYON
 TEL: (843) 556-5636 FAX: 763-3091

NO JOBS LISTED

GET YOUR CALENDARS OUT AND MARK IT FOR THE 14th ANNUAL
SWATTER—SNAGGER—SHAGGER
GOLF AND FISHING SCHOLARSHIP TOURNAMENT
JUNE 3, 4, 5, 2005
 (see details and registrations on Pages 5 & 6)

WELCOME NEW MEMBERS

BARTSCH ELECTRIC, INC. — PETER BARTSCH - SPARTANBURG
 COLONIAL SUPPLEMENTAL INSURANCE - ELLY FARLEY — KENNESAW, GA
 ECK SUPPLY CO. — CHARLIE SMITH — N. CHARLESTON
 FIRST CAROLINA FINANCIAL SERVICES, LLC — JOYCE McDONALD — COLUMBIA
 JOHNSON CONTROLS, INC. - MIKE PITTS - GREENVILLE
 LOVE CHEVROLET — JOHN MYRICK — WEST COLUMBIA
 NASH & POWERS INSURANCE — KEVIN WOOD—GREER

WEEK OF MARCH, 2005 –MARCH, 2005

DAY	JOB NO.	4/HR	LOCATION	NAME	BID DATE	TIME
Thursday	1-4079		Boiling Springs	Re-Adv. New 6th Grade Sch.	03/31/05	3:00 PM

Unitherm, Inc.

Employment Opportunity
Project Manager

Unitherm, Inc. is a highly successful Insulation Contractor with branch operations located from Virginia to Florida. We are a Commercial, Industrial, Power & Process and Cold Storage insulation contractor providing service to contractors and owners. We offer competitive salaries and above average benefits including Health, Dental, LTD, Profit Sharing, and a unique employee stock option ownership plan.

We have an immediate opportunity for an Estimator/Project Manager in Columbia, SC. Qualified candidates will have five years or more of experience. This experience must include exposure to major industrial, utility, and/or contracting accounts.

The successful candidate will:

- ◆ Be highly results oriented.
- ◆ Possess excellent verbal and written communication skills.
- ◆ Have the ability to work well with others.
- ◆ Be self-motivated.
- ◆ Project a positive and professional image.
- ◆ Be comfortable in a culture that demands a high level of integrity, honesty, open communications, and a commitment to success.
- ◆ Be computer literate.

Compensation includes base salary and generous bonus plans. A company car is provided and expenses are reimbursed.

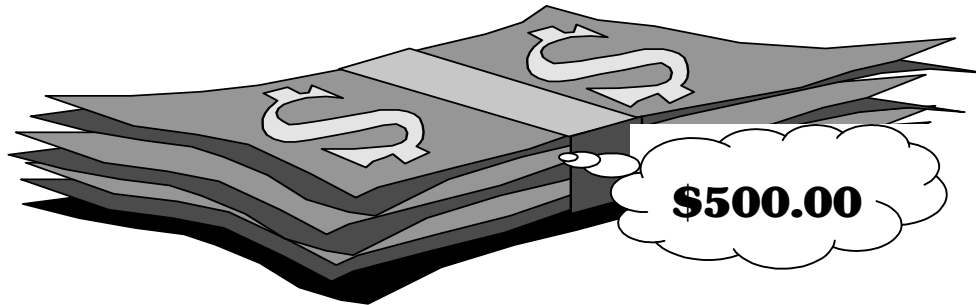
Send resume to Scott Miner—6904 N. Main Street, Suite 106, Columbia, SC 29203 or rsminer@unitherm1.com

“Tool Box Talks” Safety Tips

Do you use “*Tool Box Talks*” to record your OSHA Training Onsite? Are you paying for them? Would you like to save money and get them FREE in both English and Spanish? If so, go to <http://www.toolboxtopics.com/Construction/index.htm>. As you look thru this site, you will find much more information that will be beneficial to your company’s safety program.

