



Southern California Partnership for Jobs

Transforming Southern
California's Economic Future.
Infrastructure Matters.



Rebuilding SoCal...One Partnership at a Time

Dear Trustees, Alternates and Associations,

Welcome to Monday! We all hope you are doing well and staying safe. We are looking forward to things slowly returning to normal.

As a reminder, our monthly Board Meeting will be held the morning of May 26th. This week an opportunity was presented for the Partnership to participate in an Economic Recover Task Force headed by IEEP. This will allow SCPFJ and our Partners to shape the economic recovery in our industry as we move forward, a tremendous opportunity. We are also looking for ways to promote our Construction Industry Safety Micro Site and even managed productive meetings with ASCE and ARTBA on regional and federal opportunities for funding. To end the week on a high note we learned that the SCAG regional council has approved a 120-day delay to adopt the full Connect SoCal.

Lastly, we hope you had a Happy Mother's Day Weekend!

Sincerely,
John Hakel, Executive Director

Update on Transportation Agencies

The new normal: Unique ways the coronavirus crisis is changing construction *(Pay close attention to #5)*

U.S. jobsites are reopening but the industry will not be the same as it was before the COVID-19 outbreak. Are you ready for the paradigm shift?

In the span of two months, the coronavirus crisis has demanded sweeping changes from the U.S. construction industry, and experts say many of them will remain in place even after the outbreak recedes.

As contractors prepare to return to work on sites that have been shut down by shelter-in-place initiatives, they will face an industry that has been drastically changed by the both public health and economic effects of the pandemic.

“From a renewed emphasis on jobsite safety to longer project delivery times and the increased influence of organized labor, the virus has upended many facets of the industry. Companies that try to return to a business-as-usual mentality will face a harsh new reality.” Joe Natarelli, Marcum LLP

Here are some ways that COVID-19 has altered the construction industry for the near future and beyond.

1. Job-sites will be cleaner and safer

The virus put a spotlight on the importance of worker health and safety, and U.S. contractors responded by implementing new jobsite policies such as staggered shifts, employee temperature checks and top-to-bottom disinfections of jobsites, tools, and machinery.

This emphasis on cleaner, less crowded work areas is one that won't recede after the virus does, Natarelli said.

The new normal will be reinforced by state, local and federal regulations, such as the ones recently proposed in Washington and Pennsylvania, and in the near future, OSHA could require employers to develop written infectious disease preparedness and response plans, said attorney Michael Rubin, chair of Goldberg Segalla's national OSHA and Worksite Safety practice group.

Medical experts' belief that outbreaks across the world will come in waves for months or even years to come make safety plans important now and into the future.

“Employers can no longer conduct business the same way as they did in the past,” he said. “Especially now, they need to be flexible and, in many instances,, creative, as they think of new ways to perform certain tasks that they have performed in the same way for many years in the past.”

2. Distancing will be the norm, via technology

Even as the current outbreak subsides in many areas, state and local officials are putting measures in place to mitigate risk on construction sites going forward. For instance, new guidance in Washington state requires that jobsite employees keep 6 feet away from each other and non-compliance could lead to a project shutdown.

The need for social distancing has also changed how contractors interact with project teams and with customers and companies have developed unique solutions to stay in touch. Los Angeles-based AECOM has launched an interactive web-based tool that allows clients to hold virtual public meetings, a crucial component in the process of creating public projects such as town halls, stadiums, and concert venues. The platform allows AECOM employees and customers to engage with the public about the impact and benefits of proposed projects without leaving their homes.

In addition, in some areas of the country, building departments are implementing remote technology for inspections, a trend that will continue after the health crisis is over, according to Stephen Poposki, a building official in Cape Coral, Florida.

For instance, when faced with a recent inspection delay on a project in Nashville, Tennessee, general contractor DPR submitted 360-degree photos and videos to the local fire marshal for a virtual inspection, allowing it to turn the project over on time.

3. Projects will take longer

Many of the major safety changes on construction sites will add to the time it takes to complete projects. While crucial to keeping workers healthy, techniques such as suiting up with PPE, only allowing one trade on a site at a time and staggering work shifts will slow down progress and the days of fast-tracking a project may be over — at least for now, experts say.

Natarelli advises contractors to consider time constraints when bidding out new jobs to make sure the contract reflects a reasonable construction schedule. The entire project team, including owners, architects, subs, and other partners, needs to understand that at least in the near term, projects will take longer than before.

“We’ll be planning jobs differently going forward,” he said. “These longer completion times aren’t going to go away anytime soon, and we need to be prepared going forward that if another wave of the virus does come back, we’re in much better shape and we’re much better prepared.”

