

SILICON VALLEY / SAN JOSE

BUSINESS JOURNAL

FEBRUARY 11, 2011
VOL. 28, NO. 47
\$2.00

125 S. Market Street
11th Floor
San Jose, CA
95113

FOCUS

Granite growth

New CFO restructures construction firm's finances to stay rock-solid.

Page 9



VICKI THOMPSON

BACK ON TRACK: Craig Daley, president of Daley's Drywall and Taping Inc., said his company is seeing more privately financed projects. He has hired back 100 people.

Building plans pick up

BY DAVID GOLL

Silicon Valley's building industry may be laying the foundation for a comeback.

Although industry unemployment remains high, some companies are projecting increased revenue, hiring back workers and beginning to pull more building permits.

The Builders Exchange of Santa Clara County for the month of December 2010 received plans for 188 projects, the highest level since 244 were submitted in August 2009, according to Michael Miller, executive director of the 800-member industry organization.

Last month continued that year-over-year rise, with 170 submitted, compared to 109 in January 2010. By contrast, the high-water mark during the past

five years occurred in May 2006, when submitted plans hit 366.

The December 2010 level was particularly surprising, Miller said, because December is traditionally one of the slower months of the year due to holidays.

Miller said work on the privately financed side is beginning to pick up after falling off precipitously during the depths of the recession. Statewide, privately funded construction is projected to near the \$31 billion mark this year, up from \$24 billion in 2010, according to the Associated General Contractors of California. Publicly funded work is expected to grow this year, too, from \$41 billion last year to \$48 billion in 2011.

Daley's Drywall and Taping Inc. President Craig

See **BUILDING**, Page 33

Loan activity shows signs of valley thaw

BY ELI SEGALL

Lending by Silicon Valley-based banks increased at the end of the year, particularly among the region's biggest local lenders.

The increased capital from the banks, which primarily serve small and mid-sized Bay Area companies, comes amid a loosening credit market and a relatively improving economy. The lending also comes as the health of some banks improve following a two-year nationwide rash of bank failures.

The parent company of Silicon Valley Bank led the way in extending more credit, reporting a 21 percent jump in the value of its loan portfolio. Bridge Bank's parent company posted a 13 percent jump in its portfolio value, and the bank has begun moving five lending

See **LOAN**, Page 32

Rebate could fuel electric car firms

BY LISA SIBLEY

The Obama administration came out with details on how it plans to put 1 million electric vehicles on U.S. highways by 2015, and those specifics could bring added opportunities to Silicon Valley businesses.

The adoption of plug-in electric vehicles — such as the Nissan Leaf and Chevy Volt and Tesla's Model S when it comes off the line in 2012 — will have a trickle-down effect on Silicon Valley's growing clean technology companies, including Coulomb Technologies Inc., Better Place and Tesla Motors Inc.

The proposed legislation by Michigan Democratic Sen. Debbie Stabenow would convert an existing \$7,500 electric vehicle tax credit created under the federal

See **REBATE**, Page 33



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SMALL BUSINESS

Advance Paper Systems

Family packaging business finds new field to harvest.

Page 19



BUILDING: Early signs of private construction turnaround seen in growing number of plans filed

CONTINUED FROM PAGE 1

Daley said his company typically gets about 35 percent of its work from public projects, and the rest from private sources. But financing is finally becoming more available in the private sector, Daley said. He projects \$35 million in revenue for fiscal 2011, up from \$24.5 million last year.

The Campbell-based subcontractor specializes in acoustical ceilings, structural metal stud framing, and exterior caulking and waterproofing in a variety of commercial and industrial projects, health care facilities and multifamily residential projects.

"During the recession, we had to do a lot of public projects because the private work dried up," Daley said. "That has changed over the past three months. We're seeing a lot more tenant improvement work and new plans to build (retail) strip malls and multifamily projects."

Daley opened an office in San Francisco last year to take advantage of that market, where there has been a big increase in upscale high-rise housing projects. He has been able to hire back about 100 people laid off during the recession, increasing his staff to 230 full-time workers.

He's optimistic about the coming year, but hastens to add the 2008-09 recession has lowered expectations.

"The days of the boom margins are over," Daley said. "It's a more competitive market, and you have to work a lot harder for the same amount of work."

And competition doesn't necessarily translate to more jobs.

Miller said 700 fewer construction workers were working in the field dur-

ing December than the month before, and local industry unemployment rates remain stuck at high levels — about 30 percent. In December, 29,600 people were working in the Santa Clara County construction industry, well below the historic monthly high of more than 52,000 during economic salad days of September 2000. The employment rate since then has fluctuated depending on economic conditions, Miller said, though levels dropped precipitously when the recession took hold in 2008.

Still, Silicon Valley construction companies are enjoying the uptick in projects, especially in the retail sector.

"We started seeing a lot of retail remodeling work back in the fall," Miller said. "A lot of retailers who couldn't have gained entry into the Bay Area market when (real estate) prices were higher made their move."

Residential activity is driving growth in some parts of Silicon Valley. Joe Horwedel, director of planning, building and code enforcement for the city of San Jose, said between July and December last year, building permits were issued for 2,158 dwelling units, compared to 267 for the same period in 2009.

Other construction companies also notice a turnaround in the fall.



