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JANUARY-FEBRUARY 2026



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California Construction in 2026: Navigating a Slower, Uneven Recovery

The state's construction industry faces another year of uneven growth, as impacts from tariffs, the overall economy, and labor availability pose formidable challenges for California and the nation in the year ahead.

BY MACRINA WILKINS, AGC OF AMERICA

A Year of Opportunity

Happy New Year to AGC of California members, partners, and industry colleagues. I am honored to serve as your 2026 President and look forward to working with you to strengthen our association and advance the future of construction in California.

Even as our market remains dynamic, we must recognize the mounting headwinds facing our industry. Labor shortages and volatile material costs, compounded by global trade uncertainties and shifting tariffs, are placing real pressure on margins and capacity. These challenges are intensified by the state budget deficit, which threatens public works funding, and by slow, complex permitting processes that delay critical housing and infrastructure.

To stay on schedule and on budget, we must reinforce our workforce, advocate for efficient, contractor-focused policies, and accelerate innovations that improve productivity.

Fortunately, California is at the center of a powerful wave of specialized investment that presents exceptional opportunities.

Federal infrastructure funding is driving a strong pipeline of transportation, water, and energy-resilience work, while the private sector is fueling rapid growth in AI data centers, advanced manufacturing, and clean-energy facilities. This shift favors members with specialized expertise and rewards those who embrace modernization — such as modular construction and AI-enabled project management — with meaningful advantages in productivity, safety, and delivery.

Our Priorities for the Year Ahead

As we enter 2026, AGC of California will focus on several priorities that address the challenges and opportunities shaping our industry.

- **Strengthening California's Workforce Pipeline:** Labor scarcity remains a serious threat to project delivery. We will expand Build California, deepen training

partnerships, grow apprenticeship pathways, and support mental health and safety to ensure a strong, prepared workforce.

- **Increasing Our Advocacy Strength:** With budget deficits, complex permitting, shifting tariffs, and material volatility, strong advocacy is essential. AGC will push for policies that streamline approvals, stabilize public works funding, reduce regulatory burdens, and ensure federal infrastructure dollars flow efficiently into California projects.
- **Accelerating Innovation:** The rise of AI, data centers, advanced manufacturing, and clean-energy infrastructure requires rapid modernization. We will champion tools and methods that enhance productivity, safety, and competitiveness.
- **Expanding Engagement & Access:** AGC's strength comes from an active, inclusive membership. We will broaden outreach to small and diverse businesses, expand leadership and mentoring opportunities, strengthen committee participation, support the AGC PAC, and more.

A Call to Engage

I encourage each of you to deepen your engagement with AGC this year, whether by attending events, supporting advocacy efforts, joining a committee, mentoring the next generation, or inviting a colleague to become a member. Our strength comes from the collective participation of contractors across California.

Together, we will continue building a strong, resilient, and inclusive industry — one that creates opportunity, drives innovation, and delivers the infrastructure our communities depend on. ☺



Ryan J. Aukerman
Ryan J. Aukerman,
President, AGC
of California



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3095 Beacon Boulevard
West Sacramento, CA 95691
(916) 371-2422
www.agc-ca.org

PUBLISHER AND ADVERTISING DIRECTOR
Al Rickard
Association Vision
(703) 402-9713
arickard@assocvision.com
www.associationvision.com

EDITOR
Carol A. Eaton
Eaton Communications
(707) 789-9520
carol@eatoncommunications.com

DESIGNER
THOR Design Studio
Washington D.C. | Austin
info@thor-studio.com
www.thor.design

CORRESPONDENCE
Address editorial and circulation correspondence to:
California_Constructor
AGC of California
3095 Beacon Blvd.,
West Sacramento, CA 95691
(916) 371-2422
or call Carol Eaton at
(707) 789-9520
or eatonc@comcast.net



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Despite the state's fiscal challenges, California's construction sector stands to play a stabilizing — and potentially revitalizing — role in the years ahead.

California Faces Challenging 2026-27 Budget Outlook

BY FELIPE FUENTES

California's next fiscal year is on track to be a tough one, according to an assessment issued by the state's Legislative Analyst's Office (LAO) in November 2025. The new fiscal year will start in July, but until then the state has the difficult task of filling an \$18 billion deficit.

Artificial intelligence (AI) generates much excitement regarding its potential for generating profit. The fervor surrounding AI development and its capacity for revenue generation drive California's economy higher each day, but the LAO remains skeptical about its sustainability.

Previous examples, like the dot-com boom, display both a meteoric rise and subsequent fall in the face of similar technologically exciting advances — even when those advances are revolutionary in the long term. The LAO is unsure if AI can avoid that same financial downfall. Compounding AI's potential unreliability is its role in the stock market's over-exuberance.

The Market's Impact

In the wake of AI's development, the stock market reached a new height, prompting suspicion that it may be

due for a crash. Today's market displays multiple signs of overheated stock: prices are historically high, more is borrowed by investors to buy stocks, and more households are investing than in the last 70 years. All of which have an impact on California's state budget.

Potentially insulating California in the case of an economic downturn is this year's revenue increase. The state estimates an additional \$11 billion in tax revenues than previously expected, but the mileage on it varies as that revenue cannot be used to reduce the deficit. That money will be used almost entirely to address constitutional requirements — primarily school and education funding guarantees such as Proposition 98 and Proposition 2.

The recently passed H.R. 1 (a.k.a. One Big Beautiful Bill), if unchanged, also poses budget challenges to the state coffers. Proposition 98's formulated payment goes to schools and community colleges, this year coming out to \$7 billion, representing most of the estimated revenue increase.

H.R. 1's repeal of Supplemental Nutritional Assistance Program (SNAP) and Medicaid federal funding causes California to make up for this shortfall

independently, costing the state an additional \$1.3 billion to continue funding CalFresh and MediCal.

In addition, Proposition 2 designates about \$3.4 billion to address reserve deposits and debt payments on school capital funding projects. In the wake of these requirements, the revenue increase is almost negligible in the aid it can provide the state's budget; the governor and lawmakers must find other funding sources to address this shortfall.

Tapping the State's Rainy Day Fund

The \$18 billion deficit must be covered somehow, and Californians must pay attention to where the state picks up the slack. So far, the plan of action takes billions of dollars from California's rainy-day fund, delays projects years down the road, and borrows money from other unexpected sources in the state's budget, weakening the state's budget reserves.

If no change is enacted, these financial problems will snowball over time. To echo LAO chief Gabe Patek in the Sacramento Bee: this shortfall is in the context of a healthy, even successful, economy. What will it look like if we enter a recession?

In truth, the state anticipated a deficit



this year, but the final loss is \$5 billion larger than expected, growing from an anticipated \$13 billion in June. Coupled with the fact that this is the third year running with a budget deficit, it is increasingly clear the state is spending more than it should be. The legislature has taken steps to create spending solutions to decrease spending, but perhaps more proactive solutions must be developed.

Looming Issues in the Future

Looking to the future, the LAO anticipates a fourth year of budget problems even in the wake of state revenue growth. If California cannot address its budgetary problems its economy will only become less prepared in the event of future downturns.

Despite the state's fiscal challenges, California's construction sector stands to play a stabilizing — and potentially revitalizing — role in the years ahead.

The fervor surrounding AI development and its capacity for revenue generation drive California's economy higher each day, but the LAO remains skeptical about its sustainability.

Infrastructure investment, energy transition projects, and housing development remain central to both state and federal priorities, even amid tightening budgets. The ongoing need to modernize transportation systems, expand clean-energy infrastructure, and deliver affordable housing ensures a steady pipeline of work that is less sensitive to short-term economic volatility.

