

Layton

CONSTRUCTING WITH INTEGRITY



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Customers for Life

David S. Layton

Foundation

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Spring 2009

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Customers for Life

Philosophy led to creation of interior construction business unit

In this issue of *Foundation*, you'll read a lot about our tenant finish business. In 2000, we jumped headfirst into the interior finish and remodel segment of the market by starting a company we call Interior Construction Specialists.



David S. Layton

ICS is a wholly owned subsidiary of The Layton Companies and has emerged to become the leading tenant finish contractor in the Intermountain region. ICS has a major presence in Salt Lake City and also operates out of our Phoenix office, servicing the needs of the Southwest.

I've been asked why a large company like Layton would get in the tenant finish business. It's always been a simple answer: our "customer-for-life" philosophy. Some of our clients build the big stuff fairly routinely. However, nearly every client has a steady workload of remodel and build-out jobs. We want to be in a position to take care of their needs, regardless of the size or scope of the project. With ICS, we can take on jobs as small as they come and take care of our clients regardless of their size.

When we started ICS, rather than branch off from the core construction operation, we started with a clean sheet design for the business. We focused first on clients — their needs and wants. Next, we factored in the challenges of the industry and the unique circumstances and conditions of this type of work, for example, the intermingling of



a construction project with the day-to-day operations of the client. It is not unusual for our teams to work the graveyard shift so the noise and commotion of construction is completed for the day when the client's employees arrive for work. In a health-care environment that operates around the clock, we don't have the luxury of working during a hospital's "off hours." We have to be extraordinarily sensitive to the circumstances of working near patients, and in managing noise, dust and infection control. Almost always, we're also driven by short schedules and tight budgets.

Finally, we integrated our 50 years of construction expertise to produce a refreshing business model that has proven time and again to be a huge success. We've been fortunate to build out education facilities, office suites, museums, cafeterias, airport concourses, retail shops and hospital surgical floors. Where there is a need for a tenant finish, remodel or a re-use of existing space, our Interior Construction Specialists are up to the challenge.

Our clients have embraced the quality and sophistication of Interior Construction Specialists. They finally have an option when it comes to small projects. They recognize the planning and preparation that we bring to every deal. They applaud the fast pace, cleanliness and quality of the work. Most often, I hear they enjoy working with our professionals who bring a sensitivity and "can do" attitude to the job. These aspects have differentiated ICS in an industry where a lot of firms are all the same.

From the largest most sophisticated project to the smallest or simplest renovation, one thing you know you'll get with our firm is a predictable outcome. If you've worked with us lately, thank you for your business and thank you for your confidence in our organization.

If not, why not give us a try? As you read this issue of *Foundation*, perhaps you'll better understand the full scope of our construction services. We've aligned ourselves to meet your needs, whatever the nature of your project, and we look forward to an opportunity to show you what we can do to deliver a predictable outcome for your organization.

Ground broken on Murrieta medical center

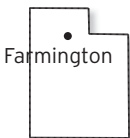


Ground was broken for the Loma Linda University Medical Center—Murrieta in

Murrieta, Calif., in December.

The hospital will service the burgeoning growth of south-west Riverside County. The hospital and medical office tower is an investment of nearly \$260 million and will generate 700 jobs. Layton Construction will complete the 104-bed 250,000-square-foot hospital in February 2011.

Zions got service you can bank on



Zions Bank opened its newest bank branch in Farmington, Utah, in February. Zions

altered a customer service strategy and closed existing branches in local retail centers.

A short **four-month construction schedule** was essential to open the stand-alone 3,800-square-foot bank on time.

Layton promised. **Layton delivered.**

25

NUMBER OF REMODELS, additions and renovation projects completed for Maricopa County (Ariz.) by Layton's Interior Specialists. (See Page 4)



Layton's Interior Construction Specialists gave the Park City Museum a 5,400-square-foot expansion and facelift, bringing new use to an historic part of downtown.

