

Covid-19 Impacts on Local Construction Programs

May/June 2020

Survey Conducted in Partnership by

Colorado Contractors Association
American Council of Engineering Companies of Colorado
American Concrete Pavement Association (ACPA) CO/WY Chapter
Colorado Asphalt Pavement Association
Western Colorado Contractors Association

Overview

The Colorado Contractors Association (CCA), in partnership with the Western Colorado Contractors Association (WCCA), the American Concrete Pavement Association (ACPA) CO/WY Chapter, the Colorado Asphalt Pavement Association (CAPA), and the American Council of Engineering Companies of Colorado (ACEC), surveyed public works and water utility contacts between May 27 and June 1, 2020, in an effort to better understand the impact of COVID-19 on capital construction projects and annual construction programs at the county, municipal and special district level. This survey was designed with the intent that it would complement the [April 2020 survey of local governments by DOLA, CCI, CML and SDA on the fiscal impacts of the COVID-19 pandemic](#). For this reason, the layout of this survey summary intentionally reflects that of the related survey.

Completed surveys were received from 37 respondents. Although these numbers are lower than the number of responses to the DOLA survey¹, we believe they provide some insight into how the pandemic is impacting local infrastructure construction programs. We thank everyone who responded to the survey and helped promote it.

Summary of Key Findings

Most, though not all, construction programs have been impacted by the pandemic, and the assumption is that the impact will grow larger next year and beyond.

- Municipalities report the greatest level of concern, with over a quarter anticipating moderate to significant impacts on this year's program and half bracing for reductions to their 2021 program of at least 25%-50%.
- Municipalities with annual construction budgets under \$5 million split into two camps, with one half expecting 2021 budgets to be at or above 90% of normal levels and the other half expecting cuts of at least 25-50%. Municipalities with budgets in the \$5 - \$50 million range expect cuts of at least 10%, with half preparing for moderate reductions in the 10%-25% range and the other half forecasting more severe cuts in the range of 25%-50%.
- Water utilities expect a more modest impact, whereas counties fall between municipalities and water utilities.
- Projects which are being prioritized for moving forward include those funded with bonds or grants, those that involve funding partners, and safety related projects.
- Expectations for pre-construction activities are varied. About 1/3 expect no changes, whereas 60% expect delays but not cancellations. A handful expect pre-construction projects to be canceled.
- Added together, the collective annual construction budget² for these 37 entities is almost \$500 million. In 2020, the overall cut to construction spending for these communities is expected to be between 10% and 22%. Cuts to construction spending for 2021 for these same communities is expected to deteriorate to a range of 13% to 30%.

¹ We did not attempt to contact 100% of the state's municipalities, counties or special districts, but rather focused on our existing network of contacts. With regard to special districts, our focus was on water and wastewater districts and metro districts with public works functions similar to those of municipalities.

² Assumes the midpoint for the budget ranges reported in question 3.

Respondents

- 22 respondents were from municipal public works / engineering departments. Functions performed by these public works departments include
 - Road and bridge: 21
 - Stormwater: 18
 - Water: 13
 - Wastewater: 13
 - Electric / Internet Utilities: 3

11 of the respondents were responsible all four of the largest functions asked about in this survey: road and bridge, stormwater, water and wastewater

- 7 respondents were from counties. All were responsible for road and bridge. Two were also responsible for stormwater and one was also responsible for wastewater
- 8 respondents represented water, wastewater, and/or stormwater utilities. Six were special districts and two were municipal departments, including:
 - Water District: 3
 - Water and Wastewater District: 2
 - Stormwater District or Department: 2
 - Water and Power Department: 1
- The geographic diversity of the respondents was as follows:
 - Front Range: 20
 - West Slope / Mountains: 9
 - Anonymous: 8

QUESTION 3: Prior to the onset of Covid-19, what was the size of your department’s annual budget for capital construction projects and annual construction programs (such as overlays, concrete repair, pipeline replacement, etc.)?