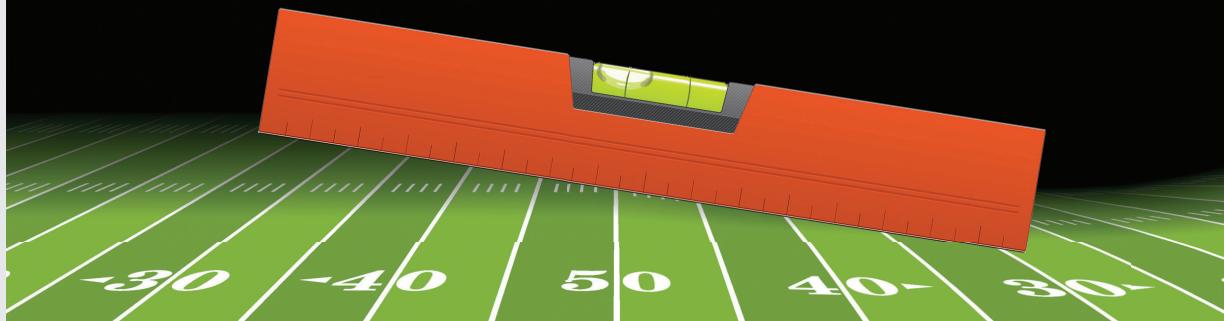
In short, while the state faces near-term fiscal constraints, California's long-term growth story still relies on building

— literally. Strategic investment, adaptive planning, and a focus on resilient infrastructure position the construction industry not only to endure the current budget headwinds, but to lead the state's next cycle of economic renewal. ☀



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Southern California Fire Cleanup Effort Unites Contractors, Showcases Strength of Construction Community

BY CAROL EATON



In the immediate aftermath of the January 2025 Eaton and Palisades wildfires that devastated communities across Southern California, the agencies charged with coordinating the emergency response as well as the contractors they enlisted to manage and deliver the cleanup effort knew it couldn't just be business as usual.

The fires' toll was staggering and would require a response to match — one that focused on speed, efficiency, effective delivery, cross-company teamwork, and safety. More than 16,000 structures had been destroyed, displacing thousands. At least 28 people lost their lives. Whole neighborhoods were wiped out. And the toxic soup of lead, asbestos, heavy metals, and other hazardous chemicals

left behind would require a monumental effort to clean up before any rebuilding could begin.

The Army Corps of Engineers (USACE), working in lockstep with the Federal Emergency Management Agency and other federal, state, and local agencies, quickly set in motion a response that met the moment. Involving over 100 contractors and subcontractors and more than 4,000 construction workers at peak construction, this effort showcased the strength of California's construction industry and what can be accomplished by working together towards a common good.

The Eaton and Palisades fires emergency cleanup response would ultimately be the largest wildfire debris mission

in the history of USACE as well as the fastest such mission in the agency's history. Nearly 10,000 fire-damaged structures were cleared. Asbestos abatement was performed on over 5,700 structures, and some 2.6 million tons of debris were hauled away from private and public properties.

The emergency work was completed in approximately six months, from February to August of 2025 — a fraction of the time originally estimated.

Leadership Drives Success, Removes Roadblocks

USACE initiated the emergency cleanup response just days after the January 7, 2025 wildfires ripped through Los Angeles County communities. It called in ECC, an



AGC of California member contractor, to serve as the primary contractor for the debris removal mission. ECC had already been preselected for the on-call emergency contract under the USACE Advanced Contracting Initiative, which is designed to get contracting teams on site quickly following natural disasters.

Matthew Long, program manager for ECC, said the company's recent experience leading cleanup efforts for the 2023 Maui wildfire, 2018 Paradise Fire, and 2017 Tubbs Fire in Northern California, among others, made them well-equipped to lead this project.

"We have a really good core group of people here at ECC that support this type of work, which requires you to mobilize within 48 hours," said Long, who has



Above, the first property cleared from the Eaton Fire. At left, an aerial view as crews huddle onsite within the Palisades Fire zone. Images courtesy ECC.

been with ECC for 20 years and part of the company's disaster response program since 2017. He credits project leadership at the highest level with driving the success of this mission.

"It started from the top," he said. "FEMA, the Corps of Engineers, Cal OES, and Cal Recycle — they were all committed to working together, and I think that flowed down throughout the whole team."

To expedite the Eaton and Palisade fires emergency cleanup and move homeowners along the path to rebuilding as quickly as possible, these leaders knew they needed to remove roadblocks and some of the regulatory red tape that can slow down construction projects in California. Among the many steps taken to streamline the process, the team set up temporary debris sites in the work zone, which improved efficiency and reduced the number of trucks on the road. They also expanded throughput capacity at one of the nearby landfills by adding an additional scale.

Mobilizing a Massive Workforce

From the moment that ECC was brought on the project they began working to quickly engage the many contractors and subcontractors that would be needed to perform the vast work scope in as expedited a fashion as possible.

At peak construction, thousands of crews were onsite working seven days a week, 12 hours a day clearing contaminated materials and hauling infill from sites that formerly housed schools, apartment buildings, water towers and other infrastructure, and thousands of private homes.

Mobilizing and managing the movement of trucks and massive amounts of equipment was a monumental logistical challenge that was aided by fleet tracking technology and other strategies, according to Long.

"Technology played a critical role," he said. "We used multiple different databases to track everything. Every truck was scanned at its origins and at its ultimate disposal, so we knew exactly how many



Before-and-after photos show the cleanup of a school site that was devastated by the Los Angeles County fires.
Photos by USACE public affairs specialist Travis England

tons of debris each one carried."

Setting up temporary debris sites in the area "helped us maximize the efficiency of our trucking and reduce the number of trucks on the road," Long said. "That was really helpful, because LA traffic is no joke." This approach not only increased efficiency but also reduced the project's environmental footprint and impact to the community.

The project utilized drones in hard-to-access areas such as in the hilly Palisades area and the Eaton foothills and also deployed a Blackhawk helicopter to fly debris from some remote cabins in Altadena that were only accessible via a hiking trail.

Safety Takes Top Priority

As with any emergency cleanup operation and particularly those that involve contaminated wildfire cleanup zones such as on this project, the challenges and risks to workers is heightened. Keeping workers and the public safe was always the preeminent goal, according to Long.

Every day on site began with safety tailgate meetings, and up to date safety information and alerts were continually distributed to onsite contractors. Crews were required to complete specified safety training prior to working on the job.

At one point project management held a safety standdown for the truck drivers at the landfill site, where onsite leaders from ECC and USACE distributed burritos to every driver and went through a short safety briefing with them.

"The drivers were a huge part of the job, and of course trucking was one of the biggest risks, so that was a way to personally connect with them," Long commented. "We even had colonels from the Army Corps out there handing out burritos and talking to the truck drivers, which I think showed the commitment from the top to the success of this program."

Those efforts all paid off, and the project completed with a strong safety record. Among those metrics: with 3.7 million total exposure hours upon the project's

completion, the total recordable incident rate was 0.59 (compared to an industry average of 4.5, per BLS statistics) and the lost workday rate was 0.23, compared to the BLS reported industry average of 2.0.

AGC of California Companies Play Key Role in Cleanup

Bayview, Griffith Company, Sully-Miller, and Kiewit were just a few of the AGC of California member contractors who were involved in the emergency cleanup work in the Eaton and Palisades burn zones.

As one of the first contractors brought on the jobsite, Bayview performed critical asbestos cleanup and remediation work prior to the general debris removal stage. To execute some of their work around challenging, hilly topography, they had to specially train some of their crews to rappel down steep hillsides in five-point harness seats, equipped with respirators.

"They were picking up debris that had fallen down from a large apartment complex that burned down," said Austin Viramontes, Bayview president. "So the



“You weren’t just bringing home a paycheck; you were helping people. I think that made everybody work a little harder and maybe take a little more pride in what they were doing. That’s a huge motivator.”

