

Disaster Management (including Flu Pandemic) and the Construction Industry

Whether tornado, flood, death of the owner, or a flu pandemic, disaster management is one of those things a few do well, most people do poorly and some do not do at all. Is the flu going to spread across the United States like it did in 1918, with half the population infected and 2-20% mortality? (See: "The Great Influenza: The story of the deadliest pandemic in history", by John Barry.) I do not know, but planning for a pandemic is just run-of-the-mill disaster preparation.

Here are some thoughts about how a flu pandemic might affect the construction industry. Following that are excerpts of what some experts say, as well as some resources to help you create a plan to manage a pandemic or any other disaster.

Employees:

- How would management handle 20-50% absenteeism, for workers and supervisors?
- Allow for sickness of the employee and absenteeism when family members are sick. Do you tell sick employees who come to work with a communicable disease to go home? Do you have work at home strategies?
- Do you urge employees to get a flu shot and who pays for it?
- Will there be increased fear of coming to work?

Construction projects:

- Can you continue the project? Will large projects be shut down?
- On service calls, should employees clean their hands and shoes, and don a mask?
- What are the contractual consequences of a delay in finishing the project?
- What about equipment rental?
- What if your supplier (and the transporter, and the manufacturer) is having absenteeism issues and cannot get the product for you to install?
- Does workers' compensation kick in if the employee gets sick at work?
- OSHA requires employers to have a safe work place. Is there liability for having sick employees next to healthy employees?
- Will there be increased demand for certain construction services: touch-less hand operations in restrooms, including sink operation; higher barriers between employees in open offices; temporary triage centers (hotels and motels) when existing health care facilities are overwhelmed; acceleration of health care projects; and indoor air quality?
- Does the city have enough personnel for issuing permits and for inspection?

Insurance:

- Does a company need additional insurance like project completion and business interruption insurance?
- *Force majeure* clauses in construction contracts usually apply to unforeseen events. Was this pandemic unforeseen?
- Have you assumed the risk of any loss or consequence of delay?
- What if your employee infects another contractor's employee while at work (third party liability)?

Management:

- Does more than one person have responsibility for various management roles and cross training; including check authorization, assignment of duties, project supervision, and computer operation?
- What if key management individuals cannot work?

British Columbia Government (2006): Potential Impact of Pandemic Influenza on the BC Economy.

“Construction was in the lowest category for the following factors: importance of just in time production processes; import dependency; export dependency and enterprises that bring people together. Construction was seen as an industry that has “the ability to negatively impact other sectors in the economy, albeit to a lesser extent” than transportation and warehousing; mining, oil and gas; and governmental services. “The psychological effects of the pandemic could lead to delayed spending in the construction industry....” One reason for the study was that Winter Olympic Games in 2010 will be in British Columbia. The study had this to say: “During the pre-2010 period, pandemic influenza has the potential to impact construction schedules for the Games facilities and related major transportation infrastructure projects.” Bottlenecks in the economy: “the manufacturing, construction, crop and animal production and fishing, hunting and trapping sectors of the BC economy have the most significant linkages to other sectors of the economy as evidenced by their low ratios of GPP to economic output. As a result, these sectors are more likely to suffer from economic bottleneck issues during a pandemic (e.g., if railroads cannot operate, even the reduced level of manufacturing output will be unable to move to market)...The purchase of products that can be delayed, such as new homes, would be affected by a pandemic.” This is similar to the recent downturn in the construction housing market.

2002 Study: Study of HIV/AIDS and its effect on the South Africa construction industry:

“Due to its mobility and migrant nature, the construction industry is the third hardest hit by HIV and AIDS after mining and transport. The pandemic in South Africa threatens to reduce the overall construction labor force, shift the age structure due to mortality, change the skill composition of the construction labor supply and increase labor turnover. The resultant absenteeism, medical incapacity, sick leave and disability pensions, medical care, pensions to surviving dependents and loss of productivity potentially affect the direct costs of construction companies and thereby the cost of construction.”

From Minnesota attorney Patrick O’Connor, Jr.’s “Allocating Risks of Terrorism and Pandemic Pestilence: Force Majeure for an Unfriendly World” (2003).

“What is fairly clear, however, is that a truly deadly pandemic, whether caused by man or nature, would be highly disruptive to all forms of commerce, including construction activity. In fact, if the epidemic was severe enough in a particular location, it could well result in the virtual destruction of a region’s labor force making the continuation of any construction project extremely difficult. Moreover, the underlying purpose and justification for a project may no longer exist. Needless to say, predicting such events is a “fool’s game.” More foolish, however, is simply to ignore their possibility and continue doing business as if such “bad things” can occur.”

Human Resources Post-Pandemic.

“Business resumption and recovery will heavily rely on the reintegration of employees back into the workplace, rather than on the reconstruction of infrastructure. Consequently, there is a need to address a host of potentially uncomfortable scenarios that may result from a pandemic and ultimately slow business recovery: (1) work-force attrition due to death, disability, or the need to act as a domestic caregiver; (2) work-force attrition due to fear (i.e., “the worried well”); and (3) work-force attrition due to opportunism (e.g., fraudulent absenteeism to collect benefits as long as other co-workers are).”

Resources:

<http://www.pandemicflu.gov/> Federal Gov. website

<http://www.pandemicflu.gov/professional/business/index.html> Business portal for Federal Government

<http://www.health.state.mn.us/divs/idepc/diseases/flu/pandemic/summit14dec05/index.html> and

<http://www.dli.mn.gov/OSHA/PandemicInfluenza.asp> Minnesota websites on flu

http://www.osha.gov/Publications/influenza_pandemic.html U. S. Department of Labor, OSHA, “Guidance on Preparing Workplaces for an Influenza Pandemic” (OSHA 3327-02N 2007)(not construction specific)

Minnesota State Sport: Ice hockey was named the official state sport of Minnesota in article 6, section 1 of 2009 Minnesota Laws chapter 78.
--

-Gary Thaden, Government Affairs Director, MMCA, Gthaden@Gmail.com, 651-646-2121