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## CONSTRUCTION in the Age of COVID

BY JUDI CURRII



Construction roundtable participants include: Top Row, from left: Dan Ray, Jewett Construction; Stacy Clark, Turnstone Corporation; Joe Campbell, North Branch Construction; and Joe Picoraro, PC Construction. Middle Row, from left: Mike Stansbury and Gary Thomas (and their intern, Tim Zumbo), NorthPoint Construction; Nicholas Golon, TFMoran; and Preston Hunter, Eckman Construction. Bottom Row, from left: David Baer, Milestone Engineering & Construction; Nicole LaBrecque, PC Construction; Joshua Reap, Associated Builders and Contractors NH/Vermont Chapter; and Joshua Manning, Lewis Builders Development.

onstruction has been one of the strongest sectors in the CO-VID-19 economy. But, as the prime building season winds down and winter approaches, construction companies face delays in permitting, an uncertain investment climate and higher prices for materials, according to the industry leaders who took part in *Business NH Magazine*'s recent construction roundtable.

"Across the board, it was a panic situation," says David Baer, owner of Milestone Engineering & Construction in Concord, of the start of the pandemic. "I count my blessings that we were deemed essential and were able to keep moving."

Stacy Clark, president of Turnstone Corporation in Milford, agrees. "That was a key to us staying afloat," she says. "I think the

construction industry in New Hampshire has been able to prove that we can keep people safe; we haven't run into any significant issues."

Clark says the hardest part was keeping up with compliance, working late into the night to provide COVID-19 guidance to staff and crews and then adapt to changing executive orders. "That was the largest challenge—just not knowing what COVID meant, how it would spread," she says. "But I think we have an awesome governor who made some really great decisions, and we are grateful we live and work in New Hampshire."

Nicole LaBrecque, vice president of PC Construction in Bedford, says the pandemic hit just as spring projects were launching. "We operate in 12 states, so at the begin-

ning of the pandemic my job quickly became monitoring all the different rules."

Eckman Construction in Bedford shut down its offices and had admin staff working remotely. "We were fortunate to already have a system in place for that," says Preston Hunter, vice president, "But in our industry it's a new way of working."

Joe Campbell, president of North Branch Construction in Concord, says while the state supported the construction industry allowing it to remain open, the additional unemployment benefits didn't take into account that people working in essential industries were not going to be making as much as people on unemployment.

"There was still a need for people in the field and when folks can make more sitting at home on the couch, you are not going to get that many applicants for a carpentry position. We implemented a \$3 per hour stipend for all our field employees throughout the stay at home order, and I think that helped keep people eager to go to work."

Another initial challenge, Campbell notes, was keeping people safe. "In the early stages of a project there isn't always potable water to sanitize. Doing things to help people stay safe and clean has been really rewarding. We've been very fortunate and haven't had an active COVID-19 case on any of our job sites, knock on wood," he says.

#### **Opportunities Exist**

The ongoing housing shortage in NH means the multifamily sector continues to boom, which is good news for North Branch Construction, which has a large percentage of its business in multifamily housing. "We have a healthy backlog and no jobs have been canceled, so 2021 looks fantastic," says Campbell.

Dan Ray, vice president of preconstruction and design at Jewett Construction in Raymond, says the company does a lot of niche work in automotive, warehousing and logistics, which paused in the spring but has since blossomed. He says it is full speed ahead as they hire new people and move their headquarters to Fremont.

"We've been very fortunate to have weathered the storm the way we did. A lot of the work we were nervous about last spring has started back up or been pushed



Handwashing stations built by North Branch Construction are installed at all company work sites.

back to a definitive start in 2021, which has improved our backlog," he says. "We're trying to stay bullish and push through this thing and so far, so good."

#### **Uncertainty Ahead**

Hunter says the big question is what does next year look like? "Projects in our current pipeline have been in the works for years, but we're all worried; will the other shoe drop?" he asks. "Are the projects really going to get to construction or will they be impacted because of other economic factors?"

Clark adds she's most concerned about the election and what that might do for the investment climate. "I think a lot of business owners with the wherewithal to do things are waiting until after the election." she says.

But Hunter says the rates are low now and there's plenty of capital. "People are fleeing to hard assets such as real estate. The problem is the cost of construction and the cost of land," he says. "It continues to be a real barrier to multifamily projects, core commercial retail and obviously hospitality. They've been impacted by COVID more than others."

At TFMoran in Bedford, Senior Project Manager Nicholas Golon says early in the pandemic towns were shutting down their planning boards, making it a challenge to keep projects going.