This Helpful Safety Tip has been provided by Mel Rosas with Reliable Safety Solutions.
<http://www.ReliableSS.com>

How would you like to win



IF SO, THEN MARK YOUR CALENDARS FOR THE...

14th Annual
MCASC Scholarship Tournament
Swatter-Snagger-Shagger Weekend
June 3, 4, 5 2005 - Santee - Ramada Inn

AGENDA

FRIDAY:

Check In - Ramada Inn	10:00AM* - UNTIL	*Provided room is ready
GOLF: SANTEE NATIONAL (Play Your Own Ball)	11:00 AM - Tee Times Begin (Tee Times To Be Published)	
Hospitality Suite	4:00PM - MIDNIGHT	Room 124
Poker	IT'S YOUR DEAL	Room 220
Prime Rib Dinner	7:00PM	Hotel Pool Side

SATURDAY:

Buffet Breakfast	6:00AM - 9:00AM	Garden Dining Room
FISHING: BILLUPS LANDING	5:30AM - UNTIL	
GOLF: SANTEE-COOPER COUNTRY CLUB	10:00AM - SHOTGUN START	Captain's Choice Format
Hospitality Suite	4:00PM - MIDNIGHT	Room 124
Poker	IT'S YOUR DEAL	Room 220
Swatter-Snagger Awards & Door Prizes	6:00PM	Hotel Pool Side
Seafood Dinner	6:30PM	Hotel Pool Side
Shagging	After Dinner	L T's

SUNDAY:

Buffet Breakfast	6:00AM - 9:00AM	Garden Dining Room
Check Out - Ramada Inn	12:00 NOON	

\$500- Hole-In-One Contest

\$500 will be awarded for each hole-in-one made on Hole #8 (150 yds).

\$500 Angler Contest

\$500 will be awarded to the angler that captures the largest fish (weighed in ounces)
IF their lucky number matches the winning number.



**14th Annual
MCASC Scholarship Tournament
Swatter-Snagger-Shagger Weekend
June 3, 4, 5 2005
Santee - Ramada Inn**



REGISTRATION FORM AND INFORMATION

COST:

Swatter/Snagger - \$225.00/person (double occupancy)

Non-Sportster - \$150.00/person (double occupancy)

NOTES:

- Any singles add \$45.00
- Lounge cover charge waived with room key
- If you choose to go down on Thursday, there will be an additional room cost of \$55.00
 - Please indicate below so we can make the necessary accommodations

Hole Sponsor - \$125.00

Boat Sponsor - \$125.00

****Make checks payable to: MCASC Scholarship Fund****

REGISTRATION DEADLINE: MAY 6, 2005

Below, indicate activities with a ✓ mark

Complete registration form and fax to MCASC at (803) 731-0390

NAME:	HCP	HOTEL THURS.	GOLF FRI.	GOLF SAT.	FISH SAT.	NO SPORT	SPONSOR
1.							
2.							
3.							
4.							

IMPORTANT NOTE: FRIDAY & SATURDAY, Pre-arranged foursomes will be accepted both days provided you have contacted the MCASC State Office & submitted your team by no later than May 6, 2005. If you do not pre-arrange your foursome, & would like to play with a particular individual, please note on form. Otherwise, the Golf Committee will assign teams.

**Associate Member:
Noland Company—Florence**

Noland Company is a wholesale distributor of plumbing, HVAC, water systems, electrical, and industrial equipment and supplies. The 90-year-old firm supplies thousands of plumbers, heating and cooling contractors, mechanical contractors, builders, industrial plants, water-well drillers and others, from 100 branches in 13 states, including our branch in Florence, South Carolina.

Noland – Florence serves customers in the surrounding areas of Florence, Myrtle Beach, Southeastern North Carolina and Pee Dee with plumbing, HVAC and water systems products, supplies and equipment.

