

Building Schools in a Post-Covid World



Architect/GC Issues



Skilled Labor



Inflation



Manufacturing Delays

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- B.S. in Building Science, Auburn University
- 25 years in Construction industry
- Experience: Over \$1 Billion in K-12 construction management and 60+ K-12 projects
- School board member, Cleburne County Schools (current board chair)



The image shows several sheets of architectural blueprints rolled up and scattered on a light-colored surface. The blueprints are white with black lines and text, showing various technical drawings, dimensions, and annotations. Some sheets are partially unrolled, revealing detailed floor plans and structural elements. The overall scene is brightly lit, with soft shadows cast by the papers.

Issues Related to Architect/General Contractor

- Since 2021, the United States has witnessed a remarkable surge in construction activity fueled by federal initiatives in the areas of infrastructure, technology, and environmental sustainability.
- These projects, usually privately negotiated, collectively are valued at an estimated \$500 billion.
- Impact on public construction:
 - More demand for Architect services.
 - Fewer GC bidders for public projects.



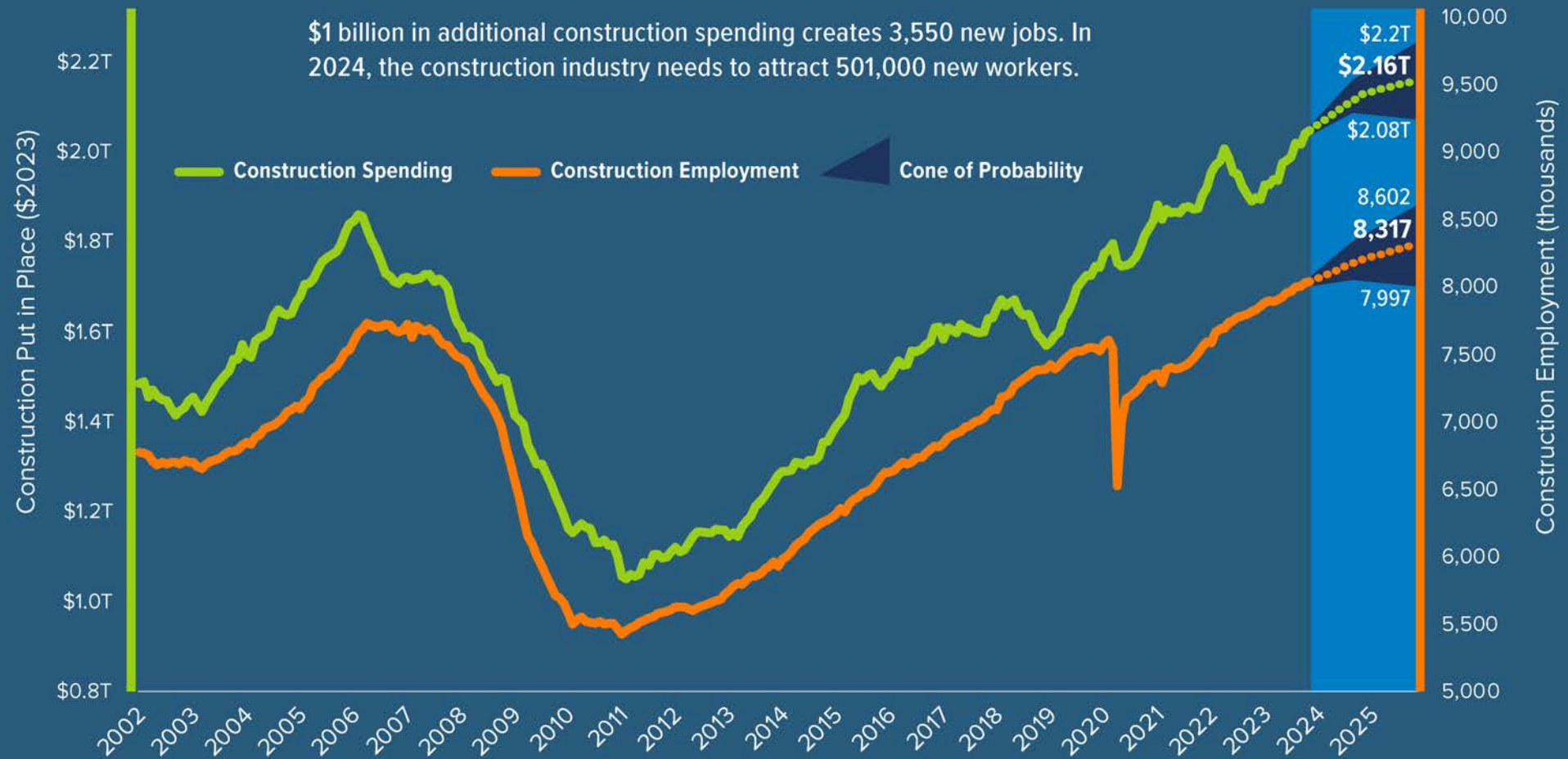
Skilled Labor Shortages

- 20% of construction workforce was lost post-Covid.
- Labor shortages in the construction industry continue to contribute to rising costs and schedule delays.
- The construction industry needs to attract 501,000 new workers in 2024 to meet the needs.



Construction Spending and Employment Forecast (High, Base and Low Scenarios)

\$1 billion in additional construction spending creates 3,550 new jobs. In 2024, the construction industry needs to attract 501,000 new workers.



Financial Impact to Owners

