



Managing Bond Projects During 2009 Financial Crisis

Site Management and Other Considerations for Owners

Presenters

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Questions to Consider

- ◆ Termination vs. Suspension
- ◆ What is your financial condition?
- ◆ How long will impact be?
- ◆ What phase is your project in?
 - ◆ design, bid and award, or construction
- ◆ What is the duration of your project?

Questions to Consider

- ◆ What type of contract do you have?
- ◆ Will the contractor negotiate?
- ◆ How has the project progressed so far?
- ◆ What financial condition is the contractor in?
- ◆ What are the impacts if you delay the project?

Site Management & Security Issues

- ◆ Protecting Existing Construction
 - ◆ Safety
 - ◆ Weatherization
 - ◆ Vandalism
 - ◆ Security
 - ◆ Maintenance Liability
 - ◆ Impact to Warranties
 - ◆ SWPPP
 - ◆ Demobilization and Remobilization

Site Management & Security Issues (cont'd)

- ◆ Materials
 - ◆ Storing Materials at the Site
 - ◆ Stopping Material Orders, Fabrication, Delivery or Acceptance
 - ◆ Accepting Materials Stored at Other Sites
 - ◆ Restocking Costs
 - ◆ Material Escalation

Site Management & Security Issues (cont'd)

- ◆ Materials (cont'd)
 - ◆ Loss of Slot for Manufacture
 - ◆ Discounts - lost
 - ◆ Loss of a Manufacturer – future
 - ◆ Material Shortages (anticipated when work resumes)
 - ◆ Responsibility and Liability

Considerations for Owners

- ◆ Payment of Outstanding / Future Payment Applications
- ◆ Retention
- ◆ Project Overhead Expense
 - ◆ Lost in productivity and workflow
 - ◆ Storage expenses
 - ◆ Insurance
 - ◆ Bonds

Considerations for Owners (cont'd)

- ◆ Labor – Contractor/Subcontractor Impacts
 - ◆ Rate increases (escalation) or new prevailing wage rates
 - ◆ Potential loss of personnel to other projects
 - ◆ Going out of business
 - ◆ Moving to other industries
 - ◆ Labor learning curve increases likely

Considerations for Owners (cont'd)

- ◆ Financial Impacts
 - ◆ Increased financing/legal cost if bridge loan is required
 - ◆ Increased accounting and state paperwork
 - ◆ Delay may increase bond sales cost
 - ◆ Lost opportunity costs
 - ◆ Environmental – penalties
 - ◆ Rebidding costs

Considerations for Owners (cont'd)

- ◆ Financial Impacts (cont'd)
 - ◆ Potential loss of federal or grant money
 - ◆ Deferred maintenance
 - ◆ Insurance coverage – all risk, GL
 - ◆ Increased costs for temporary housing
 - ◆ Legal fees and/or lawsuits
 - ◆ Change in bid climate – material and labor impacts

Considerations for Owners (cont'd)

- ◆ Timing Impacts
 - ◆ Missed summer window
 - ◆ Impact critical activity into another season which may impact costs, i.e., delay of earthwork into the winter
 - ◆ Phasing impacts – how a delay impacts other projects or operations

Considerations for Owners (cont'd)

- ◆ Miscellaneous Impacts
 - ◆ Potential loss of critical personnel – Owner, IOR, CM and A/E personnel
 - ◆ Planning delays
 - ◆ Permit extension fees
 - ◆ New building code or new interpretation