



Kaiser construction

General contracting and consulting

• Building your ideas •

NEWSLETTER

985 Stone Hill Road
Denver, PA 17517

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www.KaiserBuilds.com

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First Quarter 2010



jobs when they run out of money and the project comes to a screeching halt. What this can then result in is change orders and hidden costs being pulled out of the owner in order to save the job. Kaiser Construction on the other hand will present to you a complete turn key job with no planned change orders or hidden costs.

This construction world conundrum has created a very unique opportunity for anyone looking to build, add onto, or remodel anything right now. In short, construction is on sale. As the old saying goes, "Buy Low, Sell High", right now when most are scared to spend money and build, is the opportunity to build for prices we have not seen in many years. In addition to very low labor and materials costs, interest rates are the lowest they have been in decades. For the discerning consumer of construction services, right now could very well be the moment to bring your building out of the ground for less money than you ever thought possible. Want to get started? Call Kaiser Construction, we will show you how. Remember that Low Prices + Available Labor + Low Lending Rates = Build Now!

Construction is On Sale!

By Josh Malizzi

During the past couple years the construction industry has been going through some major changes. Decreased demand and increased supply of building materials have been driving down prices. A decreasing supply of projects has been letting the American construction work force get hungry and competitive. Increases in the number of available workers have been driving down labor costs with people willing to work for labor rates they never would have before.

Business owners are sacrificing labor and material markups just to get work or to

get an opportunity to bid on work. Today when contractors in the United States are submitting competitive bids they are all finding similar situations: ten, twenty, even thirty competing companies are also submitting bids. This is unusual considering four and five years ago many contractors did not even have to bid to get work, only shake a hand.



This does not mean owners should take the absolute lowest bid. Unfortunately, many times project owners are taking the lowest bid even though this bid may be 10% to 20%+ below the majority of bids. This can spell trouble for project owners that fall into this trap, because many contractors are taking on jobs for cost and BELOW cost just to keep their companies rolling and to not lay off their work force. When this happens, contractors can end up partially completing

Changes

By Josh Malizzi

Just as 2009 was a year of change for many of you, it was a year of change for us as well. In the last quarter of 2009, David Leinbach, owner of Kaiser Construction,



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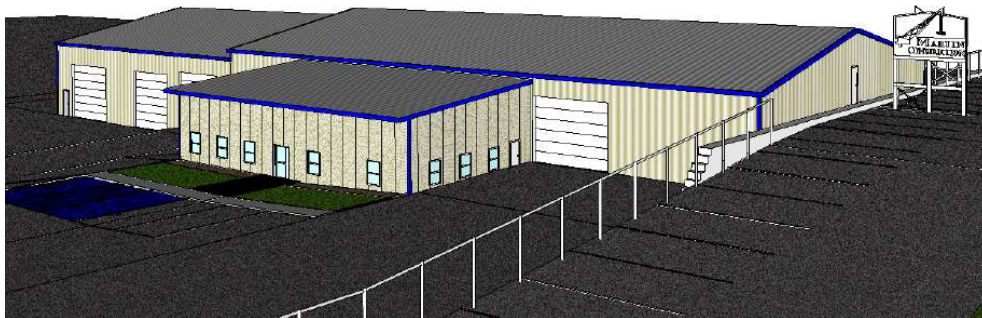
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began making plans to purchase a local existing construction company. As of January 2010, David Leinbach bought Denver, PA based Martin Construction. In early January, Kaiser moved from its location in Douglassville on Old Swede Road to a new location in the same facility as Martin Construction in Denver. Please note that Kaiser Construction's new address is 985 Stone Hill Road, Denver, PA 17517.

as Ezra Martin who originally founded Martin Construction back in 1979. Barry Zepp is now Vice President of Operations and construction manager. Ezra Martin is currently working in estimating and bidding of new work as well as construction management. Martin Construction will be retaining many of its existing employees as we move forward. ~

determine what we can do to create new sustainable practices, principles, and ultimately business based on the right now.

We have accepted that unfortunately the "sit back and watch the work roll in" days are long gone and as far as we are concerned are not coming back. It is now time to get aggressive, get smart, and plan wisely.

David Leinbach and the Kaiser Construction team are focused, serious, and ready to work. We will be re-focusing our efforts on some key sectors but staying with the types of projects we are good at. We are focused on building relationships, planning smart, being ready to adapt and change, and working as efficiently as possible. To continue through 2010 and make it out the other side will again be tough, but if you also want to survive, you will need to be smart, efficient, and make the hard decisions. Unfortunately this economic depression is showing us all how only the strong and smart businesses will survive. ~



Both companies will continue to operate independently; with separate crews, trucks, and equipment. This dual ownership by David will create opportunity and options for both companies. This will prove to be a great competitive advantage for Martin and Kaiser. For anyone that is not aware, Martin Construction has specialized in metal building construction and cold storage construction as well as other types of commercial structures for years. Martin Construction also has experience in construction of buildings such as car dealerships, churches, manufacturing facilities, airport hangars, grocery stores, and more.

