

Cost of copper affects Oklahoma City construction

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That penny in your pocket may contain more than one cent's worth of copper.

In fact, the price of copper hit an all-time high of \$4 per pound in May 2006 after resting at a 60-year low of 70 cents per pound between 1999 and 2003.

Unfortunately for construction firms, building owners and insurance companies, this fact is quite well-known among the criminal element. And the resulting damage is no small change.

"We saw a huge surge in copper thefts between March into September," said Steve Whitmarsh, executive general adjuster and vice president of McLarens Young International. "It has to do with the increase in the price of copper per pound."

He estimates he has handled about \$2 million in such claims in the last six months.

Copper is used in air conditioning units, for wiring in homes, traffic lights and in telephone lines. It is also found in plumbing and other types of pipes. Thefts have even been reported by cemeteries missing vases and grave markers.

Industry experts attribute the price increase to the "Katrina effect," or the increased demand in building materials due to the reconstruction of the Gulf coast. The nationwide and worldwide construction booms also share the blame.

At publication, copper was hovering around \$3.50 per pound, and Whitmarsh said the thefts have recently leveled off with the slight dip in price. He, however, remains very busy.

He soon will travel to Reno, Nev., to investigate a \$1 million copper theft claim at a geothermal plant.

Kelly Miller, president of Professional Insurors, a local commercial insurance company, has seen an increase in theft claims involving copper, as well.

"It's pretty marketable," he said of the purloined copper.

Marketable, yes, but not particularly profitable in terms of the resulting damage.

For example, Miller said the crooks might make \$500 selling the stolen materials to second-hand goods dealers, but they will do \$50,000 in damage to the construction site.

The cost of the theft skyrockets, Miller noted, when adding in project delays, deductible costs and the possibility of higher insurance premiums. Some insurance companies require fences to be erected around construction sites or on-site security. This also adds to project's bottom line.

No one knows this better than Jim Snoddy, owner of Snoddy Properties.

"Copper theft is nothing new," Snoddy said. "But the magnitude has become immense."

In October 2005, Snoddy's company was having a medical facility constructed at NW 63 Street and Portland Avenue. Over a period of just a few weeks, this site was burglarized four times. Snoddy hired after-hours security, which he said "was not budgeted for and was not cheap."

This summer, another Snoddy construction site was stripped of every piece of copper wire, including a 100-ton commercial air conditioning unit.

Snoddy said the theft cost his project a six-month delay and "significant" insurance deductible payments, in addition to the security costs. He also feared losing his insurance coverage due to the numerous claims.

Miller and Snoddy agree the only way to stop the problem is to make scrap copper less marketable. They then joined forces with others affected by the crime to pass an Oklahoma City ordinance in December.

The new city ordinance requires second-hand good or "junk" dealers to hold copper for 15 days and for the seller to produce identification before money changes hands. This allows the police time to investigate crimes and recover stolen copper before it is melted.

Unfortunately, Miller said, this has only served to drive criminals and junk dealers outside city limits.

To combat this further, Miller is working with State Sen. Cliff Branam to introduce a bill this legislative session that would regulate the sale of scrap copper statewide. The bill, which would amend 59 O.S. 2001, Section 1406, would require dealers to keep detailed records of transactions involving copper as well as information on the seller and to abide by the 15-day holding period.

Violations would result in fines and loss of dealer licenses. At least four bills addressing copper theft have been filed this session.

"I think it's past due," said Snoddy of the proposed legislation. "And I'm certainly hoping for it."

If not, he fears insurance carriers will stop covering copper thefts.

"It could kill a small business," Snoddy continued. "It could ruin someone who wasn't prepared for it. It cost me a fortune. It's just financially, mentally and physically fatiguing."

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