"We predicate our business on deadlines," Golon says. "Town meetings went up in the air when this hit, so a lot of projects ground to a halt. We had to re-evaluate and figure out how to keep our people busy. We've been very blessed that we have been able to do so."

He says it was a scary time in March, but the governor helped with specific orders and municipalities are gradually coming up to speed on the technology. He says there's a bubble in the pipeline where no projects were approved in April and May.

#### **Supply Chain Issues**

Joshua Reap, president, Associated Builders and Contractors NH/Vermont Chapter (ABC NH/VT) in Concord, says the beginning of the pandemic was nerve wracking for construction companies, especially with increased material prices as manufacturers were sidelined by shutdowns. He says soft lumber is harder to get and year-over-year it's 25% more expensive than it was at this time last year.

"Some projects continued but a lot of the factories shut down. It created a log jam; things are coming slower and costs are up," says Joe Picoraro, director of business development at PC Construction in Bedford.

Reap says those lags in manufacturing had a ripple effect on construction projects. "Energy costs may be down, but you can't start certain phases of a project without the



Upper Valley Honda built by Jewett Construction.

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The Omni Mount Washington Resort addition being built by PC Construction.

materials in place, so it is delaying construction. It is a challenge right now as we wait for manufacturers to ramp back up and get their PPE in place to meet the demand," he says.

Residential construction is also experiencing increased costs and delivery delays. Joshua Manning, general manager at Lewis

Builders Development in Atkinson, says they are seeing major price increases for materials. "It started with pressure treated lumber and now it's windows and appliances. We had to close on a home with a stock appliance and promise to bring the upgraded

one when it finally arrives," says Manning. "We are a residential builder working on a pretty tight schedule, one home after the next. We are used to lead times being a certain amount, then suddenly it's five weeks, then it's eight weeks, then it's 'we don't know when you're going to get it."

While supply chain disruption and price spikes are never good, fewer projects may make it easier to manage the pipeline, says Gary Thomas, president of NorthPoint Construction in Hudson. "We're not seeing the August rush for groundbreakings, like we have for the past five years," he says. "It allows us to more easily manage our backlog, but we're also feeling a tightening of the purse strings for projects like hotels. The banks are not dropping money on everyone's doorstep like they used to."

We've been reframing our recruitment ... with efforts to include an understanding of work-life balance.

- Nicole LaBrecque, PC Construction

#### Workforce Remains a Challenge

Despite record joblessness and the expiration of the \$600 federal unemployment benefit, hiring is still difficult, says Reap of ABC. "Workforce continues to be a challenge and I don't think it will go away, even with the economic uncertainty aside," he says. "Our current workforce is aging out; there's always going to be a need for more craft workers and skilled leaders on the job site."

Adds Golon of TFMoran, "There aren't enough young people either moving to or staying in New Hampshire that are interested in the construction industry or engineering."

Reap says ABC established the "I build New Hampshire" brand to engage youth and people who may be currently unem-

ployed that want to try a new career. He adds it is time to change the perception of working in the trades and instead of educators and guidance counselors asking students whether they have chosen a college, start asking, "Have you chosen a career path?"

"We've had people from the construction field tell that hero story of what construction does for them as a career and how rewarding it is, how they got into it," Reap says of efforts by the industry to recast construction for the next generation. "At the end of the day, you might be a carpenter, but with three to five years on the job, it's the same as having a bachelor's degree without the college debt, and you are earning while you are learning."

Baer of Milestone says even though some schools have reopened this fall, many of the programs in the building trades have not resumed because they're so hands-on. But Reap says ABC is already working on virtual modules to help schools deliver trades programming. He says while those students may not be getting hands-on experience, the videos and modules can help bridge the gap.

LaBrecque of PC Construction says potential hires have started to ask about company culture. "We've been reframing our recruitment ... with efforts to include an understanding of work-life balance."

During the pandemic, construction firms are seeing applicants from out-of-state cities that want a job in NH, says Clark. "Many are looking for that work-from-home option, but that's a challenge because so much of what we do is hands-on and requires a team culture and a team effort," she says.

Thomas says he has also seen many resumes from Massachusetts as people try to get away from the cities. "But at the same time, we have lost a few people. They are struggling to handle the workload and homeschooling, and we can appreciate the challenge," he says.

#### **Focus on Culture**

Construction companies are also reexamining their pay, benefits and culture during this challenging time to retain workers. As parents deal with different back-toschool schedules during COVID, flexibility



and realistically managing workflow has been key to workforce retention, Golon says. "You've got to show empathy and find a solution that works for the company and for your people," he says.