Barry Zepp, the previous owner of Martin Construction, is still on staff as well

Looking Forward

By Josh Malizzi

It is no secret that the construction industry has been extremely hard hit in this depression. An approximately 22% unemployment rate for the construction industry is a clear indicator of this. For many of us, the year 2008 was hard, 2009 was harder, and so far it looks like 2010 will continue to be difficult with the hope of an upturn toward the end of the year. Isn't that comforting coming from the experts? This is hardly anything to bank on. We at Kaiser feel that instead of focusing on years gone by and how volumes are not what they once were, we need to consider the current conditions to be the "new normal" and

**2010, 2011
2012, 2013....**

Building Signage

By Joseph Turnowchyk, AIA, NCARB,
LEED AP

I'm sure you've traveled somewhere and seen a building and wondered what its use was. Our eyes are constantly bombarded with a potpourri of building types in which



***"Planning is bringing
the future into the
present so that you can
do something about it
now."***

- Alan Lakein

**We can help you build and
GIVE BACK!!**

**Ask us about our "Give 1%
Back" Program to some favorite
local organizations.**



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misinterpretation of buildings and their important characteristics and each development is filled with an array of signage that tells us how to find our way around.

A building should be designed so that it's outward appearance; be it colonial or modern; tells us what the

sign- do that, don't do that can't you read the sign?. I was at the World's Fair in Knoxville; Tennessee years ago where there was a monumental set of stairs surrounding a large, shallow water fountain. Signs were placed on all sides reading 'Stay Out'; this is the epitome of access signage at its best.

Look at any college campus and you will see the macadam paths leading to the classrooms and dorms; and then look at the shortcut paths that the students are actually using to get there; another good example of access signage versus human response. Design the building; the spaces; the paths to be understandable at the start and the signage should be the icing on the cake; not the cake.

The signage should find a place on the building in the design process as a continuation of the building. This does not have to be a complicated idea; just some forethought on the process of what the building is portraying. Once in the building the next levels of communication are the portals to the use or uses.

I found myself in a large mixed-use medical facility where I needed to find the Physical Therapy department; the grand hallway of the building was elaborate and the individual office entrances were single user doors. Each one held a separate function but they all looked the same. The MRI; Janitor; Orthopedic Surgeon; Physical Therapy; Boiler Room all had the same entrances; some doors had signs, others had letters written on them. It looked like a

we have no idea what they are. Until we see the sign; Oh, yes; it's a hospital; or a school or a dormitory or an apartment building; then we know. The sign fills in the information gap for us and tells us where to go. In my opinion; that should not happen with good building design.

If I mention the 'White House' or the 'Pyramids' you get an instant snapshot of recollection in your eyes of those famous built forms. You know what they are used for and you understand their meaning. For many buildings in the world this is not the case. As development prospers so does the

building is; a church; a medical facility; a hotel; a restaurant; etc. The initial design should implant to the user an image that portrays its function.

After that, the building should address the entrance. It should be designed for the Fed-Ex truck showing up for the first time; he doesn't have a lot of time to waste and wonder where to go; he is looking for the front door. As strange as this may sound many larger buildings can actually have their functions camouflaged behind facade designs that does not communicate and their main entrance may be too difficult to find. Hence the sign; nothing like taking a 25 million dollar building and putting up a 1,000 dollar sign to describe how to get in. We see this everyday in the United States.

We are all familiar with the old order residences and churches in Lancaster County that had two front doors; one for the men and one for the women. To the people using those buildings the symbolism of the two equal but separate doors portrayed exactly what they wanted in their building entrance. Even though it's exactly opposite of what most of the buildings need for user interpretation today. A clear conscious front door; and then once there, access into the spaces.

Not all of you may remember the song from the 70's; 'Sign, sign, everywhere



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corridor to infinity when you stood at one end; not to mention there were four of them coming together all streaming to the cardinal points of the universe. I just shook my head; I couldn't image a person already in pain showing up at that building and having to solve a jigsaw puzzle of orienteering to find their way.

All that building needed was a couple of portals to describe the major use functions. By that I mean a larger architectural identification element showing first by its size and then description that something of greater importance was happening down one or some of those corridors. The portals of a building need to direct you to things like the auditorium or cafeteria or gymnasium in a school. They need to show how to find the sanctuary or fellowship hall in a church. They need to show how to get to the operations office in a plant or a warehouse. Once they are established the building signage then gets you to the restrooms; the private office; the accounting department, etc.

The next time you think of where you work, shop or worship think about what images of that building are burnt into your subconscious. As a multi-cultural; self-thinking society we need building designs that portray and explain their use. Too often we settle for a sign instead of a building. ~

Joseph Turnowchik is a local architect and has operated his own firm in Lancaster County for 19 years. His experience includes all types of commercial design, in several different states and also outside the

U.S. His philosophy of design is 'Practical Thinking – Quality Solutions'; current work includes solar design and sustainable design projects. He has received several local design awards and has competed in several design competitions.