- If state or federal dollars are allocated to specific projects or budgets, those funds must be spent by an associated date.
- Ongoing procurement and execution challenges affect construction schedule. Not every project can be a priority.
- Liquidated damages are funds covering the costs for each day the project continues past the contractual completion date. Only actual costs as a result of the delay are due the Owner.



Davis-Bacon and Related Acts Regulations

The Davis-Bacon Act is a federal law that requires contractors and subcontractors on federal and federally assisted construction projects funded by taxpayers to pay their workers the local prevailing wages and benefits.

The law applies to contracts over \$2,000 for the construction, alteration, or repair of public buildings or public works in the United States or the District of Columbia.

The Department of Labor determines the prevailing wage rates and enforces the law.



Important Dates Related to Davis- Bacon

Aug. 23, 2023

The U.S. Department of Labor officially published its final rule, Updating the Davis-Bacon and Related Acts Regulations, in the Federal Register.

Oct. 23, 2023

The rule takes effect. All contracts entered into after Oct. 23 will be subject to the new rule's provisions.

Additionally, in certain situations the rule may apply to existing contracts.

This includes if a contract is changed to include substantial Davis-Bacon-covered work not within the scope of the original contract, if an option to extend a contract's term is exercised, and for ongoing contracts not tied to completion of a particular project.

Inflation and Lead Times

- Bad news: Costs of construction materials have increased at least 40% since before the pandemic.
- Good news: Analysts expect more modest increases (2% to 6%) throughout 2024.