– Travis Clausen, Sully-Miller Contracting Co.



The Altadena Golf Course in Los Angeles County was set up as the Eaton Fire’s Temporary Debris Staging and Reduction site, part of the coordinated federal and local effort for debris removal and property cleanup. Image courtesy ECC.

speed of not just getting the crews we needed, but quickly finding the people that met all the requirements for this physically taxing work was challenging. And because of all the contaminants out there, anybody working on this site had to have 40-hour hazwoper training.”

Common Purpose

Viramontes noted that despite the challenging nature of the work, contractors working side by side on adjacent job-sites who normally are arch competitors

helped each other out and maintained a collaborative atmosphere.

“There were times when there were requests for our labor force to show other people how to do things or what our processes were, since we were one of the first contractors out there,” Viramontes noted. “Normally that’s not something you would do with your competition, but in this situation we did. There was really a feeling of community and shared common purpose.”

Travis Clausen, regional construction

PROJECT AT A GLANCE

Eaton & Palisades Fire Cleanup

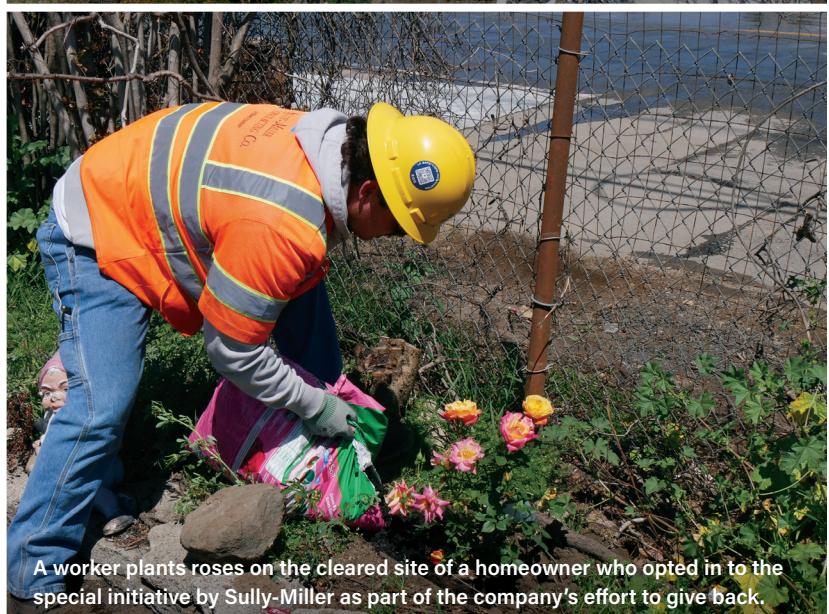
Operational

Accomplishments:

- **Total Debris Removed:** 2.6 Million Tons
- **Fire Damaged Structures Cleared:** 9,672
- **Total Truckloads:** 224,000
- **Asbestos-Abated Structures Completed:** 5,750
- **Hazardous Trees Removed:** 25,000

Safety Record:

- **Total Exposure Hours:** 3.7 Million
- **Total Recordable Incident Rate:** 0.59 (BLS Industry Average = 4.5)
- **Lost Workday Rate:** 0.23 (BLS Industry Average = 2.0)



manager for Sully-Miller Contracting Co., added that the feeling of “brotherhood” with fellow contractors — combined with a healthy dose of friendly competition — boosted the project’s comradery as well as daily work output, as crews would compete to see who could deliver the most work product on a given shift.

“It’s a small world in construction,” Clausen commented. “The superintendent and foreman for Griffith Company crews had worked with one of our foremen, so automatically, there was that sense of brotherhood. And from day one it was pretty evident that everybody was just out there to help each other; it was not a turf war. If somebody needed

supplies, we can help them out with that, or if somebody needed to move something so the other guy from another company could get in, we’d do it as soon as possible.”

Connecting with the Community

For everyone onsite, the goal of getting residents back on their feet and into the next stage of rebuilding was a unifying theme that drove long hours of hard work.

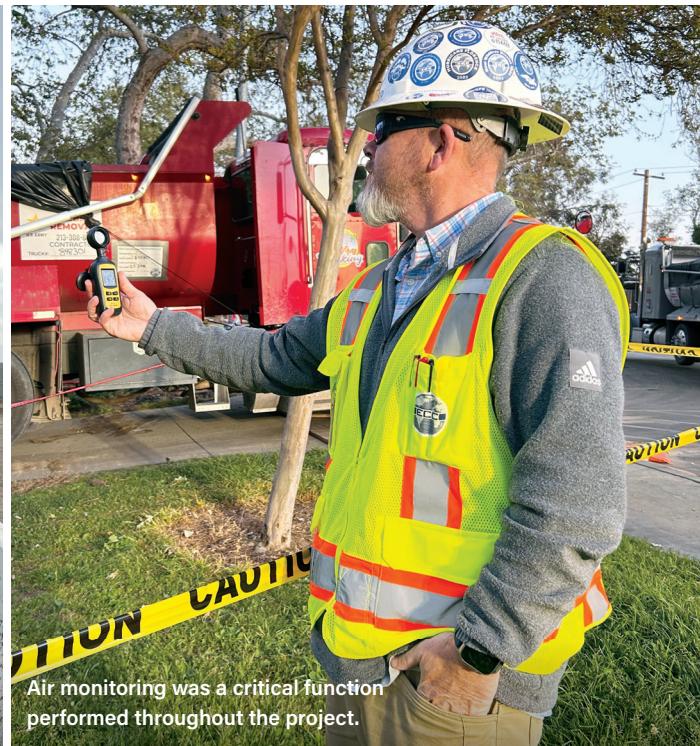
“You weren’t just bringing home a paycheck; you were helping people,” Clausen said. “I think that made everybody work a little harder and maybe take a little more pride in what they were doing. That’s a huge motivator.”

In a small gesture to give back to the community and to homeowners who had lost everything, Sully-Miller came up with a program to gift and plant a rose bush on the cleared property of every homeowner who opted in. Company employees and even their young family members participated in planting these flowers, which served as a symbol of regrowth and optimism in the face of such overwhelming loss.

And just as the contractors and their crews were motivated by helping people, residents of neighborhoods where burned sites were being cleared out were also eager to show their support for workers who were performing this



Sharing information with truckers who were integral to the fire cleanup effort.



Air monitoring was a critical function performed throughout the project.

vital cleanup work.

"We had homeowners cook lunch or dinner for our crews, or bring them brownies," Long said. "The reaction of the community was just overwhelmingly positive," he said.

Contractors were continuously interacting with homeowners who had a story to share or were hoping to find something on their properties – and were grateful when they were able to make a difference even in a small way, according to Long. "One example that

comes to mind is this gentleman who had lost his dad, a former police officer, right before the fire. We were able to go with him to the site to find his dad's ashes there in the rubble and give them back to him."

That personal connection, and taking the time to work with homeowners to try to find what they needed in the rubble, was one factor that made this effort so inspiring and ultimately successful, Long said.

"It was almost like having nearly 10,000

projects out here that you oversee, and each one has its own little idiosyncrasy about it," he noted. Completing the work so far ahead of the initial 12- to 18-month estimate was an achievement for everyone involved.

