

COVID-19 Texas Construction Round Table Situation Report

Summary

as of March 27, 2020

Session Presenters

- James Vermeulen, Vermeulens
- Richard Vermeulen, Vermeulens
- Bret McCully, TAMU FPC

Construction Administration and Logistics – TAMU FPC

- Working to “share the message” that TAMU **projects are moving forward**
- **Temperature testing** and screening is taking place on job sites
- Projects have shifted to multiple crews over **six or seven days** to limit the number of workers on site
- The extended work schedule has **not impacted costs** or general conditions
- Looking for opportunities to **pre-purchase** long lead items
- Currently testing “**Virtual**” **inspections** for construction administration; the process is currently in Beta
- **Fixed Furniture and Equipment (FFE)** is beginning to show issues with delivery schedules

Construction Economics

- Vermeulens construction cost index has shown **rapid decreases** below the long-term trend line in past recessions
- Currently the **cost index is well above** the 34-year historical trend line
- The 2008 downturn was due to **economic fundamentals**
- The current **downturn is different** as it is starting from solid economic fundamentals
- The depth of this downturn will depend **on time to flatten the curve** and slow the pandemic
- Unemployment has **increased by 3.3M** however it was starting from 20 year low
- **2008 saw 8.7M job losses** compared to the 3.3M lost in the current downturn
- Stock markets dropped 60% in 2008 compared to a **current decline of 30%**
- Stimulus packages of **2 trillion and interest rate cuts** will soften the downturn by increasing money supply
- **March jobs data** will be published on April 3rd and will be discussed during the next round table

Other Considerations

- Should **early release packages** consider including enclosure and headend mechanical due to lead times
- Should projects consider a shift to **CMAR or continue with CSP** (Competitive Sealed Proposal) style procurement

Future Meeting Attendee Requests

- Subcontractors
- Flooring Representatives
- International Equipment Suppliers
- Health Insurance Representatives

