Part Two:
Reopening Projects Previously Shutdown
This session will address:

• Project Security
• Schedule Impacts
• Determining Financial Viability Post-COVID-19
• Workforce Issues Post-COVID-19
• Budget Effects
• Cash-flow Effects
• Supply Chain Effects
• Planning to Reopen
• Inspection and Permitting
How does COVID-19 effect job security for previously started projects?

Technical Effects

• “Essential Work” was work in progress
• For States that suspended/restarted commercial work, “existing” work restarted with limitations
• “New” work is the odd person out

Practical Effects

• Fewer options when there is a hole in the ground
Project Security

How does COVID-19 affect job security for previously started projects?

Amicable Impacts

- Owner request for lengthened pay cycle
- Owner request to extend length of suspension required before contractor can terminate for convenience
- Work slow-down
- De-scope
- One-time handle on costs

Disputed Impacts

- Refusal to pay or intent to challenge/require claims
- Premature subcontractor claims (creates GC pinch)
- Changes project dealings – more formal and guarded
Scheduling

Delays

- **Known**: day-for-day (possibly more) for period of suspension
- **Developing**: productivity impacts – both during ramp up and after
  - Ramp-up effects
  - Phased/intentionally slowed start-up
  - Re-sequence of work to prioritize “allowed work”
  - Change in worksite practices
  - Change in crowding/spacing
Scheduling

Tracking Costs due to COVID-19

- Future/Unknown
  - Infections/Incidents
  - Changes in law
  - Subcontractor Business viability
  - Supplier business viability
- Segregate job costs due to COVID-19
Determining Financial Viability

Owners

• Contract terms on providing financial assurance
• Lender/Owner relationship
• Review past due receivables; identify high-risk clients
• Escrow account with 2 to 3 months billings
Determining Financial Viability

Subcontractors and Suppliers/Vendors

- Managing subcontractor notices
- Don’t allow subcontractors to bill ahead
- Joint check process
- Bond/Subcontractor Default Insurance (SDI)
• Initially, craft seemed more willing to take a short break
• As stay-at-home orders lengthened, more craft going back to work
• Increased OSHA complaints
• Tension – work vs. protection
• Misinterpretation of Rules
Budget Effects

• Driver (contract may entitle GC to money, but if not in budget = fight)

• Bidding future work: is it included, not included, alternate, allowance – are any of these capable to predict in the next 12-24 months?

• Consider subcontractor approach when jobs in progress where buy-out not yet completed
Cash-Flow Effects

- Late pay
- Slow-down
- Slides
- Cancellations
- BUT, prompt pay more important to subs than ever
Supply Chain Effects

- Subcontractors to reach out to vendors re: materials
- Long lead items
- Be aware of material origins
- Border quarantines, etc.
- Value Engineering (VE)/Substitution issues
Planning to Reopen

- Protocols for every element of COVID compliance
- Mapping out walking lanes
- Reorganizing break rooms, schedules
- Stock up on PPE/cleaning supplies
- Communication is key
  - Uniform/similar policies across projects
  - Consistent response
  - Keep decision maker group small
  - Keep the Owner well informed
- Schedule contingency
Inspection and Permitting

- Delays should be expected
- Communication with Owners/Contracting parties critical
Questions?