4. Telework will become more common

The coronavirus has also brought major changes to construction’s back offices. Forced to stay at home, many office employees have kept business operations running via remote work, relying on technology like videoconferencing, emailing and texting to stay in touch.

This nationwide experiment in telework will likely cause many leaders to think about making the practice permanent. A recent Gartner study found that 74% of American companies will move at least 5% of their office workforce to permanently remote and nearly a quarter of respondents said they will move at least 20% to permanently remote positions, according to a survey of the company’s chief financial officers.

While the trend toward remote work will lead to a dramatic reduction in the need for office space for many companies, others may think about expanding, Ross Forman, managing director of business advisory firm BDO, told Construction Dive.

5. Union influence will grow

Since World War II, the percentage of the U.S. construction industry involved in union memberships has steadily declined, from about 87% of the workforce in 1947 to 12.8% in 2018. Nevertheless, since the pandemic began, trade unions have taken on renewed influence in many areas of the country by advocating for members' best interests in keeping sites operational and safe.

During the crisis, unions have provided a voice for workers who are struggling to decide whether they should stay home or go to work, said Mark Erlich, a fellow at Harvard University's Labor and Worklife Program. Unions also help laborers find new work after a layoff.

"Clearly, being a union member has been enormously beneficial in the past few weeks," he said.

The appeal of unions will be stronger than ever going forward, Erlich said, a trend that "will likely come into conflict with cost-cutting measures that construction employers will inevitably be considering once they reckon with the financial losses from the crisis."

To get ready for this trend, general contractors should be prepared to collaborate with unions and ensure they create work environments that meet their high standards for jobsite health and safety, even if they operate in traditionally open shop states.

"It's going to cost more money and not going to be as efficient as in the past, but the market is going to force those types of changes," Natarelli said.

6. Demand for project types will change

The coronavirus outbreak has reshaped the types of projects that will be built this year and for many years to come. Hospitality, retail and entertainment projects are likely to be in less demand while healthcare construction and healthcare-related manufacturing projects could see more activity, according to Charles Hewlett, RCLCO Real Estate Advisors' director of strategic planning.

In addition, demand for distribution and warehouse space may likely increase as U.S. companies favor higher inventory levels and emphasize supply chain resiliency over efficiency, Hewlett said.

"In the long run, expect more manufacturing facilities to locate in North America to ensure supply and access to markets during episodes like this one, a boon to economic growth and industrial and logistics facilities in the U.S. and Mexico," he said.

Experts are divided on how infrastructure initiatives will fare in the near future, with some noting that projects like road and bridge construction could suffer as state DOT revenue declines because of decreased fuel tax revenues and that federal infrastructure funding may be waylaid as Congress turns its attention to COVID-19 mitigation measures for business and unemployed Americans.

Nevertheless, some public works projects have received a shot in the arm because of the pandemic. The Airport Improvement Program will invest \$3.2 billion in the development and modernization of aviation facilities across the country, and the governors of some states, including Florida and Minnesota, have accelerated billions of dollars of

transportation projects in an effort to lessen the economic fallout from the coronavirus pandemic and to take advantage of fewer vehicles on the road.

7. Supply chains will recalibrate

Even before the outbreak hit the U.S., the coronavirus created major global supply chain disruptions, especially of goods from China, the source of about 30% of U.S. building materials last year. Government containment efforts and quarantines in China slowed or shut down factories in dozens of cities and provinces, leading to a falloff in production of everything from cars to smartphones. U.S. builders have noted delays and shortages in items like steel, surfacing and case goods.

With so many sourcing challenges on the horizon, many American construction firms will be hesitant to resume orders from Chinese suppliers, according to Keith Prather, market intelligence expert for Olathe, Kansas-based business management consulting firm Pioneer IQ.

“How we source projects has a lot of weaknesses,” he said. “We believe that going forward there will be a lot of reshoring back in the U.S., where we’ll see an increase in our manufacturing ability here as well as heading into Mexico.”

Natarelli said many of his large contractor clients that are bidding out jobs include clauses in their contracts that call for as many as five backup sources for materials. Many are willing to pay higher prices for supplies coming from less risky locations.

Source: Construction Dive



American Road & Transportation Builders Association Shares Insight to Federal Stimulus Plan to Southern California Partnership for Jobs

This past week we had the pleasure of speaking with the Governmental leadership at ARTBA. Last year during our trip to D.C. we met and had lunch in their office. It

was time to check back in with Rich Juliano, Dean Franks, and Nick Goldstein. We had to ask the magic question. What is the talk on the “Hill” for a Federal stimulus package for infrastructure? On the revenue side, most states are down anywhere from 40-50% due to less fuel tax and user fees. We spoke about the phases of the economic *relief* plans.