Layton sends Park City back to the future

Layton's Interior Construction Specialists has completed the expansion and historic renovation of the Park City Museum in Park City, Utah. The museum is located in three historic buildings — the City Hall and Territorial Jail built in 1885, the Library built in 1900, and the Fire Department Whistle Tower built in 1901 — each located at the center of Park City's historic Main Street. The expansion added 5,400 square feet to make room for the museum's complete collection of historic artifacts.

Boise-area health club builds new facility to help Idahoans shape up

Layton Construction is under way on Idaho Athletic Club's new 29,000-square-foot health and fitness facility in the Nampa Gateway Retail Center. Idaho Athletic Club is a longtime player in the Boise area health and fitness industry. Nampa Gateway is owned by Developers Diversified Realty, an Ohio-based Real Estate Investment Trust. Layton Construction is also completing the design-build finishes for the tenant.

Wyoming recreation center heading down the backstretch

Layton is at the mid-point of the 189,000-square-foot Campbell County Recreation Center in Gillette, Wyo. Larger than any comparable facility in the intermountain region, it houses a 200-meter six-lane indoor track with five tennis courts in the track's interior, three basketball courts, four racquetball courts, a lap pool with diving tower and a 42-foot climbing tower. The 200-foot span of the building requires steel trusses as deep as 23 feet weighing up to 200 tons. Construction crews will cross the finish line in the spring of 2010.



UVU Library receives design-build excellence recognition

The Design-Build Institute of America Rocky Mountain Region's 2008 Design-Build Award of Excellence for the "Best Project-Public Sector Building Over \$15 Million" went to the Utah Valley University Library — built by Layton Construction and completed in July 2008.



Each build-out Layton has worked on for Maricopa County has been a little different. The Chambers Building Basement Remodel involved putting in a video green screen for a production area.

Dealing with Occupied Territory

Layton takes a team approach to remodels, renovations and expansions

Building out a space that is still being used is particularly challenging.

As a builder, you have to keep the area as clean as you'd like your own office to be and quiet enough for conference calls — all while addressing concerns, closures or inconveniences in a timely manner.

Throw in the fact that the work is judicial — as in the case of the work Layton Construction has done for Maricopa (Ariz.) County — and it makes everything more complicated.

OCCUPIED SPACES

Over the past few years, Layton Construction has remodeled, renovated and

expanded 25 courts, administration offices and other working areas for Maricopa County.

“There’s a unique challenge that comes with working in occupied areas,” says Rod Hartman, a capital facilities manager for Maricopa County. “Everyone gave Layton compliments on working in a way that let them keep going like normal.”

In fact, during the build-out of a new Office of Enterprise Technology building, Layton was able to keep access to training rooms available. In addition to completely finishing a corridor that led from the lobby to the training rooms, Layton worked ahead and made sure provisions were made for temporary air conditioning.

“When we asked how much extra it would cost us to put the air conditioner in, Layton told us it was already included in the estimate,” Hartman says. “Again, it just speaks to the experience Layton has in working in occupied areas.”

COMMUNICATIONS SPECIALISTS

Much of the success Layton enjoys when working in occupied areas — especially with repeat clients like Maricopa County — comes from the company’s systems of communication.

“There’s no advantage to withholding information and Layton seems to understand that,” says Abe Thomas, project executive with Maricopa County.

Communication is important on any job, but it becomes imperative

“I have a high level of confidence in Layton. We work with a lot of good contractors on our build outs, but right now, Layton is head and shoulders above for this type of job.”

Rod Hartman
Capital Facilities Manager
Maricopa County, Ariz.



Layton Construction remodeled the Chambers Building basement and turned it into an aesthetic masterpiece.

“They brought a team approach in and brought up issues they could see, but also brought a vision of what the project would end up being.”

Janice V. Bowie
Capital Facilities Manager
Maricopa County, Ariz.

on a job in occupied spaces. In addition to weekly meetings — which stakeholders are always welcome to attend — Layton also made sure signage was available outlining construction that would affect the working environment.

“Layton used amazing signage,” Thomas says. “The superintendent’s phone number was on every sign, and they always gave us as much warning as possible.”