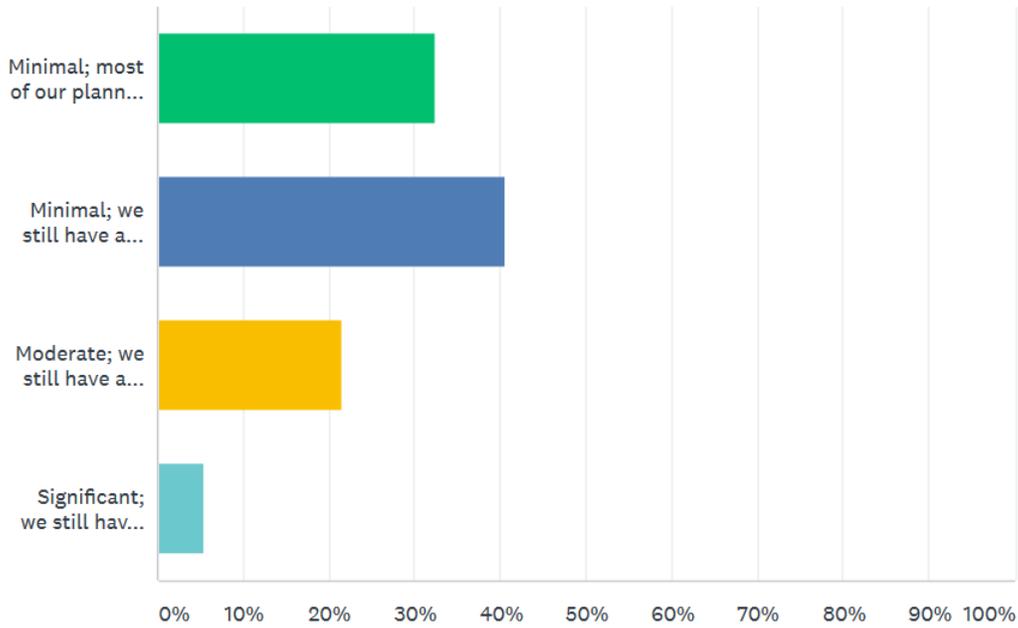
Response	# of Respondents	% of Respondents
Under \$1 million	2	5.4%
\$1 million to \$5 million	11	29.7%
\$5 million to \$10 million	9	24.3%
\$10 million to \$20 million	8	21.6%
\$20 million to \$50 million	7	18.9%

QUESTION 4: Which of the following revenue sources make up at least 20% of your department’s capital construction program and annual construction programs (check all that apply)?

Response	# of Respondents	% of Respondents
Federal Grants	10	27.0%
State Grants (DOLA, GOCO, etc.)	6	16.2%
HUTF and FASTER	12	32.4%
Rate Payer Fee – Pay as you go	12	32.4%
Rate Payer Fee supported bonds	5	13.5%
Local Sales Tax – Pay as you go	24	64.9%
Local Sales Tax supported bonds	3	8.1%
Local Property Tax – Pay as you go	14	37.8%
Local Property Tax supported bonds	0	0.0%
Other (please describe)	3	8.1%

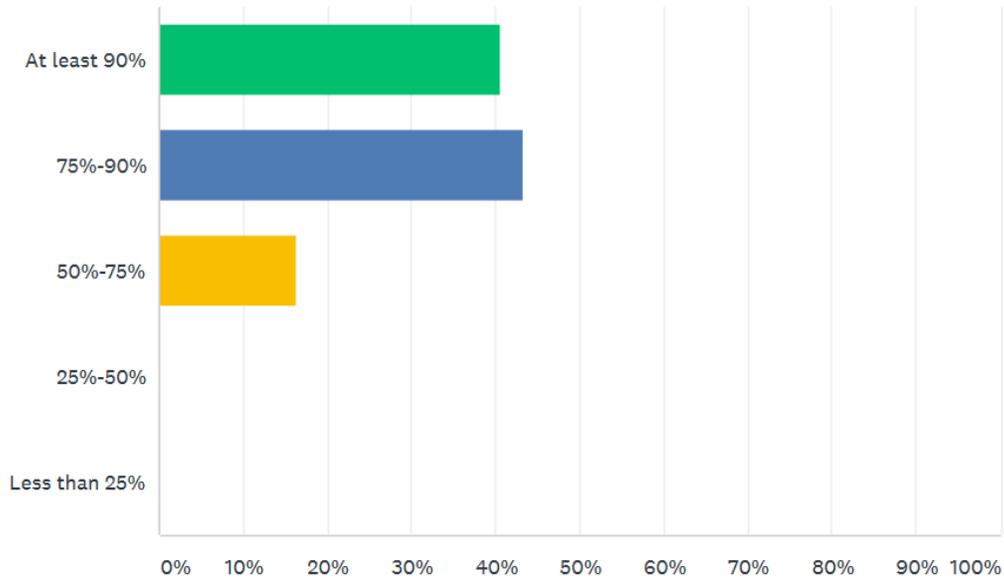
- Other
 - Landfill and Fleet
 - ITS and traffic signals

QUESTION 5: What do you believe will be the impact of Covid-19 on your department’s Calendar Year 2020 capital construction program and annual construction programs?