"The undertaking here was enormous, and to finish that far ahead of schedule surprised even me," Long added. "It really shows the commitment by all our partners and the fact that everyone was moving in the same direction, from start to finish." ☒



The California High-Speed Rail Authority has issued an Invitation for Bids (IFB) on a construction contract which includes accessibility improvements, hazardous materials abatement/removal, and the seismic retrofit of the historic Fresno Southern Pacific Railroad Depot and build-out of plazas servicing the two future Fresno station entrances located in downtown and Chinatown, including utility upgrades, relocations and connections, demolition, park and plaza development, station multimodal parking, and EV

charging. This IFB is advertised on the California State Contracts Register through Cal eProcure at www.caleprocure.ca.gov. Bids must be submitted electronically using the Trimble Unity Construct Bid Portal website and will be due on the date and time specified in the IFB. A public bid opening will take place virtually on the date and time specified in the IFB. For additional information, please visit: <https://hsr.ca.gov/business-opportunities/procurements/architectural-engineering-and-capital-contracts/fresno-station-early-works-invitation-for-bid/>. Questions may be submitted to FresnoStationEW@hsr.ca.gov.

Laborers' Program at Santa Rita Jail Offers Inmates a Second Chance for Success

BY CAROL EATON



Since 2024, more than 120 inmates at the Alameda County Santa Rita jail have gained hands-on construction skills — and vastly improved their odds for successfully rejoining the workforce and becoming contributing members of society when they get out — thanks to a groundbreaking apprenticeship program by the Laborers Training & Retraining Trust Fund for Northern California.

The 12-week program, which is the first of its kind at the Dublin facility, represents a strong partnership between the Laborers and the Alameda County

Sheriff's Department. Participants with no previous background or experience in construction have been trained and certified in multi-core craft curriculum (MC3) encompassing everything from OSHA 10, flag and traffic control, and scissor lift training to blueprint reading and hazardous waste removal.

Hands-On Learning

While the classwork and instructional training sessions create the basic framework, it is the hands-on learning component that really sets this program apart.

“The key to this being such a successful

program is the hands-on learning that goes into it,” said Leonard Gonzales, executive director of the Laborers Training & Retraining Trust Fund for Northern California. “At Santa Rita the warden and his team identify potential projects that they want done. We have been able to use those as opportunities to train participants and tie that into project-based learning as they apply their new skills.”

A few of the projects completed as part of the program include a small outbuilding, a wooden awning, and picnic tables for the prison yard. When they graduate, participants receive as many as 20 certi-



Alameda County Santa Rita jail inmates engage in hands-on learning as part of the preapprenticeship program by the Laborers Training & Retraining Trust Fund for Northern California.

fications for the multiple different trade skills they have mastered. Their union initiation and first three months of union fees are paid for, and each participant receives basic equipment and a tool belt, all courtesy of the grant funded program.

Alameda County's success in securing an initial grant from the Bureau of Justice Assistance, combined with outreach from Laborers Local 304 Business Manager Fernando Estrada to the County about four years ago to discuss bringing a preapprenticeship program to the jail, helped set talks in motion that led to its eventual approval by the county board of supervisors. The overarching objective: to provide incarcerated individuals, specifically those who were deemed a good fit and who are at the short end of their sentences, with the opportunity to get trained for well-paying jobs in the construction industry that can provide them with a living wage once they are released.

Support from the Top

The strong backing and support from Alameda County leaders as well as from the Santa Rita jail warden and other leadership there has been a critical factor in

“Our programs are committed to empowering under-served populations while helping to guide individuals with stable career-track jobs, as well as building bridges between community members and employers. Above all, we want to foster self-sufficiency and help our members and trainees get the skills they need to succeed in life.”

**– Leonard Gonzales,
executive director,
Laborers Training
& Retraining Trust Fund
for Northern California**

the program's success.

“Santa Rita jail has a really good support team and leadership team, including the correctional officers that specifically work on identifying the inmates who are most suited to this program,” Gonzales

noted. “They also provide a lot of wrap-around services internally to help ensure that success continues, even as individuals transition out of jail and back into their respective communities.”

Although it is currently only available



to male inmates, Santa Rita jail hopes to expand the program to the female population in the future.

Currently on its sixth cohort of training as of late 2025, the program saw its first group of 12 men graduate in May of 2024. Among that group, one of the participants even requested to stay an extra month or so at the jail just so he could complete the program.

During a segment that aired on KTVU Channel 2 in spring 2024, Alameda County Sheriff Yesenia Sanchez pointed out the benefits that she said this groundbreaking program offers to inmates looking to reintegrate as contributing members of society upon release.

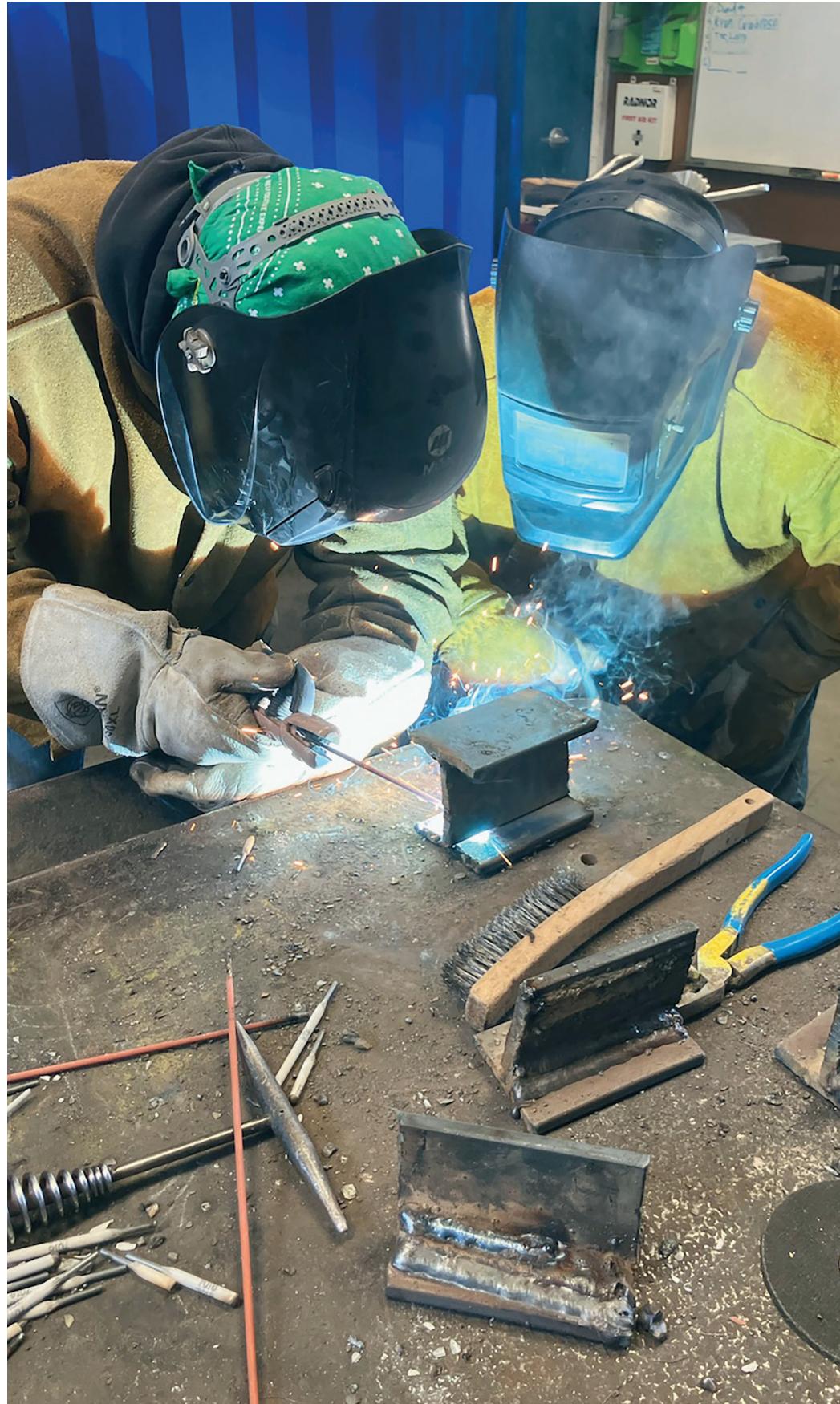
"If we truly want to see people entering our communities with a clear vision as to what they are going to do so that they can stay out of incarceration, whether it be a county jail facility or city facility, we have a responsibility to give them some tools to be able to achieve much more than just getting a job that will pay minimum wage," Sheriff Sanchez said during the broadcast.