SOLUTION FINDERS

Layton worked with Maricopa County to be part of the building solution. In fact, the company’s experience — and willingness to work well with all the members of the team — was especially appreciated during a renovation for Maricopa County.

“Layton came in and really worked with the designer on an historic building,” says Janice V. Bowie, a capital facilities manager for Maricopa County. “They use a team approach and pointed out issues they could see, but also brought a vision of what the project would end up being.”

One of the things the Maricopa County officials appreciated most about Layton

Construction is how the company reacted on the rare occasion when the company faced complaints or unforeseen challenges.

“They don’t get too flustered by the user groups,” Thomas says. “They would just fix the issue. Our larger projects are competitively awarded by qualification and Layton got the work because of their past work and our perception of what the work will be.”

In fact, one of the things Bowie mentioned was how helpful the incident reports were. If an issue arose, Layton’s superintendents would supply a report outlining the problem, the process of reconciling the

issue and details on what they learned.

When you combine the professionalism Layton brings to construction of an occupied space, the company’s ability to communicate effectively, the team-first approach and a willingness to quickly resolve concerns, then it’s no surprise clients appreciate not only the finished product and the bottom line — they also appreciate the process.

“I have a high level of confidence in Layton,” Hartman says. “We work with a lot of good contractors on our build outs, but right now, Layton is head and shoulders above for this type of job.”

Continuing County Collaboration

Working with a client over and over creates a smooth working relationship. Here is a partial list of projects Layton Construction has worked on for Maricopa County, Arizona:

- Administration Building 3rd Floor Remodel..... \$900,000
- Central Courts Basement Remodel..... \$5,650,000
- Central Courts Building Second Floor Remodel..... \$1,500,000
- Central Courts Jury Assembly Remodel..... \$760,000
- Chambers Building Basement Remodel..... \$1,800,000
- Durango Chilled Water Piping..... \$1,000,000
- Durango Juvenile Probation Tenant Improvement..... \$2,900,000
- Durango Probation Dispatch Center..... \$90,000
- Estrella Jail Domestic Chilled Water..... \$300,000
- Estrella Jail Lock Replacement..... \$260,000
- Maricopa County Old Courthouse Renovation..... \$2,400,000
- Northeast Courts Complex..... \$15,000,000
- Recorder’s Office FM-200 Upgrades..... \$200,000
- Recorder’s Office Remodel..... \$300,000
- Scottsdale Adult Probation Center Remodel..... \$1,400,000
- Southeast Justice Center HVAC Upgrades..... \$50,000
- Southeast Juvenile Detention Plumbing Upgrades..... \$2,300,000
- Southeast Juvenile Detention Roofing & HVAC Upgrades..... \$1,400,000
- St Vincent DePaul Building Demolition..... \$300,000



PHOTO COURTESY VSL

Blue post-tensioned cables are set before concrete is poured.

Added Strength

Post-tensioning blends strength of steel and concrete to avoid structural sags

Reinforced concrete is at the heart of commercial construction. Upon footings and foundations, structures are built. Even for readers who are not directly involved with construction, reinforcing steel (rebar) is recognizable with its symmetrical parallel or crisscrossed patterns, ready to be covered in a slab, column or beam of concrete.

Even less commonly recognized by many is “post-tensioned concrete,” which has been used in the United States for more than 40 years. It was first used in bridge construction, but post-tensioning is now used to construct office buildings, hotels and parking structures.

“Post-tensioning provides a method in which the strong compressive strengths of concrete and the high tensile strengths of steel rods or steel wire strands can efficiently complement each other,” says Ron Dunn, structural engineer and president of Dunn Associates of Salt Lake City.

When concrete structures are exposed to loads such as people, furnishings or cars, internal stresses are developed, and external deformations (deflections) take place. It is reasonable to assume that a downward load on a single span beam between two supports will cause it to deflect, or

“sag.” The deflected shape might resemble a smile. Suppose you could drape a wire cable through the inside of the beam and connect it at the supports.