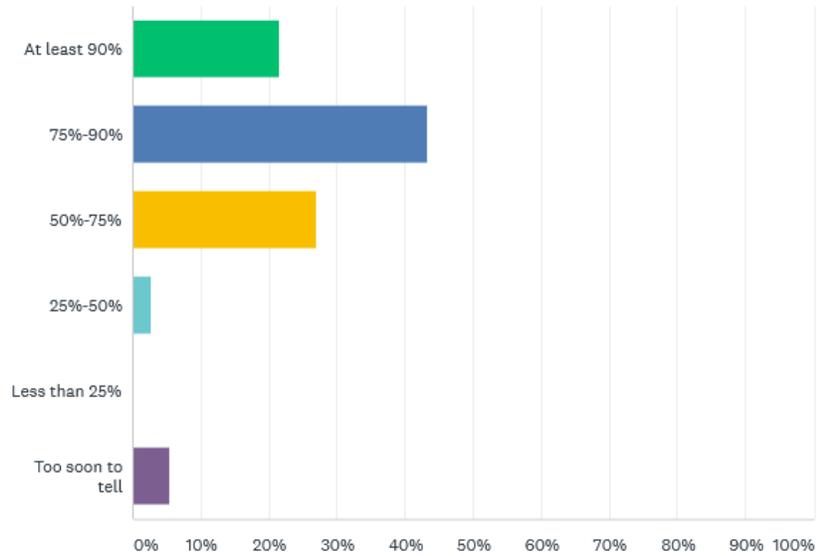
ANSWER CHOICES	RESPONSES
Minimal; most of our planned program has already been awarded.	32.43% 12
Minimal; we still have a fair amount of work waiting to bid, but our funding for these projects is secure.	40.54% 15
Moderate; we still have a fair amount of work waiting to bid, and our funding for some of these projects is in question.	21.62% 8
Significant; we still have a fair amount of work waiting to bid, and funding for these projects has been cut or has a good chance of being cut	5.41% 2
TOTAL	37

QUESTION 6: What percentage of your department’s Calendar Year 2020 capital construction program and annual construction programs do you think will proceed as planned?



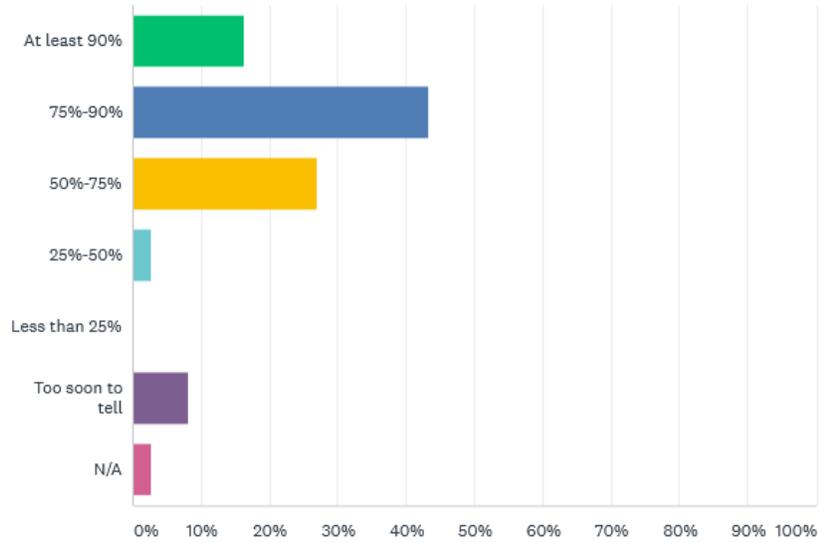
ANSWER CHOICES	RESPONSES
▼ At least 90%	40.54% 15
▼ 75%-90%	43.24% 16
▼ 50%-75%	16.22% 6
▼ 25%-50%	0.00% 0
▼ Less than 25%	0.00% 0
TOTAL	37

QUESTION 7: What is your best guess as to the percentage of your department’s Calendar Year 2021 capital construction program and annual construction programs that you think will proceed as planned (ASSUMING NO FINANCIAL RELIEF FROM THE FEDERAL GOVERNMENT OR OTHER SOURCES)?