Manufacturing Lead Times

Pre- and Post-Covid



Pre-engineered
Metal Buildings

Pre-Covid
10-12 weeks

Post-Covid
10-12 weeks



Mechanical
Equipment

Pre-Covid
Shelf items

Post-Covid
12-40 weeks



Electrical
Switch Gears

Pre-Covid
16-20 weeks

Post-Covid
40-60 weeks



Lighting

Pre-Covid
8-10 weeks

Post-Covid
16 weeks

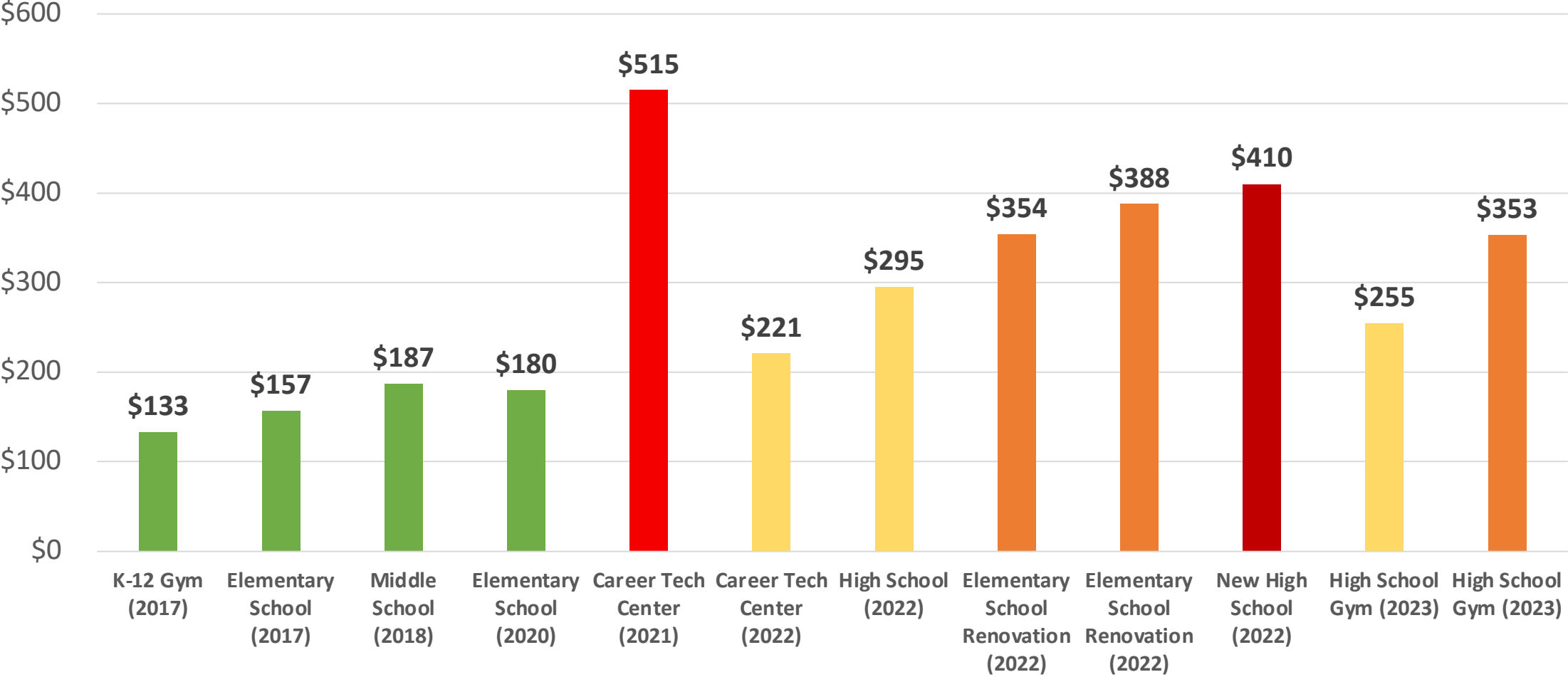


Finishes (millwork, tile,
specialty products)