“If you tightened the wire it would tend to lift the mid-span of the beam. This is the basis of post-tensioning,” says Dunn.

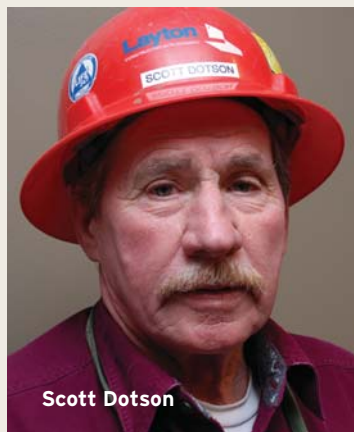
Wire cables are draped inside of the concrete elements such as beams to “lift up” and increase the capacity of the concrete beam. In keeping with the laws of Newton, the loads simply don’t disappear but rather are redistributed to adjacent elements and are ultimately transferred to the ground.

Post-tension cables (also known as tendons) are typically placed in lubricated plastic conduits. Cables are carefully draped within the structure precisely as identified in the engineer’s drawings, so that the tension and compression areas of the structural members are enhanced. The tendons are secured in place and concrete is placed over them. After the concrete has gained sufficient strength, the tendons are “pulled” or tightened. One end of the cable has an anchored connection, and the opposite end of lubricated cable is pulled until it is sufficiently stressed. The tendon is secured and remains in tension, carrying the engineered load for which it was designed.

Post-tensioning requires skill both in design and construction and is a precise science with little margin for error. Careful timing and pre-planning are essential.

In the right applications, post-tensioned structures are efficient and accomplish what might otherwise be impossible. Post-tensioned structures can be classified as “environmentally friendly” because they use fewer construction materials. The amount of concrete in floors and beams is reduced because some of the strength of the structure’s load is carried by the post-tensioned cabling. Post-tensioning also increases span to depth ratios. Reduced building story heights or lower overall building heights increase the building efficiency by reducing the heating and cooling volume of the structure. The effective operating cost of a building can mean significant savings for the owner over the life of the building.

“We’ve done post-tensioned parking structures, hotels and office buildings throughout the West,” says Rich Holbrook, Layton’s general superintendent. “Post-tensioned structures are a great way to maximize the strength properties of concrete. Our customers are very pleased with the outcomes when post-tensioned concrete is a viable option for their project.”



Scott Dotson

EMPLOYEE FOCUS | Scott Dotson

“We’ve had guys leave here over a 15 cent pay raise somewhere else, but they always come back,” says Scott Dotson, a foreman with Layton Construction and a 30-year veteran of the team. “They realize that Layton is a great place to work and that the employees are treated fairly.”

Dotson is **loyal and hard-working**, and he has enjoyed his association with Layton for decades – especially because of the way Layton treats people. Layton understands employees are a **long-term investment** and that treating them with mutual respect can have a much better influence on longevity than a short-term pay increase.

“The foundation the company was built on and the leadership of David Layton has made the company what it is,” Dotson says.

And Dotson has been around for much of the foundation’s creation. In fact, he supervised David Layton (the current CEO of Layton) when David was a teenager.

While Dotson was originally hired as a **carpenter** (his first job was working on the LDS Church’s Jordan River Temple in South Jordan, Utah), he has also spent time **building walls, placing footings, going over punch lists and even doing some welding**.

Now, he spends his time as a foreman, currently supervising work on the **Montage Resort in Deer Valley**, Utah, near Park City.

His life spent with Layton hasn’t gone unnoticed by his children either. All four of his sons have worked for Layton at one time, and his son **Tony still works** for the company. Like father, like son.

Employee Satisfaction

RKS Plumbing & Mechanical puts the communication in plumbing

RKS Plumbing & Mechanical

FOUNDED

1990

PRESIDENT

Bob Sornsins

EMPLOYEES

290

TYPE OF WORK

Plumbing & Mechanical

HIGH-PROFILE RENOVATION JOBS WITH LAYTON

St. Luke's Medical Center (Phoenix)

Central Courts Building (Phoenix)

Southeast Juvenile Detention Center - (Mesa)

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“We share a philosophy with Layton, which makes them easy to work with. They're honest. If they tell you something, then you know it's the truth. They are great to work with.”