Model for Others

Now two years in, the Laborers preapprenticeship program at Santa Rita Jail is widely viewed as a model for others to follow. And the interest in it is clear, as outside tours and inquiries are a regular feature at this and other facilities where the Laborers training programs are operational.

"People have heard about it and come tour it from other parts of California and other states, as they are considering implementing the same type of program in their respective areas," said Gonzales. "It is definitely viewed as a successful, benchmark program."

While the Santa Rita jail program is the first of its kind in an Alameda County detention facility, it is far from the first





Participants in a Monterey County Workforce Board pre-apprenticeship training program, delivered in partnership with the Laborers / LIUNA, tackle a variety of projects.

such initiative spearheaded by the Laborers organization, however.

Award Winning Training Throughout NorCal

Over nearly two decades, the Laborers Training & Retraining Trust Fund for Northern California — which serves as the training arm for all 46 Northern California counties and is part of LIUNA, the Laborers' International Union of North America — has made it their mission to provide opportunities for individuals from all walks of life to find pathways into well-paying jobs in construction.

They currently have over 20 pre-apprenticeship programs throughout the Northern California region, operating in jails, nonprofits, schools and other venues. In 2024, they trained nearly 740 individuals in pre-apprenticeship programs throughout the region, and had over 4,000 active apprentices training at their main Northern California Laborers' Training Center in San Ramon.

"When I came on board about 16 years ago, our business manager, Oscar De La Torre, expressed his strong interest

in developing pathways not just into our organization but into the industry, creating opportunities for the underserved and underrepresented individuals to have access and exposure to what we do as union construction trades," Gonzales said.

One of the Laborers first Career Technical Education (CTE) programs was set up in partnership with the California Prison Industry Authority (CALPIA) approximately 15 years ago, operating in Solano County Jail as well as at Folsom Prison and subsequently the Central California Women's Facility in Chowchilla.

According to the CALPIA website, the program was the "first of its kind in the nation to partner an incarcerated individual rehabilitation program with trade unions, non-profit organizations, public entities, and private companies to meet the rehabilitative needs of incarcerated individuals."

The CALPIA website said the CTE program "is one of the most effective correctional rehabilitation programs in California. By three years after release, only 9.5 % of CALPIA CTE participants had been returned to custody."

The Laborers have received recognition for several of their training initiatives over the years, including receiving the Hoffman Award from Santa Clara County Office of Education in 2022 for their CTE program at Blue Ranch. Additionally, Laborers instructor Ricardo Castellanos was named CTE Teacher of the Year for 2024 by the California Department of Rehabilitation.

The Laborers are also a longtime partner with AGC of California and its Construction Education Foundation, with Gonzales serving on the AGC CEF Board of Directors.

Gonzales said the work done by the Laborers as well as AGC CEF have been effective at building connections and strengthening the industry as a whole.

"Our programs are committed to empowering under-served populations while helping to guide individuals with stable career-track jobs, as well as building bridges between community members and employers," he commented. "Above all, we want to foster self-sufficiency and help our members and trainees get the skills they need to succeed in life." ☈

Accurate Firestop Exec Helping Lead Legacy Family Subcontracting Company into the Future

BY CAROL EATON



Gabrielle Lucatero-Divers had just graduated high school when she decided to go to work full-time for Accurate Firestop, Inc., the Pleasanton-based firestop and insulation subcontractor that has been a part of her family for most of its 30-year history.

Although she had originally planned to pursue a very different career path in the beauty industry, Divers quickly discovered a passion for construction — and a pride in helping grow the family owned and operated business that the *San Francisco Business Times* has recognized as one of the Bay Area's Top Minority and Latino-Owned firms. (2018-2025).

Celebrating its milestone 30th anniversary in 2025, Accurate Firestop has built a strong reputation in Northern California for quality work installing fireproofing, firestop and acoustical sealants, thermal and acoustic insulation, and expansion joints on diverse projects ranging from high-rise commercial and industrial to multi-family mixed use and data centers. Among its most recognizable jobs are the Samsung headquarters in San Jose and Salesforce Tower, 181 Fremont building, and the Mexican Museum in San Francisco, to name a few.

Over the 16-plus years since she joined Accurate Firestop, Divers has advanced through virtually every position at the company, from administrative, estimating and payroll to project engineer, project manager, business manager, and sales.

She brought her signature optimism, enthusiasm, energy, and eagerness to learn to every role as she got to know every facet of the business, working under the tutelage of impactful mentors that included her father, company President Javier R. Lucatero. A first-generation immigrant who came to the U.S. from Mexico in 1990 to realize the American dream, Lucatero joined the company as a partner in 2001 and took full ownership in 2011.



Gabrielle Divers with her three sisters, Arianna (left), Bianca (second from right) and Nicolette (right) and their father, Javier R. Lucatero, all of whom work together at Accurate Firestop.

Divers was named Accurate Firestop's general manager in 2020 at the age of 29. She is currently on track to succeed her father as president when he retires in a few years.

In addition to overseeing the company's operations, she has continually expanded her professional knowledge and expertise by participating in a variety of certificate programs and trainings, while also juggling the demands of raising three young sons under the age of 5, aided by husband, Christopher, and with the help of her mother. She is active in several industry organizations, including the Women Construction Owners and Executives California (WCOE), the Building Industry Association Bay Area (BIA) and AGC of California.

California Constructor caught up with Divers recently to find out more about her career journey, how she juggles the many challenges of running a family owned and operated business, and what she is most

excited about as she prepares to take on even greater responsibility as the future president of the company.

What has been most appealing to you about working in the construction industry and especially in a family owned and operated business over the past 16-plus years?

Divers: Construction is a very proud career. I think it's really rewarding to be able to drive through San Francisco or Sacramento and see a building that we helped build, and know that we are integral to the community. For me, the biggest appeal has been that community aspect, the pride in this work, and the people that I work around and with.

What is the company environment like and how is it to work around family members all day?

Divers: Honestly it makes it fun to come to work! I have three sisters who are also