Pre-Covid
10-12 weeks

Post-Covid
10-12 weeks

Actual Per Square Foot Project Costs

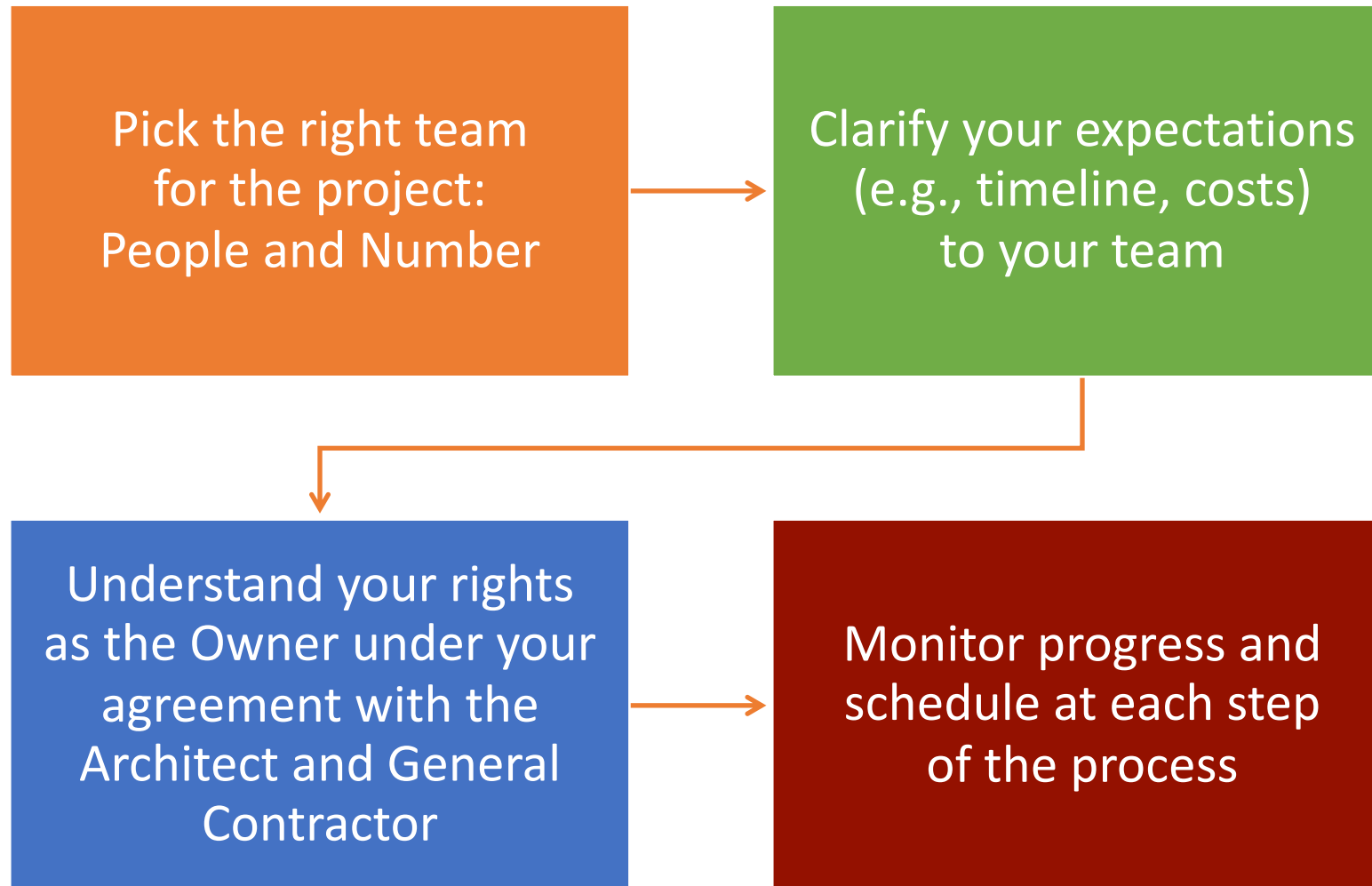


Source: Scout Client Data

Title 39 — Summary of Changes to State Bid Law

- **Section 39-1-1**
- Section 39-1-1 mandates that a contractor performing public works furnish a performance bond equal to 100% of the contract price and a payment bond equal to at least 50% of the contract price. Prior to the recent amendment, this requirement applied to all contracts valued at \$50,000 or greater. The new law increases the minimum contract requiring bonds to \$100,000.
- Section 39-1-1 previously required a contractor to give public notice of completion of a public works project in “a newspaper of general circulation published within the city or county in which the work has been done” for four consecutive weeks. The new law requires publication for only three weeks and expands the acceptable methods of publication to the websites of (1) the local newspaper and (2) the website utilized by the awarding authority for publishing notices.
- The amended law also clarifies that completion notices on contracts for “road resurfacing materials that are awarded on an annual basis” and include options for unit prices need not be given for each proceed order and may instead be given annually.
- **Section 39-2-2**
- In Section 39-2-2, the amended statute increases the minimum threshold for requiring competitive bids to contracts greater than \$100,000, removes the requirement to advertise for sealed bids in three newspapers of general circulation throughout the state, and permits the submission of sealed bids electronically. It also expands the awarding authorities excluded from the bidding requirements to include those authorities subject to the statutes governing the state Division of Procurement (Code of Alabama, Article 5, commencing with Section 41-4-110).
- The revised Section 39-2-2 also modifies when emergency situations are excepted from competitive bidding requirements, and it distinguishes between emergencies that would cause “immediate harm to a person or public property,” which may be let without public advertisement or bidding, and emergencies that affect “public health, safety, or convenience, as declared in writing by the awarding authority,” which may be let without public advertisement.
- Finally, the new statute clarifies that an awarding authority may purchase materials or equipment without competitive bidding pursuant to certain subdivisions of Section 41-16-51(a), but the remaining portion of public works remains subject to all requirements for public works, even if the remaining portion of work is valued less than \$100,000.
- **Section 39-2-6**
- Section 39-2-6 governs the award of a contract. The amended statute now allows an awarding authority to notify the successful bidder via electronic mail. It also permits any awarding authority other than the Department of Transportation to negotiate for the work with the lowest responsible and responsive bidder when two or more bids are received and all bids exceed the available funding for the contract.
- **Changes went into effect Sept. 1, 2023.**

Safeguarding Your Project





PROGRAM MANAGEMENT

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