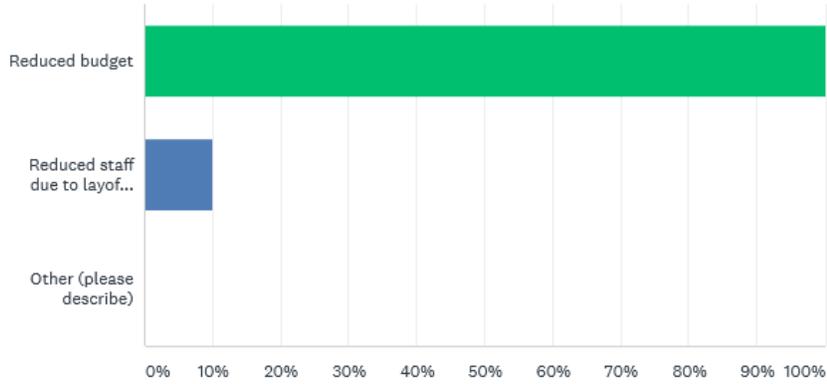
ANSWER CHOICES	RESPONSES
At least 90%	21.62% 8
75%-90%	43.24% 16
50%-75%	27.03% 10
25%-50%	2.70% 1
Less than 25%	0.00% 0
Too soon to tell	5.41% 2
TOTAL	37

QUESTION 8: If your department has a five-year Capital Improvement Plan (CIP), what is your best guess as to the percentage of your department’s 5-year CIP that you think will proceed as planned (ASSUMING NO FINANCIAL RELIEF FROM THE FEDERAL GOVERNMENT OR OTHER SOURCES)?



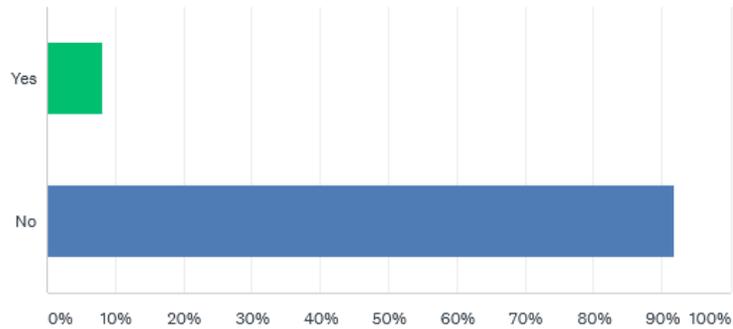
ANSWER CHOICES	RESPONSES
▼ At least 90%	16.22% 6
▼ 75%-90%	43.24% 16
▼ 50%-75%	27.03% 10
▼ 25%-50%	2.70% 1
▼ Less than 25%	0.00% 0
▼ Too soon to tell	8.11% 3
▼ N/A	2.70% 1
TOTAL	37

QUESTION 9: If your department’s capital construction program and/or annual construction programs have been reduced or are likely to be reduced, which of the following are driving the reductions (check all that apply)?



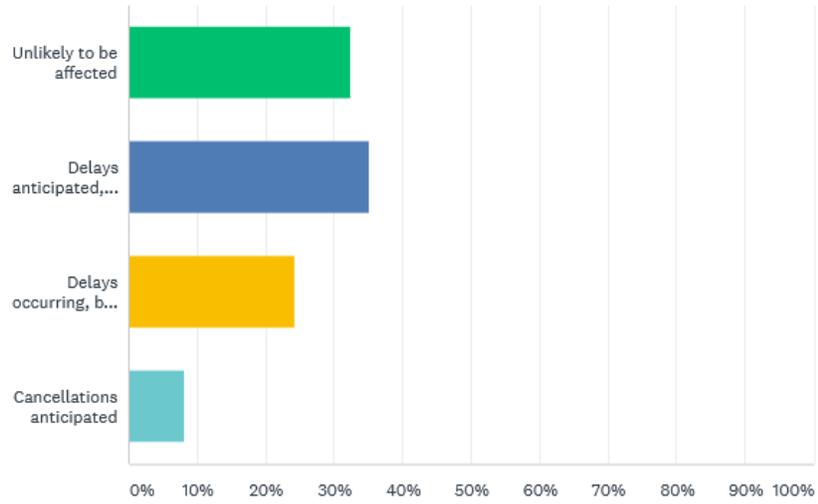
ANSWER CHOICES	RESPONSES
Reduced budget	100.00% 30
Reduced staff due to layoffs or furloughs	10.00% 3
Other (please describe)	Responses 0.00% 0
Total Respondents: 30	

QUESTION 10: Are any projects being accelerated?



ANSWER CHOICES	RESPONSES
Yes	8.11% 3
No	91.89% 34
TOTAL	37

QUESTION 11: What do you believe will be the impact of Covid-19 on your department’s planned pre-construction activities for 2020 and 2021?