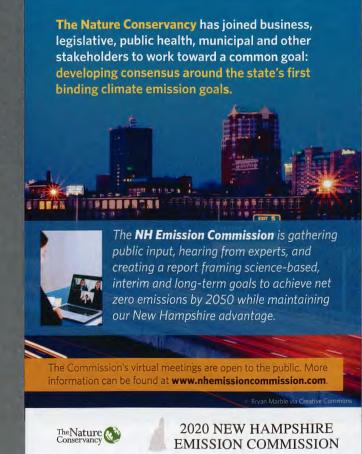
Pay is also under the microscope as companies not only compete against each other for workers but until recently, also competed against increased unemploy-

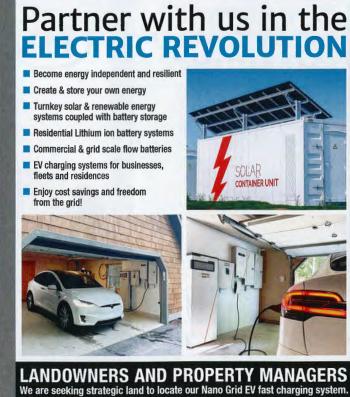
#### CONSTRUCTION

ment benefits. Making sure workers felt financially secure has been important,. "We consider them essential, and I was finding if we weren't taking care of them, they were looking at you and saying 'hey others are home on their couch collecting more money than I'm earning here," Thomas says.

Some construction companies are addressing issues of fairness between office staff who can work remotely and field staff who have to be on the job site, says Hunter of Eckman. "You cannot be a superintendent remotely; you cannot manage a project or be a carpenter remotely. So, we're trying to be sensitive to how that fairness factor impacts the company overall," he says.

Ray says Jewett is finding ways to safely hold outdoor teambuilding events, including a group hike up Mount Chocorua. "You have to take time to do these morale boosters where we can all collaborate," Ray says. "And I must say, 80% of the discussion was work related. I think we're stronger and it conveys a sense of normalcy. I also think the new office is helping. We're keeping people engaged and mentally stimulated keeping their mind off their home issues."





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Campbell of North Branch Construction says he started a weekly email, early in the pandemic, to keep everyone up to speed on the company, government mandates and the latest guidance. "It was a simple update that let them know we are looking out for them

The workforce shortages are just as difficult for the subcontractors that construction firms rely on, especially concrete and masonry work, where often it seems the harder the physical labor, the harder it is to find workers.

Having guidelines and trust in the industry has been a huge thing here in New Hampshire in giving us certainty. Associated Builders and Contractors NH/VT Chapter

and keeping them abreast as to how it was evolving. I think it helped."

Manning says Lewis Builders is employing new technology to keep employees connected. "You've got to communicate. We're using some new apps like Fieldwire, which helps us bring everybody together and collaborate," he says.

#### A Favorable Regulatory Climate

Reap says because ABC is a combined chapter that includes NH and Vermont, it can compare how the states governing bodies responded to the pandemic and their effects on the construction industry.

"Back in March, New Hampshire decided it trusts the industry with PPE and keep-

ing people safe, which worked very well, but in Vermont, they shut everything down except essential work related to COVIDrecovery, health care or critical infrastructure." As a result, he says, Vermont went from about 14,000 people working in construction to 7,000. As of September, the NH unemployment rate for construction was at 8% and Vermont at 31%.

"Having guidelines and trust in the industry has been a huge thing here in New Hampshire in giving us certainty," says Reap. He adds whatever the result of the general election, the industry needs a partner collaborating in a transparent manner, not dictating. Reap commends the governor for getting feedback from the industry and being data and science-driven, "Compared to the states that had massive shutdowns, our infection rate is significantly lower, and you're not hearing about job sites in New Hampshire being epicenters of outbreaks. This situation is unprecedented, and communication with us keeps the jobs flowing. But they've got to do a better job of approving projects."

Companies would benefit from greater clarity and more consistency among states, says Picoraro of PC Construction. "We do have folks in New Hampshire, Maine and Vermont, and the more consistent these states can be, the better it is overall."

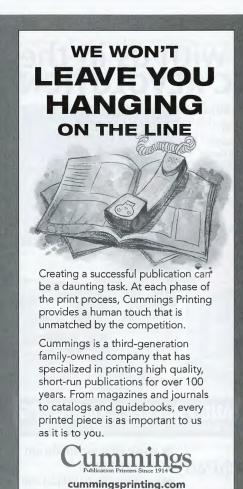
But when it comes to responding to the pandemic, Campbell says NH is the model for doing it right. "I think the governor made a lot of good decisions along this whole ordeal. New Hampshire residents are smart. From wearing masks to proper PPE, I think we made a lot of good decisions throughout the course of this."