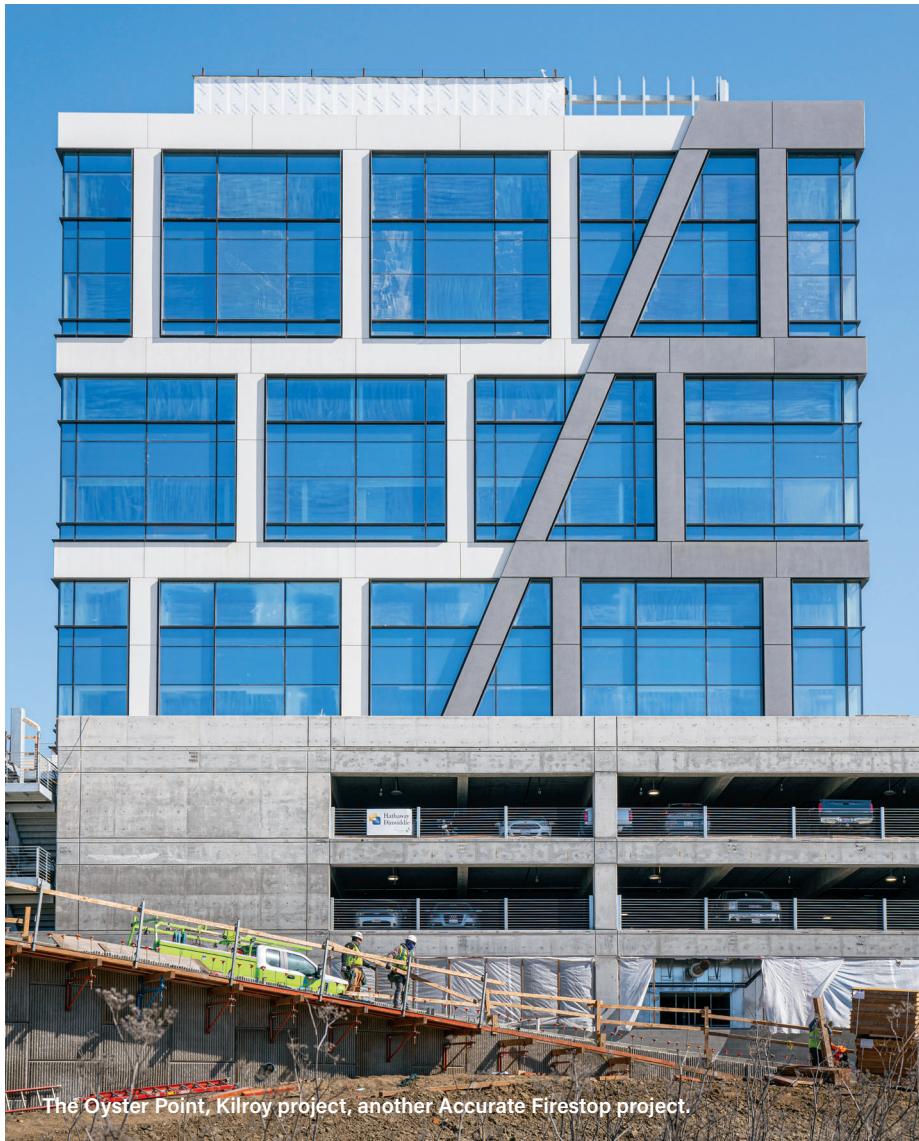
involved in the business in different ways, and aunts and uncles have worked here or do work here. We maintain a collaborative, team environment, and everybody has been so open arms to help me grow into my role, even our vendors and clients. This is definitely a people business, and that makes me so happy.

What do you find most challenging?

Divers: The economy is challenging for construction right now. It's very cyclical. When you have a family business, it can be difficult to pivot and to have to make adjustments. At the end of the day, everybody understands it's a business, and we have to make difficult choices based on business needs.

What steps is the company taking to grow for the future?

Divers: We just opened our Reno division a few months ago, where we are doing two data center projects, so that's been



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– Gabrielle Divers

challenging but also very exciting opening up in a new market. It is tracking to be a decent amount of our business in 2026.

Also, as a company we love technology and we’re very digitally based; we try not to do paper much at all. We’re always looking at new software and constantly evaluating technological advances that we can implement to make things easier and more efficient.

How important has mentorship been in your journey?

Divers: Very! It’s essential, especially when it’s a family business, to have an unbiased opinion and someone to bounce things off. I have one main mentor, Stanislav Zinkov that I’ve been working with every single week for over three years, as well as a wonderful CFO, Gerri DeRubeis, who has mentored me for the entire time I’ve been here. And of course my dad has been integral to helping groom me to become a leader in our company by making sure I did every position here for at least a year.

What role have industry associations such as AGC of California and others played in your company and your own growth?

Divers: AGC of California has been an awesome resource that we lean on when we have a question within the industry. Whenever we have a position to fill, we connect with Build California to see if they’ve got anyone to recommend. We’re now AGC members in Nevada as well. I am currently involved with the BIA Bay Area, which targets multifamily developers and home builders, as well as WCOE California, where I serve as their marketing chair. I look forward to getting even more involved in industry organizations in the future.

When it comes to workforce issues and diversity, how well do you think the construction industry is currently

doing welcoming women such as you and your sisters into its ranks?

Divers: I'm always trying to push for getting more females into the industry. There are so many opportunities, and it's not just hands-on building in the field; there are plenty of other positions in sales, marketing, and other areas. We haven't moved the needle enough on getting the percentage (of women in the industry) to go up - I think it's been sitting at 10 to 11% for a while. I think there needs to be more promotion of our roles in the industry and what differences we can bring. I see things changing, but maybe not fast enough.

Do you adhere to a personal and/or company mantra that inspires your approach to business or life?

Divers: Yes, absolutely! The mantra I follow is the "One More" approach from Ed Mylett. That is something that I say all

Accurate Firestop worked on the 181 Fremont Street project in San Francisco.



the time - I'll make one more call, or send one more email. It's just about doing a little extra every day. And our company has a mantra that is based on the EOS model, the entrepreneurial operating

system by Gino Wickman. We kind of tweaked that model to be FOS — fix our s**t. Everyone in the company is always saying, "we're FOS-ing this job and we're going to get it done!" ☺



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California Construction in 2026

Navigating a Slower, Uneven Recovery

BY
MACRINA WILKINS
SENIOR RESEARCH ANALYST,
AGC OF AMERICA

California's construction market entered 2025 with solid momentum, particularly in civil, water, and sewer works, notwithstanding constraints the industry faced.

In the AGC of California 2025 Workforce Survey, California contractors identified governmental delays, lead times for electrical equipment, and worker shortages as significant hurdles. The challenges present at the beginning of 2025 were compounded by various unforeseen developments, beginning with the Los Angeles wildfires.

The generally upbeat outlook many expected for 2025 instead gave way to new unforeseen developments that included federal policy shifts which reshaped the broader economic environment. New tariff actions that filtered through ports

and supply chains, adding cost and uncertainty for contractors, were a prominent factor in the loss of momentum.

As we look toward 2026, the industry faces another year of uneven growth.

Infrastructure Projects Support Big Upcoming Events

Areas of growth will still include civil work, infrastructure, and public works projects. The state has a vested interest in building out its high-speed rail and other transportation systems to support the flood of people it expects for the 2026 World Cup, 2027 Super Bowl, and 2028 Olympics. Renovations of universities and healthcare construction are areas also expected to generate work.

Sustained growth, however, will hinge on whether unforeseen economic shocks

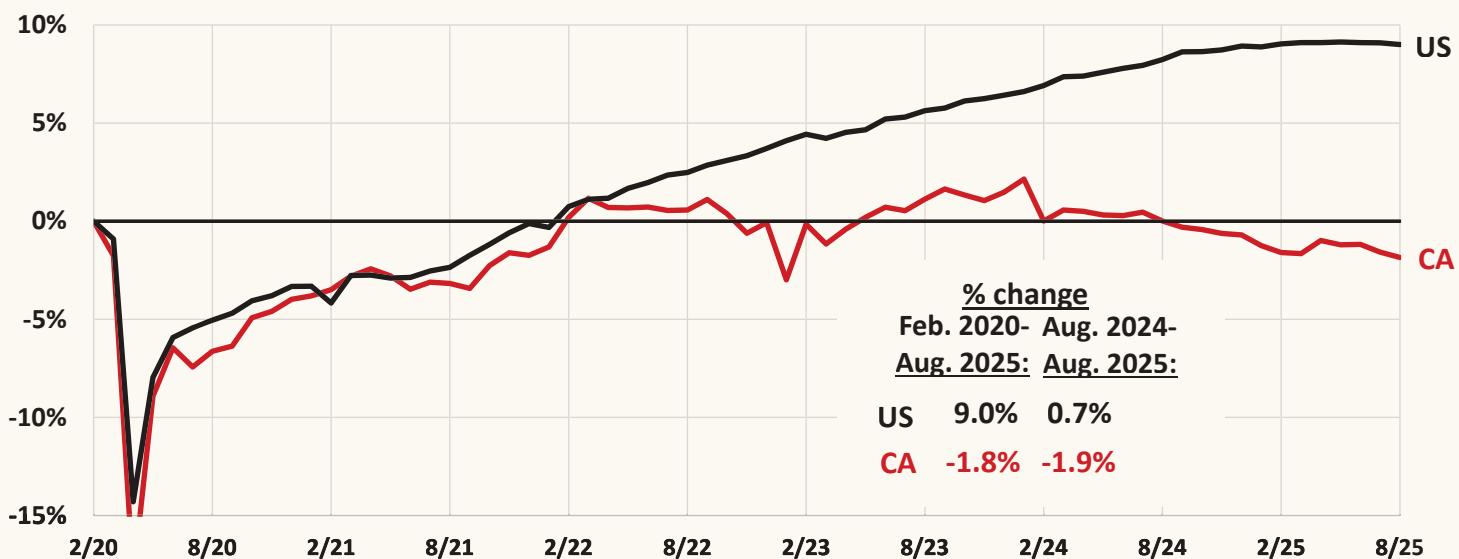
will worsen borrowing costs, labor availability, or further delays to the construction market.