The range of products available from Noland represents more than 2,000 vendors, including American Standard, Charlotte Pipe, Delta, Goulds Pumps, and Ruud just to name a few. Noland Company strives to make every transaction complete and hassle-free. Customers can visit via www.noland.com to access inventory, check pricing and place orders using Noland's on-line catalog, and Internet-based business-to-business service.

Noland Company
413 North Irby Street, Florence SC 29501
Phone: (843) 662-5216 Fax: (843) 662-7919

Congratulations to our next Associate & Mechanical Members who will be highlighted in the upcoming issue of "The Tool Box":
City Plumbing Co. of Florence — Florence
Epting Distributors — Lexington

MARCH/APRIL 2005 MONTHLY AREA MEETINGS

PIEDMONT AREA

Tuesday, March 8, 2005 @ 6:00 PM
Location: 720 Mauldin Road, Greenville
Sponsored By: G-M Mechanical - ASHRAE Joint Meeting

Topic: Frank Wilson, Building Codes Inspector with Inspections Div. of City of Spartanburg to speak on "Code Changes for 2003-Mechanical Code"

PEE DEE AREA

Thursday, March 17, 2005 @ 6:30 PM
Location: 1507 Tinkertown Avenue, Conway
Sponsored By: Epting Distributors

Topic: Lee Abernethy of Epting Distributors to present a program on "Equipment Needed to Introduce Outside Air Into Buildings"

COASTAL AREA

Tuesday, March 22, 2005 @ 6:00 PM
Location: 4989 Dorchester Road, N Charleston
Sponsored By: C. R. Hipp Construction

Topic: Dan Brailsford, Attorney with Robinson McFadden, to present a program on "2004 in Review: Important Legal Developments Affecting Construction"

MIDLANDS AREA

Thursday, April 7, 2005 @ 4:30 PM
Location: MCASC State Office, 1504 Morninghill Drive
Sponsored By: Robinson McFadden Law Firm

Topic: Dan Brailsford & Chuck McDonald, Robinson McFadden & MCASC Legal Counsels, to Present a 3 Segment Workshop on Recent Trends & Developments in Construction Law Affecting Mechanical Contractors



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www.mcasc.com

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Talk ‘Market Power’ with Legislators (Continued from Page 1)

monopoly is an insurance “wrap-up,” such as an OCIP or CCIP (owner-or contractor-controlled insurance program). The subcontractor is “locked in,” but isn’t told what the cost will be until after the project is over! The subcontractor may be forced to bargain away all of its contemplated profits as a cheaper alternative to challenging the administration of the wrap-up.

An understanding of the economic theories of monopsony and market power can provide powerful support for a pro-subcontractor legislative agenda. Issues like payment terms, retainage terms, hold harmless terms and insurance terms can all be described using economic models that favor legislative intervention to protect construction subcontractors.

Re-Printed with Permission from Linda Burkett-ASA Newsline Articles at a Glance: January 2005 (Vol. II, No. 8)

SYMPATHY

MCASC would like to extend sympathy to the following families:

Jean Abernathy, Kingsport, Tn., mother of Steve Abernathy, Piedmont Natural Gas, G’ville
Andy Coleman, son of Margaret Ward Heilman, Carolina Insulation Contractors, Florence
Sam Williams, Sr., Gateway Supply, Columbia
William “Bill” Warren Bridwell, Greenville Mechanical, Greenville
Howard Ralph Miller, Sr., brother of Richard Miller, Sr., City Plumbing Co. of Florence
William D. Barry, brother of Janet Barry, City Plumbing Co. of Florence

CONCERNS

MCASC would like to extend thoughts and prayers to the following families:

Harvey Coleman, Past State Associate President, Chapin
Bob Townsend, Past State President, Charleston
Taylor Armstrong, Grandson of Katrina & Jimmy Shealy, Shealy & Sons Elec., W. Cola.
Richard Miller, Sr., City Plumbing Co. of Florence, Florence
Mildred George, mother of Robbie Stephens, Temporary Services, Spartanburg