

KAUAI'S Stormy Outlook

BY JUDITH SHINSATO

Stormy — an appropriate adjective to describe our recent trip to Kauai, especially when you include getting caught in a torrential summer storm on route to Princeville. It's no wonder it's one of the wettest spots on earth. (It also accounts for the many gray-skied photographs in the ensuing pages.)

More importantly, however, it's an apt portrayal of the current state of construction on the island, where competition is rough for the few jobs that are available and nearly everyone is looking to the public sector for even the thinnest silver lining.

Dark Clouds

Last year at this time, Kauai was in a kind of limbo, completing then current projects and poised to begin contracted backlogged projects not yet given the notice to proceed. Had they begun, those projects, many of them in the private sector, would have cleared the (union) benches, mentioned Andy Ragasa of Koga Engineering & Construction, Inc. in 2008. But the national and global economy imploded and, in a common scenario since, many projects have been indefinitely postponed or cancelled altogether. Now what?

For a more accurate picture of what's growing (or not) on the Garden Island, we polled a number of construction-related businesses doing work on Kauai.

"Construction on Kauai is very slow compared to three to four years ago with a lot of workers on the union benches," describes Keith Suga, regional manager of Goodfellow Bros., Inc. on Kauai.

"Like all markets throughout the world, Kauai has been impacted negatively by the global economic environment," adds Eric Linthicum, president and managing member, Linthicum Corp. "Given the backlog

nature of our industry, these negative impacts are typically felt much later by contractors than by more consumption and transaction driven business. Unfortunately, our recovery also lags behind that of other industries. The market on Kauai has responded no differently. There are fewer projects and greater competition. In addition, Kauai is a fairly small market to begin with. We are also very reliant on the health and prosperity of the hotel and resort industry, so significant cycles like the one we are in now can and do create a larger ripple effect through all forms of the industry — commercial, residential and heavy highway."

