

Practice Update

# Construction: The Race for Scarce Materials and Skilled Labor Post Hurricane Ian

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Hurricane Ian will likely be remembered as one of the largest and costliest natural disasters to hit Florida in history. Commercial buildings, infrastructure and residences throughout the state were destroyed and are in various states of ruin, with damages estimated at over \$100 billion. In the aftermath of a devastating storm like this one, businesses and individuals are eager to rebuild as soon as possible. But, with the global supply chain already besieged by transportation delays, inadequate labor sources, material shortages, and soaring costs, the construction industry in Florida is facing a unique set of obstacles.

Indeed, due to factors such as the COVID-19 pandemic, the war in Ukraine, economic sanctions, rising inflation, higher energy costs, higher insurance costs, a higher demand for housing caused by the increased number of businesses and people moving to Florida since 2000, and a drastic decline in the number of workers in construction-related occupations in recent years, the construction industry in Florida was already inundated with challenges. Hurricane Ian has blown the issue out of the water, and will only create new and unprecedented surges on already scarce resources in the State of Florida. The ability to obtain the building materials and skilled labor required to

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continue pre-existing construction projects and to support repair efforts in those areas most affected by the storm may be jeopardized if companies do not plan properly and take proactive measures now.

In order to help ensure that sufficient construction materials and labor are available for construction projects going forward, we suggest some or all of the following actions:

- For new projects, locate qualified, licensed, and insured design professionals and contractors to design and construct the project as soon as possible, and get them under contract without sacrificing key legal protections.
- Use qualified cost estimators and schedulers to make sure that proper time frames are used in evaluating costs, bidding projects, and creating construction schedules for the project.
- Order materials early (especially materials that already have long lead times). By placing orders as soon as possible, companies improve their chances of having critical materials on hand when they are needed so as not to delay the construction schedule.
- Consider alternate supply and labor sources and encourage contractors on the project to diversify their supply and labor chains, as needed, for key construction materials and personnel.
- Require that contractors confirm the accuracy of measurements found in the plans before ordering construction materials, so that re-orders are not necessary. When in doubt, require that excess materials be ordered in order to ensure that enough materials are available (such as tile, lumber, and carpet) to cover any potential measurement errors.
- Be prepared to take early delivery of key materials, and to pay to store and insure them (either on-site or in licensed, bonded warehouses) until ready for installation.

- Consider incentive payments for suppliers to provide materials ahead of their scheduled delivery windows.
- For ongoing projects, review construction schedules to see what activities can be accelerated or re-sequenced while materials are en route, and request frequent schedule updates from the contractor to confirm that the project remains on schedule.
- Hire a private provider to provide inspections, when possible, so as to avoid delays caused by limited availability of local inspectors employed by the authorities having jurisdiction.
- If key materials are not available, discuss with applicable design professionals and contractors the potential advantages and disadvantages of making design changes in the project. By analyzing costs and wait times for certain materials, design changes may be able to reduce cost and delay.
- Consider (in consultation with design professionals and contractors) using substitute or alternate materials where the originally-specified materials are not available or delayed.
- Consider temporary solutions for items such as roofing, windows and doors so that interior construction can continue while permanent exterior materials are on order.

By planning in advance, owners and developers may be able to reduce the risks of construction project delays and mitigate cost increases on their construction projects in the months and years ahead.

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