Infrastructure looks to be in phase 5. We were told that the house will be asking for a big chunk for states this next week or so. When we asked what kind of number you are hearing, we were told min 500 billion. The ask is that 50 billion be carved out specifically for State DOT. This would be just a backfill to help recover losses but nothing to stimulate the economy. We still need dollars for the *recovery* side.

As always, we asked what SCPFJ could do to support their efforts and to carry their message. It was decided that we will be sending a letter to our legislators on how the money should be spent. We will be repurposing their ad campaign they launched yesterday with TT that targets the districts for both Nancy Pelosi and Kevin McCarthy. We will also sign onto the letter to support the \$50 billion for State DOT.

We will continue to stay in touch quarterly and look forward to our next discussion will ARTBA.

-Carol Church, Director of Operations & Transportation.

Support from Water Agencies

PAUL GRANILLO, CEO INLAND EMPIRE ECONOMIC PARTNERSHIP ELECTED TO ECONOMIC RECOVERY TASK FORCE

On April 21, 2020, the Riverside County Board of Supervisors launched an Economic Recovery Task Force. This task force will advise the Board on what restarting the local economy will look like, as well as preparing their county to begin healing from business closures and job losses caused by the COVID-19 pandemic.

Among the business and community leaders elected to the task force, is Paul Granillo, president and CEO of the Inland Empire Economic Partnership. Paul is a respected leader of Riverside County, and is among the many Agencies that Southern California Partnership for Jobs has a trusted working relationship.

I reached out to Paul last week to get his input on where he believes the direction and efforts will be focused when it comes to infrastructure development aiding in our economic recovery.

This is what Paul had to say:

In response to the COVID-19 pandemic and the formidable economic, equity and educational challenges facing the Inland Empire, our leadership and membership have

come together with a unified voice to support our residents and business community in navigating the disruptive economic and social ramifications of the Coronavirus crisis. The objectives of the task force include: providing real-time research for economic recovery and resource coordination, supporting our vulnerable small business community, and bolstering our region's workforce and educational efforts needed for economic recovery and resiliency. The task force includes three teams, as outlined below.

- **Economic Recovery Research Team:** This team is responsible for responding to economic crisis, coordinating and analyzing real-time data to provide recommendations for economic recovery. The research provided will include specific, data-informed attention to areas that are critical for economic relief, economic vitality, and policy development. This will include tracking post COVID-19 job displacement and new forms of economic activity.

- **Economic Recovery Team:** This group will create a regional economic framework that focuses on both immediate and long-term economic needs for the Inland Empire. The focus of this team will include responding to key economic signals including the acceleration of automation, increased reliance on a strong supply-chain, and shifting workforce needs and training, while responding to business needs.

- **Workforce Recovery Team:** The goal of this team will be to develop a strategy to continue to expand, retain, and employ our educated and/or displaced workforce in the Inland Empire.

"We do not have a precedent to guide our regional recovery amidst severe health and economic crisis. More than ever before, we need to be working together to help move our economy through recovery, and into a prosperous future."

County staff members from the Economic Development Department and Transportation and Land Management Agency will work alongside the task force in support of these critically important objectives. This task force will remain in place for approximately 18 months.

Status: The IEEP is currently accepting volunteers to serve on these Teams.

Marci Stange, Director Water, Environmental Relations



Media Outreach

Newsletter – This week’s Newsletter was sent to an initial audience of 2,617 recipients with an open rate of 22%. The topic of this week’s article featured the Long Beach and Los Angeles ports. Additionally, we sent the Newsletter out to the SCPFJ media list of close to 450 media members such as: Southern California News Group, Los Angeles Times, LA Opinion and the Los Angeles Blade.

Radio Ads – The radio ads run by the Partnership during the COVID-19 crisis came to an end last week. In total, the ads had a total audience of 33,028,000.

Due to the success of this project, the Partnership is looking into running more ads in the LA, Orange County Register and San Diego Union Tribune to highlight some other accomplishments for SCPFJ including outreach to city and county agencies, and talks with ASCE and ARTPA on regional and federal funding opportunities as well as our SB1 video series.

We are also looking into ads for IheartRadio and Spotify which will be forthcoming.

Construction Site Safety Micro Site - <https://covid19.rebuildsocial.org/> The partnership has recently established a new micro site dedicated to Construction Site Safety. This microsite contains its own blog, the latest social media posts, news articles, resources as well as project updates. We are currently working with Talent Evolution to distribute a press release to the media as well as media outreach and a timely blog post on rebuildsocial to spread the word on this valuable resource.