ANSWER CHOICES	RESPONSES	
Unlikely to be affected	32.43%	12
Delays anticipated, but cancellations unlikely	35.14%	13
Delays occurring, but cancellations unlikely	24.32%	9
Cancellations anticipated	8.11%	3
TOTAL		37

QUESTION 12: If projects or programs are being canceled, delayed or deferred, what is being prioritized and how are those decisions being made?

- Municipality Public Works / Engineering Departments
 - It's still too early to determine the amount of impact to our CIP program.
 - Prioritizing full time staff to avoid layoffs. Prioritizing road & utility projects over other projects.
 - Enterprise fund projects (water and sewer) fairing the best since not reliant on sales tax revenues.
 - Safety projects are being prioritized. Routine maintenance projects are likely to be deferred.
 - All maintenance and safety projects are moving forward, Nice to have projects such as median enhancements etc. are being delayed.
 - Priority is to fund grant projects first, then focus on capital maintenance instead of system enhancements and expansion.
 - Multiple staff involvement with priority given to partnership projects.
 - Grant and bond funded projects.
 - Non-general fund projects are not currently being deferred.
 - Utilities, transportation bond funded, and street maintenance projects are all moving forward.
 - Projects with multiple funding sources are being prioritized.
 - Town Council, Town Manager, and Town Engineer are prioritizing essential projects and projects that might lose funding if not started.

- Counties
 - Safety and long range planning are being prioritized.
 - Too early to tell.
 - Some annual maintenance projects will likely be shifted out 1-2 years.
 - We are completing projects that we either have grants on or projects that are joint projects with other entities.

- Water, Wastewater, and/or Stormwater Utilities (Special Districts or Municipal Departments)
 - Council/ Management Direction
 - Priority projects are advancing - water storage and treatment projects are minimally affected

QUESTION 13: How might your capital construction program and annual programs change if federal or other relief funds were available?

- Municipality Public Works / Engineering Departments
 - It would depend on the strings. I find that as well-meaning as federal funding is the strings attached make it essentially an unfunded mandate to waste money on paper work.
 - Additional road construction.
 - Most impactful if could accelerate deferred road & bridge projects.
 - If the funds were easy to use we would love to see an injection of funds to help jumpstart the recovery.
 - Staff is working to ensure projects are "shovel ready" in the event funding becomes available.
 - Overall reduction in funding to balance reduced revenue.
 - Then all of the projects would go on as planned. No cuts, not delays.
 - We would move faster on several large roadway and utility projects that are currently in the design phase and may need to be phased or shelved for a while.
 - It would allow is to avoid project cancellations or deferrals.
 - Depends. Federal funds come with lots of "strings" and would need to be used strategically.
 - Made whole - back to 100% planned projects.
 - Less deferment.
 - Restore capital construction program to pre-COVID levels.
 - We have projects that could move forward if additional funding sources were available or if federal relief was provided.

- Counties
 - We'd likely stay the course on what we had planned.
 - No change.
 - Will fast-track pre-construction activities for capital projects that could be "shovel ready" and hopefully qualify for the funding.
 - They will be delayed or cancelled.
 - Accelerate our 5 year Capital Programs.
 - If funding for maintenance is made available, work would proceed as planned.
 - We would look at much larger regional improvement projects.

- Water, Wastewater, and/or Stormwater Utilities (Special Districts or Municipal Departments)
 - N/A We will not secure any government funds.
 - May be able to accelerate some projects.
 - They wouldn't.
 - May accelerate projects.
 - They will not change at all.

QUESTION 14: If there is anything else we should be aware of regarding the future of your capital construction program and/or annual programs, please let us know.

- Municipality Public Works / Engineering Departments
 - Our City Hall is still closed and we are working from home. As previously indicated, it's still too early to tell.
 - Our main Street repair fund is based on sales tax, which is estimated at a 40% reduction the remainder of this year. All other funds are Enterprise funds and drop in usage is not looking to be over 10% during this time thus far.
 - Bidding is volatile.
 - Our Public Works budget is the biggest budget within the City so if the budget is impacted and readjusted for income deficits, then the Public Works budget takes the biggest hit.

- Counties
 - We have several million in "shelf" projects ready to build if additional infrastructure funding is available and can be used for annual maintenance as well as new construction.
 - As of now we are looking at approximately a 25% decrease in what we can do immediately. This will push some of our projects to future years as we see what the future brings.

- Water, Wastewater, and/or Stormwater Utilities (Special Districts or Municipal Departments)
 - Material supplier delays or lack of available inventory.
 - All business meetings and bids conducted electronically. Social distancing and masks on job sites.
 - No, it is business as normal for us.