Getting an accurate assessment of where the industry is now, on the eve of 2026, has been hindered by interruptions in data availability, due in part to the government shutdown, which lasted from October 1, 2025, until November 12, 2025.

Based on the latest available figures, California's construction sector softened in August 2025, with employment down 16,900 jobs year over year (-1.9%) as slower project starts and higher financing costs weighed on activity. Losses were concentrated in Southern California, namely, Los Angeles, Riverside, and Anaheim. Modest gains seen in San Jose and San Francisco were not strong enough to offset declines in employment elsewhere.

U.S. and California Construction Employment

Cumulative change, Feb. 2020-Oct. 2025, seasonally adjusted



Source: Bureau of Labor Statistics, www.bls.gov/sa

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Construction Workforce Still a Challenge

The decline in employment highlights one of the biggest structural challenges California faces: rebuilding and sustaining its construction workforce. To address this issue, the state has taken steps to strengthen its training pipeline, including a new apprenticeship grant signed by Governor Newsom on October 20, 2025, to expand support for 88 apprenticeship programs through the Employment Training Panel.

These programs are critical, especially given retirements. Both an aging workforce and high living costs continue to make labor availability a persistent concern, which is likely to impact the industry in 2026.

The federal government's stance on immigration enforcement poses an addi-

tional challenge. The construction trades rely heavily on immigrant labor. In fact, 34% of U.S. construction trade workers are foreign born. This figure is even higher for California (52%), which has the largest share of foreign-born workers in construction of any state.

Market indicators paint a similar mixed picture as the one seen by employment data. There is momentum in certain construction segments, but not universal strength.

Residential Market Still Sluggish

According to a September 2025 JM Construction report, California's building permit activity hit a low point for the year. While California has spearheaded several initiatives aimed at housing reform, the residential market remains sluggish.

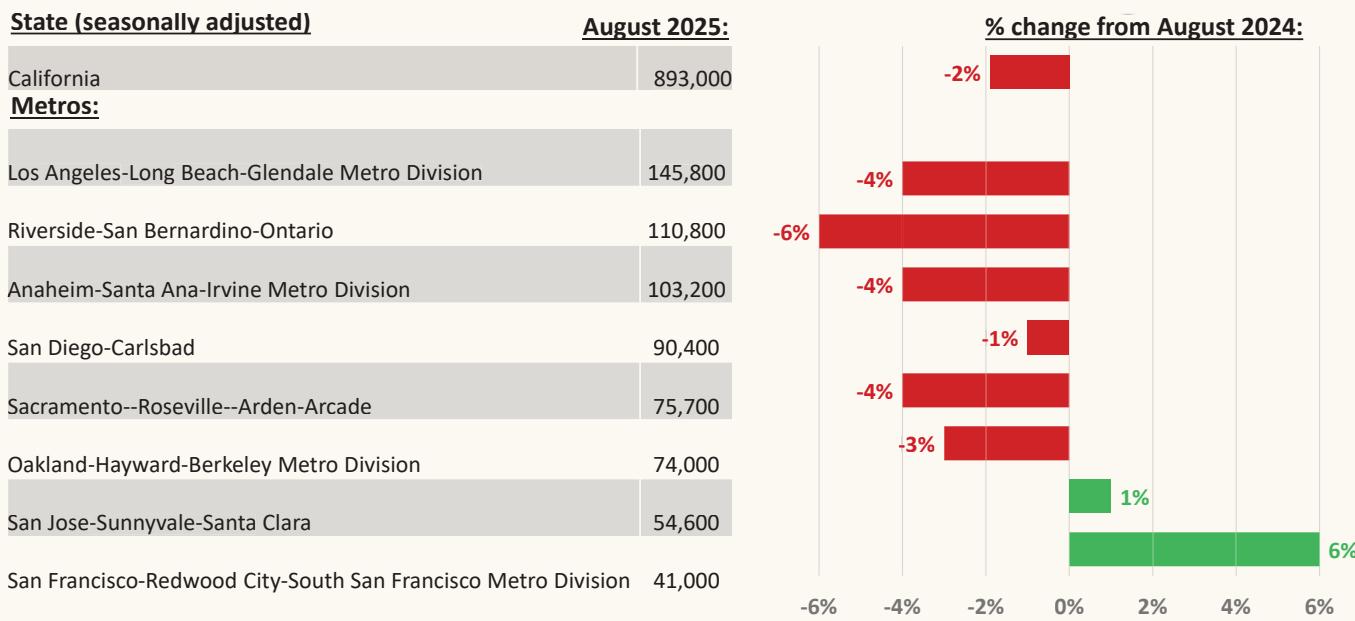
The risk of entering the multifamily market and coming up against large capital costs, labor and prevailing wage requirements, and other challenges is outweighing the opportunity presented by California's unmet housing demand.

The lack of willingness to take on investments in a risky environment is impacting the nonresidential construction industry, as well. Capital to build exists, but a lack of confidence regarding project timelines and occupancy rates makes some investors hesitant to take the leap and build.

Nevertheless, according to data firm ConstructConnect, nonresidential starts in California were up 15.9% year to date through October 2025 compared with the same period a year earlier. This outpaced the national rate of 11.7%. Large

California Metro Construction Employment

August 2024-August 2025, not seasonally adjusted



Source: Bureau of Labor Statistics, www.bls.gov/sae. *BLS reports employment combined with mining and logging for DE, HI, DC and metro areas in which mining and logging have few employers. AGC attributes all of the change in employment to construction.

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projects continue to anchor the state's pipeline, including a \$6 billion recycling facility expansion in Carson, aimed at expanding the volume of recycled water supplied to Marathon Petroleum's Los Angeles Refinery.

The recently signed \$1.9 billion expansion of the LA Convention Center is another positive beacon for construction. Several regional mega projects are underway, ranging from a \$5 billion Beverly Hills development to a major Scripps Memorial La Jolla medical tower.

Bright Spot: Healthcare Work

Healthcare construction remains one of the brighter spots heading into 2026. Funding is already in place to support major terminal, highway, and rail im-

provements next year, including work on State Route 47, updated interchange configurations, and continued rail expansion. The Port of Los Angeles remains active and continues to be a meaningful source of construction demand.

Overall, the market is adjusting to its new reality. Tariff uncertainty and port-related supply chain friction continue adding cost and scheduling pressure, particularly for firms that rely heavily on imported materials. Steps are being put in place to address the slowdown in the construction sector, notably measures to secure labor availability over the longer term.