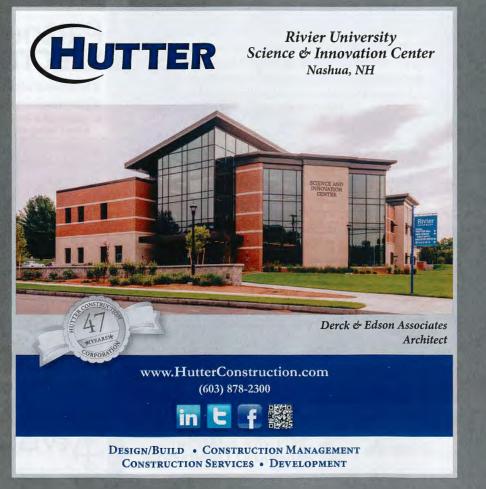
Ray says some town hearings are being held in person again and life is going on as before, yet a major city in Massachusetts still had its municipal building under lockdown. "New Hampshire got back to normal faster than the rest of New England," he says.

And some government officials are getting creative when it comes to getting permits in the hands of contractors. Mike Stansbury, COO of NorthPoint Construction in Hudson, says they were doing a job in Wilmington, Mass., and the town hall was locked up but people were inside. "We needed a permit," he says. "This lady fold-



Jewett Construction Senior Project Manager Alain LeBlanc adhering to personal protective equipment protocols on a job site.



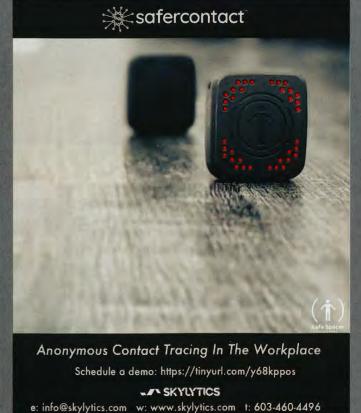




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ed it up into a paper airplane and threw it out the window to our project manager. At least we got our permit."

#### **Looking Ahead**

As the adaptation phase of the pandemic gives way to a new normal, companies will likely be refining their project management strategies and trying to build ever more flexibility into the model.

"We will try to stay ahead of projects that hit the pause button," says Thomas of NorthPoint. "Most of them are back on. Those things that should have been done this summer will carry us through the rest of the year into 2021."

Campbell says the schools have been so focused on dealing with the pandemic that they haven't even had time to think about or look at any projects that might have been in the pipeline. He's hopeful once they settle into the school year, they'll be able to revisit building projects.

Baer of Milestone says education and institutions will be interesting to watch for the next year or so. "Hopefully we'll be building a lot of single-room dorms and nicer classrooms," he says.



Financing for developers is also a concern, says LaBrecque of PC Construction. "Even though interest rates are low, a willingness to finance projects is met with some skepticism," she says.

Picoraro of PC Construction says the next four to six months will be something of a transition period.

"The broader picture going into 2021 and 2022 is going to be how the election

develops and then a vaccine," he says. "What is that new normal? When that becomes clear, it will help owners and developers know which way they want to go. The money is out there; it's just been frozen for now."

For Clark, the new normal is unpredictable. "If one of my supers got sick last year with just a cold, they would go to the job and work through it because it is just a cold.





But this year if you have a sore throat you can't go to work," she says. "It will certainly reduce overall profits if I can't take on as much work as I would like to."

Manning says diversifying is key, noting Lewis Builders Development does its own excavation and "dirt work" and so they are also bidding on municipal projects to have a backup plan, should residential work fall short.

Golon of TFMoran says people are moving to NH and driving a need for more multifamily housing, especially in areas like Concord. He also expects increased demand for warehouses and distribution facilities. "I hope to see a renewed focus on infrastructure with federal money coming in because municipalities are really struggling." He adds communities that use TIF districts will have the ability to provide water and sewer to a project rather than waiting for federal funds that may never come.

Hunter also sees opportunity for 2021 and 2022 in multifamily housing. "It is really one of the few growth sectors. I don't think it has been impacted by COVID. Vacancies are still at 1% or less, and people still need a place to live. I think there's increased demand as people flee the cities."

"The big question is: what is 2021 going to be like? Is the backlog going to get us through?" Reap asks. "Also, it's about making sure government policies are established in such a way that ensure that those projects are going to continue to get done."

He says infrastructure has been neglected for too long and must be addressed. "Having a policy in place for developing those infrastructure programs is something we are going to need. We really need our federal and state leaders to step up and say now is the time to address our drinking water challenges, now is the time to fix those bridges and now is the time to add those extra lanes on the highway that we need to support growth," Reap says.



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