— Bob Sornsins
Owner

RKS Plumbing & Mechanical

Bob Sornsins built his plumbing company on customer service, open communication and problem solving — and it has paid off.

PHOTO BY JOHN TROTTO / PRINTED WITH PERMISSION FROM PLUMBING & MECHANICAL



For Christmas 2008, some of Bob Sornsins's nearly 300 employees at RKS Plumbing & Mechanical paid for their boss to take a week-long vacation to Hawaii with his wife.

Now that's employee satisfaction. And when employees are happy, clients tend to reap the benefits.

“We take a ground up — or top down, depending on how you look at it — approach to management,” Sornsins says. “We treat everyone with respect.”

That includes standing up for the field workers laboring in 120-degree temperatures in the middle of July in Phoenix.

“It's easy for people in the air-conditioned office to criticize those guys out there, but we work hard to remind them of the conditions they're working in,” Sornsins says.

The Glendale-based company also holds weekly meetings where department managers report on their area of responsibility and work on ways to make everyone's job easier.

“And we do it in an environment where people aren't singled out or embarrassed, but are still accountable,” says Joe Stachel, executive

vice president and operations manager for RKS.

This accountability emphasizes problem solving — not problem creation or blame distribution.

“When a problem comes up, we focus on solving it right then and evaluating why it happened later,” Sornsins says. “We need to learn from mistakes, but we can't waste time figuring out who's to blame. We act first and fight later.”

If misunderstandings come up, RKS is quick to work with contractors and do so in a way where the end client isn't inconvenienced.

“We don't have adversarial relationships with builders,” Sornsins says. “It isn't us against them.”

And it isn't management against employees either. In fact, the outstanding leadership of Sornsins and others led the company to be named the 2008 Best Contractor to Work For by *Plumbing & Mechanical* magazine — a national publication for the plumbing industry. The award was based on nominations from employees.

“It meant a lot because the nomination came from our employees,” Sornsins says. “They are here everyday and see how we do things. I think it shows that the respect we try to show is appreciated.”

And clients are appreciating the plumbing and mechanical work RKS does. From large commercial plumbing jobs — like hospitals — to industrial piping and other plumbing work, the company expects the best of its employees and usually gets it.

And that makes everyone happy. 

Economic Outlook

Utah

“Nearly unprecedented domestic and global financial stress has contributed to a major slowing of the state’s economy. The powerful Utah job creation pace during 2004 through 2007 has now given way to a slight decline in total employment during the most recent 12-month period. Weaker Utah economic performance seems on tap during 2009, particularly during the year’s first half. Low levels of consumer and corporate confidence tied to a serious U.S. recession and paranoid credit markets all suggest a Utah recession is unfolding.”

Source: Zions Bank, Utah Economic Outlook, Winter 2009

Idaho

“Weak Idaho economic performance is expected during 2009’s first half. Markets all suggest the Idaho recession will continue. The Idaho unemployment rate moved sharply higher during 2008. A higher rate is expected in coming months. A return to positive, if not impressive, economic growth will develop for the American economy. Such stabilization should establish a foundation for a return to positive Idaho economic growth late in 2009.”

Source: Zions Bank, Idaho Economic Outlook, Winter 2009

Arizona

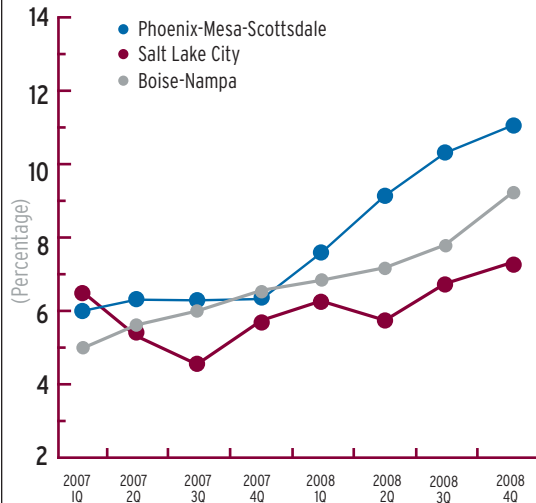
“The economic outlook has deteriorated significantly as a result of recent financial turmoil. The downturn, which began in late 2007, accelerated in August and the economy is in a free fall as year end approaches. We now expect a recession stretching into the second half of 2009 and comparable in severity to the mid-1970s and early 1980s recessions. Recessions are messy and downright scary, but they eventually come to an end.”