Matt Bell

Matt Bell, director of marketing and business development for Blach Construction Co., a Santa Clara general contractor and construction management firm, said, "We are seeing a signifi-



VICKI THOMPSON

REVENUE UP: Craig Daley, right, president of Daley's Drywall and Taping Inc., with Project Foreman Frank Silva, center, and General Superintendent Will Jones. The company expects to make \$35 million in revenue in 2011, up from \$24.5 million last year.

cant increase in activity going as far back as October and November." He added not all construction jobs pass through the Builders Exchange. "Employers are hiring again, and we're seeing investments by tech companies. We're seeing lots of sustainable retrofitting projects, enhancing existing buildings with solar and more efficient energy systems."

Blach's revenue will swell from \$86 million in fiscal 2010 to an estimated \$110 million, a projected 28 percent increase this year.

Bell said Blach has major projects at Stanford University Medical Center and Lucile Packard Children's Hospital, both in Palo Alto. And he pointed

out that major statewide players — Kaiser Permanente and Sutter Health — have new construction and renovation projects in the pipeline.

Miller concurs.

"Things do seem to be looking up," said Miller, whose organization is a nonprofit association of subcontractors, general contractors, architects, engineers and others related to the construction industry. "We hope to maintain the momentum. Everyone is keeping their fingers crossed it continues. I would say we're taking baby steps toward improvement."

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REBATE: Cleantech firms could prosper from a car credit under the Charging America Forward Act

CONTINUED FROM PAGE 1

stimulus package into an instant rebate, much like the Cash for Clunkers program. This would eliminate the need for electric-vehicle buyers to declare this amount on their taxes.

Buyers could receive the rebate at the dealership. There are also plans to extend some expired credits for hybrid vehicle buyers to 2014.

Felix Kramer, founder of the Palo Alto-based California Cars Initiative, said the rebate would vary from \$2,500 to \$7,500 depending on the battery capacity of the vehicle. Cars like the all-electric Tesla Roadster, the

Leaf and the Volt would receive the full \$7,500, while the Prius, a hybrid, would get \$4,500 in 2012.

"It's a great way to help early products come into the market and scale up," Kramer said. His nonprofit, combining advocacy and technology development, is focused on bringing to market the next generation of clean, advanced technology vehicles.

Stabenow introduced the new legislation on Feb. 7. It builds on the Charging America Forward Act, which was introduced in August 2010 and is sitting in the Senate finance committee. Similar legislation was introduced and passed in the House by Michigan Democratic Congressman Gary Peters.

The updated bill ties into a proposal from the U.S. Department of Energy that is focused on making electric vehicles more affordable with the rebate, increasing innovative technologies through new R&D investment, and rewarding communities that invest in electric vehicle infrastructure through competitive grants.

Trickling down

Kramer said the program has ramifications beyond the sales of electric vehicles. The program could positively impact growth in power electronics and battery companies, as well as electric vehicle infrastructure companies.

"It would benefit our business indirectly by increasing the interest in electric vehicles, which will bring us sooner to the moment that the public industry and policymakers calculate that separating the battery from the car is the key to mass adoption," said Michael Granoff, head of oil independence policies for Palo Alto-based Better Place, a battery swapping technology company.

Granoff pointed out that the U.S. is in a global race for the electrification of transportation, with the Chinese already offering spot rebates for electric vehicles.

"It's a wonderful thing that these cars are now out there. It's no longer a theoretical conversation," said Granoff, adding that there's still headway that needs to be made in terms of bringing down the cost of the vehicles themselves and improving the driving range.

There are separate provisions in the legislation for less than four-wheel vehicles, said Coulomb co-founder Richard Lowenthal, who is moving into a chief technical officer role as of this week. The company specializes in electric vehicle charging systems.

"There's also a tax credit on infrastructure and charging stations and talk of taking that credit and turning it into a rebate," Lowenthal said.

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Coulomb lands new CEO

BY LISA SIBLEY

Campbell-based Coulomb Technologies Inc. said Pasquale "Pat" Romano has been named its new president and CEO, effective Feb. 7.

The company specializes in electric vehicle charging station infrastructure with networked charging stations. Its network went live in January 2009.

Coulomb co-founder and former CEO Richard Lowenthal moves into the chief technical officer role and will head up the company's government and political affairs. Lowenthal said he doesn't look at it as stepping down, rather the company is adding "some more horsepower into its executive offices."

"The company is growing very fast, and we need to be ready for that growth. Our old team has been great at building a foundation for that growth," Lowenthal said.

The 90-employee private company had 400 percent



Pasquale "Pat" Romano

revenue growth from 2009 to 2010, Lowenthal said, though it doesn't disclose financials. However, the company has sold about 2,000 charging stations in the last two months, at about \$3,000 each, compared to the first 1,000 over three years, he said.

"It's great to come into a company with so many assets and such a huge technology lead," said Romano, the former co-founder, president and CEO of 2Wire Inc., which

was acquired by Pace plc for \$475 million, with offices in San Jose, develops integrated technology for payTV and telco operators.

Before 2Wire, Romano held engineering and marketing positions at Polycom Inc. and co-founded digital video networking company Fluent Inc. This is his fourth startup.

He said Coulomb has the potential to be a public company or be acquired, but his focus is on building "a sustainable lasting enterprise."