Construction Industry Impacts from Materials Strike
IRTBA White Paper

The strike by Operating Engineers Local 150 against certain quarry operators lasted seven weeks from June 7th to July 25th during the peak of the construction season. Although the strike at quarries has ended and work is recovering, please be advised that Local 150 is currently striking against certain concrete producers and shutting down concrete pours. The IRTBA cannot determine when this strike will end. It is necessary for industry to shed light on the cumulative impacts of the past and current strike on the entire construction industry. With this information we request that IDOT / ISTHA and partner agencies provide clear, and consistent, direction to construction managers and resident engineers when evaluating time extensions and cost reimbursements to contractors related to the strike.

The IRTBA presents the following white paper to promote transparency and consistent administration of the Contract between all parties impacted by the strike.

1. Weather. The quarry strike occurred during June and July which are typically the most productive months of the construction season. Day for day time extensions may not be sufficient when evaluating time extensions due to higher frequency of weather related delays in the fall caused by rain and cooler temperatures.

2. Workforce. As a direct result of the strike contractors lost people to other facets of the construction industry, early retirement and employment in different industries. This will put an increased strain on the workforce limiting options to accelerate or manage construction schedules.

3. Trucking. The trucking community lost trucks and drivers to over-the-road freight and other non-construction industries during the strike. Industry may not be able to return to the pre-strike capacity that was already limited. Industry expects that a construction trucking shortage will become acute by the end of the 2022 construction season. In the past, agencies have depended on acceleration (longer hours) to make up for lost time; however, there are more regulatory constraints that will limit contractor's ability to work extend hours. Recent changes to DOT regulations have reduced the hours that semi drivers can work.

4. Construction Aggregate Production. Aggregate stockpiles were depleted during the strike. In the post-strike period, it will take additional time for material suppliers to re-build stockpiles to meet the demand of operations. Contractors and Agencies should work together to prioritize projects and/or operations if material demands cannot be met. As part of acceleration, cost reimbursement for quarry operators to work extended hours and replace depleted stockpiles should be considered.

5. Productivity Impacts. Agencies should consider the effects of schedule compression, acceleration, trade stacking, cold weather, access limitations, excessive overtime, and changes in the sequence of work. All of which negatively impact schedule recovery and increase costs to the contractor.

6. Scope of Work Changes. Projects that were delayed by the strike were forced to reduce scope of work for a multitude of reasons. For example MFT projects that had street work in front of schools eliminated and reduced quantities rather than risk ongoing construction disruptions due to strike. Due to the way the MFT funds get appropriated per street, owners are not replacing the eliminated work with an equivalent scope. Despite reduced volumes of work during strike, contractors were forced to maintain overhead for projects that will eventually get completed or risk losing people. Extended project overhead as a result of a strike should be recoverable.

7. Cold Weather. Cold weather will impact quality and project schedules as work is pushed to late fall. Cold weather naturally reduces crew productivity and increases contractor's costs with concrete/asphalt warm mix additives and winter protection. In addition contractors will require waivers from the Standard Specification related to minimum temperatures requirements for asphalt, concrete and striping. As noted above, a day for day extension of time for projects with completion dates will be insufficient as work will be shut down for the winter period and restarted in the Spring.

8. Cost Escalation. Inflation exacerbates these issues as suppliers and truckers push increased costs to the contractor. Many commodity contracts established pricing on fixed dates based upon original project completion dates (e.g. liquid asphalt, stone prices, rebar, piling, steel). Additionally, as project schedules are pushed into 2023, labor costs will increase according to their respective agreements.

9. Equipment. The construction industry was experiencing an equipment and spare part shortage prior to the strike. Repair parts are unavailable and/or take extended times to procure which will take critical equipment out of service during the shortened construction season making schedule recovery more difficult.

10. Resource Availability/Leveling. Many contractors have a portfolio of different types of work including reconstruction work, repair work, etc. Not all work was impacted equally during the strike. For example, a jobsite that was performing excavation activities or re-claiming onsite aggregate was able to continue working during the strike. There will be many jobs looking to use the same crews and equipment at the same time in the coming months. As a result, contractors will need to prioritize the work. Therefore, the seven weeks lost in June and July will potentially force jobs to wait for resource availability during peak loads in the coming months.

11. DBE Capacity. Smaller, likely DBE, firms have a limited capacity and it is possible that many of these firms are contracted for multiple General Contractors. The General Contractors will require certain projects to take priority over others and Agencies are advised to communicate and prioritize projects accordingly. Agencies should consider schedule compression and DBE resource capacity limitations as the result of delayed awards due to the strike. Agencies should not hold DBE contractors to starting projects 10 days after execution when multiple lettings of work may be awarded at the same time, should that specification be enforced.

12. Project Labor Agreements. Contractors allocated resources to contracts that included PLAs based on the understanding that these contracts would continue regardless of a strike. However, some agencies did not enforce the PLAs. Therefore, projects with PLAs that were impacted by the strikes, should be considered for equitable adjustments in time and money similar to those contracts without PLAs.

13. Capacity. Contractors are willing to add crew capacity; however, they are still restricted due to continued equipment shortages and lack of qualified skilled labor available in the union halls.

14. Time Related Overhead and Time Related Expenses. Agencies are encouraged to discuss the merit of time related overhead expenses as they relate to projects where non-critical, or dueling critical path work was progressed during the strike period. It is important to note that none of the general contractors who are bearing added costs and time delays were involved in the negotiations that caused the strike, but the strike had the effect of shutting down their work. Accordingly, both time and compensation are appropriate remedies. Numerous time related expenses, such as, but not limited to, maintenance of traffic, idled equipment, survey, structural monitoring, and rented materials should be reimbursed by the Agencies for the duration of the agreed upon time extension.