Source: Arizona’s Economy, December 2008, University of Arizona, Eller College of Management

THE NUMBERS GAME

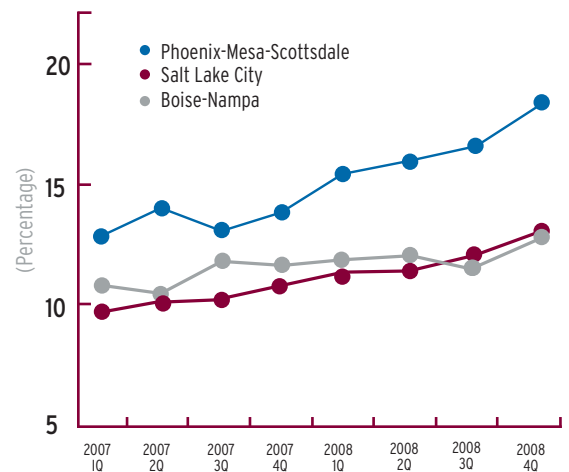
3 MARKETS BUILT ON DIFFERENT STORIES OF VACANCIES AND UNEMPLOYMENT

Industrial Market Vacancy Rates



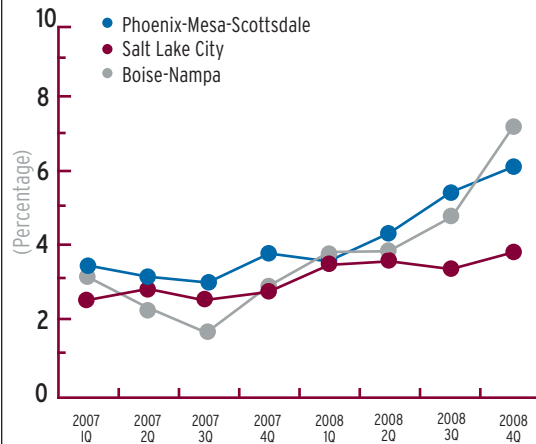
Source: Thornton Oliver Keller Commercial Real Estate (Boise); Cushman & Wakefield of Arizona, Inc. (Phoenix); Commerce CRG Commercial Real Estate (Salt Lake City)

Office Market Vacancy Rates



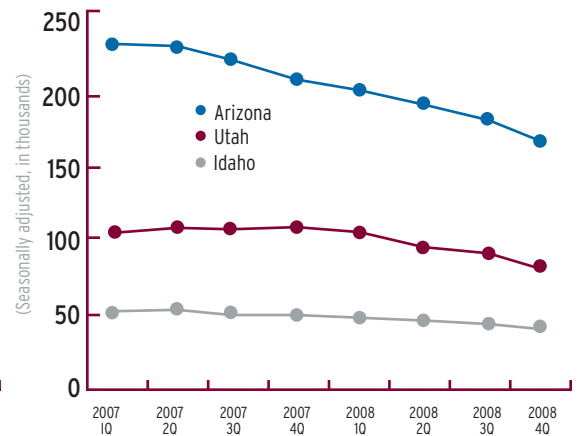
Source: Thornton Oliver Keller Commercial Real Estate (Boise); Cushman & Wakefield of Arizona, Inc. (Phoenix); Commerce CRG Commercial Real Estate (Salt Lake City)

Unemployment



Source: U.S. Bureau of Labor Statistics

Construction Employment



Source: U.S. Bureau of Labor Statistics

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