Civil and transportation work remain supported by ongoing infrastructure programs, and healthcare construction has

been more resilient than most commercial categories. Renovation and update projects continue to move forward in select markets. While challenges remain, a few sectors still show real promise heading into 2026. ☈



Macrina Wilkins works as a senior research analyst for the Associated General Contractors of America. A graduate of Cornell University, she has done post-bac work in economics at George Mason University. Wilkins is a frequent industry speaker, sharing her knowledge on trends in the labor, spending, and material markets, a member of the National Association of Business Economists, and serves as VP of Programming of the National Economics Club of Washington DC.

Blach Breaks Ground on New Piner High School Building

Santa Rosa City Schools recently celebrated the groundbreaking of a new Classroom Building to serve seventh and eighth grade students at Piner High School. The project, which is being delivered by the design-build team of Blach Construction and Quattrocchi Kwok Architects, is being delivered on an expedited timeframe as the campus transitions to include both junior high and senior high programs for the 2026-27 school year.

The new 16,000 square-foot, two-story building will feature 11 standard classrooms, one dedicated science classroom, all-access restrooms, and essential support spaces. Emphasizing a conducive learning environment, the facility will provide abundant natural light, superior indoor air quality, state-of-the-art technology and seamless connections to an outdoor learning courtyard. The new building and its dedicated courtyard will create a distinct and secure area



on campus specifically for the younger students, providing them with their own space while maintaining connectivity to the broader campus.

The project is utilizing Folia, the proprietary prefabricated classroom building solution available exclusively through Blach, QKA and GPLA, Inc. Structural Engineers and Builders. The Division of State Architect (DSA) pre-checked design expedites the design, approval, and construction processes,

while providing modern, sustainable, and flexible learning environments.

"Project team collaboration, combined with the efficiency of the Folia system, will be instrumental in meeting the ambitious timeline for Piner High School's new classroom building," added Blach Project Executive Amber Emery. "We are proud to be part of a project that will have a positive impact on the students and the Santa Rosa community during this time of transition."

Skanska Begins New Cargo Facilities Project at SFO

Skanska recently broke ground on new cargo facilities at San Francisco International Airport (SFO). This project aims to meet growing cargo demands and enhance operational efficiency and safety.

The development includes a 95,000 square-foot cargo area, 25,000 square feet of mezzanine office space, and a separate 17,000 square-foot Ground Service Equipment maintenance facility.

Key features of the project include sustainable elements such as PV solar panels, battery storage systems, and EV-capable infrastructure. There is also a strong emphasis on natural lighting and the use of sustainable materials. Skanska is employing innovative construction



methods to overcome challenges like height restrictions and outdated underground utilities. Additionally, the project is committed to promoting local business involvement, workforce development,

and integrating public art.

Delivered through a design-build approach with Woods Bagot as the architect, the project is slated for completion in early 2028.



McCarthy Breaks Ground on SBVC Student Services Building

McCarthy Building Companies recently broke ground on San Bernardino Valley College's (SBVC) new Student Services Building. The \$94 million project will act as a one-stop resource center for all student needs and is being built as the college celebrates its 100th anniversary in 2026.

The 104,000-square-foot Student Services Building is being constructed following the demolition of a former liberal arts building. This new three-story building is targeting LEED Platinum and Envision Gold upon completion in Spring of 2027.

The building will house several essential functions for students under one roof, including student equity and counseling offices, health and wellness services, matriculation and enrollment services, tutoring and collaboration spaces, a "genius bar" directional desk, a veteran's center, as well as offices and conference spaces.

"We are excited to partner with San Bernardino Community College District and SBVC by constructing a building that is essential to student life and connection," said Sarah Carr, Vice President at McCarthy. "The building will provide a modern and consolidated location for supporting student success."

McCarthy is collaborating with the college and the broader community to expand local jobs with the project. Approximately 50 percent of project workers will be hired locally, significantly higher than the average of 20-30 percent.

Among the project's partners are CannonDesign, architect and sustainability consultant; AECOM, bond program manager; SafeWork, construction manager; CSI Electric, electric; and Southland Industries, plumbing/mechanical.

BUILDING YOUR NETWORK

AGC of California Welcomes Professional Services Firms to New Membership Group

BY CHRISTINE MAHON

AGC of California has long stood as the voice of the state's contractors, advocating for their priorities, elevating their work, and connecting them with the owners and partners who drive California's growth. Now, the association is taking another step forward in uniting the industry by introducing a new Professional Services Firm Membership category.

These firms provide services including construction management, owner representation, architecture and engineering, and testing and quality assurance. They work hand-in-hand with contractors and owners across transportation, water, energy, and environmental sectors. Until now, many joined under different classifications or not at all.

This new category changes that. By formally welcoming professional services firms with their own category, AGC recognizes their essential role in California's construction ecosystem while maintaining general contractors as the heart of the association.

As part of these discussions, the Board also reviewed AGC's existing membership structure and identified opportunities for greater clarity. The Associate membership classification, which has long encompassed suppliers and service providers, no longer clearly reflected the scope or identity of those members. To better align with industry terminology and member roles, the Board has approved renaming this category to Suppliers/Service Providers.

The benefits extend across the association: contractors gain proximity to design and engineering partners, owners benefit from an expanded network, and professional services firms access relationships and leadership that only AGC can provide.

For more information on joining AGC of California, please contact AGC of California Chief Operating Officer Darla Macomber at macomberd@agc-ca.org, or visit AGC online at www.agc-ca.org.

Calendar

January 30, 2026

AGC of California 2026 Installation & Awards Gala at the Fairmont San Francisco

February 12, 2026

Shasta District Crab Feed & Public Officials Night at Shasta District Fair & Event Center, Anderson

February 19, 2026

Southern California Region Wine & Beer Social at the Summit House, Fullerton

March 25, 2026

AGC of California President's Reception at AGC of America Convention - Hyatt Regency, Orlando, FL

April 9, 2026

San Joaquin District BBQ at the Poindexter Residence, Fresno

April 10, 2026

Southern California Region Golf Classic at Pacific Palms Resort, City of Industry

April 17, 2026

Shasta District Golf Tournament at Gold Hills Golf Club, Redding

May 5-6, 2026

AGC of California Legislative Day & PAC Fundraising Dinner at The Sutter Club, Sacramento

May 15, 2026

Build California Golf Tournament at Lincoln Hills Golf Club, Lincoln

June 1, 2026

Bay Area Region Golf Tournament at Castlewood Country Club, Pleasanton

June 11, 2026

Delta-Sierra District Mixer at Swabbies on the River Mixer, Sacramento

July 23, 2026

"Hackers & Slackers" Golf Tournament at Birch Hills Golf Course, Brea

August 28, 2026

Small Business Construction Expo (SBCX) at the Hilton Anaheim

August TBD, 2026

Southern California Region Hot Summer Night at location TBD

August 31, 2026

Bay Area Region Clay Shoot at Birds Landing Shooting Sports, Birds Landing

September 11-13, 2026

Legal Advisory Committee Retreat at The Lodge at Torrey Pines, La Jolla

September 21, 2026

Delta Sierra District Golf Tournament at Granite Bay Golf Club, Granite Bay

October 6-9, 2026

CONSTRUCT Annual Conference at Grand Hyatt Indian Wells

A Night Honoring the Best in Construction

Join us for a night of celebration and excellence at the AGC of California's 2026 Installations & Awards Gala! Presented by Procore Technologies, this prestigious black-tie event will be held on January 30, 2026 at the historic Fairmont San Francisco.

We will be unveiling the 2026 Constructor Award Winners, honoring the Achievement Award recipients and the Owner of the Year, and welcoming the new leadership of AGC of California. Enjoy an elegant dinner, followed by an unforgettable after-party where you can connect with fellow industry leaders and embrace the innovations shaping the future of construction.

We can't wait to celebrate with you and honor our industry's achievements! Register now and explore exclusive sponsorship opportunities to enhance your engagement at this remarkable event.





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