Message from the President

By David Leinbach

Over the past few years, Change has become quite the buzz word. Our current President was elected on the basis of "Change". The economy over the past 2-3 years has dramatically changed. This has caused many of us to change our buying habits, change our vacation plans and change our overall outlook on life.

Change can be positive or negative and this really depends on our outlook. The old cliché of viewing the glass as half-full or half-empty will and does affect yours and my outlook. By nature I am an optimist. While things may look bleak, I see the silver lining that IS the sun peaking around the clouds. Simply believing does NOT produce the good outcome. We must work and act to achieve the positive outcome we desire. Part of that solution is being willing to take the calculated risk and work double hard to reach our goals. Sitting around; worrying and complaining is a sure formula for failure. Hard work, action and a can-do attitude will eventually bring success. Does that mean we won't fail? NO, but failure will not stop us, it should spur us on to try again and work harder. Abraham Lincoln

failed several times before he achieved success.

It was with this attitude that I made the decision to purchase Martin Construction and position both Kaiser Construction and Martin Construction for success. The common ownership of two companies will increase efficiency in overhead costs resulting in better pricing; the increased workforce will result in more work done in-house for better control; by increasing the experience (Chris Leinbach 50+ years; Ezra Martin 35+ years; Barry Zepp 35+ years) will result in better solutions, service and overall excellence. Change has come and we at Kaiser and Martin Construction are using it to better serve both our current and future customers. We look forward to the challenges that lay ahead. Please give us a call and let us help YOU with your challenge and see if we can work together in "Building Your Ideas" and rest assured that "Integrity is Our Foundation". ~



Get the IRS to Subsidize Part of Your New Building

By Russ Wickrowski

Many who invest in a new building spend a great deal of time planning the





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building, choosing an architect, choosing the right builder, obtaining financing, and managing all the other headaches necessary to see the project through. After

the building is completed, the owner should be able to breathe a sigh of relief.

But, don't breathe that sigh of relief until you are certain that one last step is completed – making sure that you are getting the maximum amount of tax deductions on your investment. How can you be sure? Cost Segregation.

A cost segregation study is a technique where various costs of the purchase, construction, or renovation of a building are "segregated" into components that qualify for shorter depreciable lives and accelerated methods of depreciation. Generally, the cost of a commercial or residential building is depreciated for tax purposes utilizing the straight line method over a 39 and 27.5-year life, respectively. Thirty-nine years is a long time to wait to get all of the tax deductions for such a large investment.

The Internal Revenue Service has relaxed its rules allowing many costs to be identified and depreciated over a 5, 7, or 15-year life with accelerated methods of depreciation. Additionally, the IRS has established shorter lives for fixtures and equipment used in specific industries.

The cost segregation study is usually performed in the year that the building is



placed into service. However, a missed opportunity in the past can be corrected. The IRS has provided procedures to expeditiously change lives and methods of depreciation from past years for taxpayers that did not take advantage of the cost segregation approach. A cost segregation study answers "now" to the question: Do you want your tax deductions now or later?

A cost segregation study can identify costs that traditionally have been "buried" in the cost of a building. Often times, 20% to 40% of the investment in a building can be classified as personal property. More depreciation deductions now rather than later will reduce your taxes now. Kaiser Construction, a value-oriented construction company, will work in tandem with the individual performing the cost segregation study to provide cost data to ensure that the maximum tax deductions are available as soon as possible, not thirty-nine years later. Use those depreciation deductions from your new building to lower your upfront investment by an upfront reduction in taxes.~

Russ Wickrowski is the Partner-In-Charge, Tax Services at the Lancaster office of Reinsel Kuntz Leshner LLP, Accountants and Consultants. Russ can be contacted at 717.394.5666 or rwickrowski@klllp.com.

In Case You Didn't Know

Since 1984 Kaiser Construction has been working in four main sectors of construction: Equestrian, Institutional, Commercial, and Residential. We have been building new structures, adding onto existing structures, and completely renovating old ones. We are currently building our backlog of work for 2010 and



"Our business in life is not to get ahead of others, but to get ahead of ourselves—to break our own records, to outstrip our yesterday by our today."

- Stewart B. Johnson

would like to talk if you have any projects in mind for the future. No matter if you need a repair, addition, new building, or a



whole complex—just give us a call. We would love to talk about your needs. From small to large we can **Build Your Ideas**. ~

Current Projects:

- Community Baptist Church
- Bally Ribbon Mill
- Grace Independent Baptist Church
- Henson Residence
- West Goshen Township Building

Employee Corner:

We would like to thank all of the employees that have made Kaiser Construction successful through the years.

- Joe Ringler since October 1986
- Adam Chrapowicz since August 1997

Do you want to contribute an article?

Contact Josh at:
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