



April 28, 2021

TO: SOUTH EAST TEXAS ECONOMIC DEVELOPMENT DISTRICT
LUNCHEON MEETING

FROM: BOB DICKINSON, DIRECTOR
TRANSPORTATION AND ENVIRONMENTAL RESOURCES
SOUTH EAST TEXAS REGIONAL PLANNING COMMISSION

SUBJECT: SOUTH EAST TEXAS ECONOMIC DEVELOPMENT DISTRICT LUNCHEON
MEETING

A lunch meeting will be held on **Wednesday, May 12, 2021** at the Industrial Safety Training Council Office at **11:00 a.m.** The purpose for this meeting is to get feedback from large and small contractors in the area. In turn, it will help define work elements that our Economic Development Consultant, Mike Barnes, will utilize to develop our short- and long-term Economic Recovery and Resiliency Plan in response to the Coronavirus (COVID-19) Pandemic.

**Industrial Safety Training Council
3749 Highway 69 North
Beaumont, Texas 77705**

At 11:00 a.m.

SEE ATTACHED FOR DISCUSSION TOPICS

If any questions arise, please do not hesitate to contact me at bdickinson@setrpc.org or (409) 899-8444 ext. 7520.



DISCUSSION TOPICS

I am looking forward to meeting with some of the “large and small contractors” within the South East Texas Region to discuss how a COVID-19 Economic Development Strategy could enhance your businesses. I would specifically like to get your input regarding the following topics:

1. How did COVID impact the building material supply chain? Increase expenses? No impact, etc.?
2. What might a community/regional economic development strategy include to assist your company regarding workforce issues during and after COVID?
3. Were labor force issues impacted by the presence of COVID?
4. What are the biggest threats to your business during this COVID period? What might be helpful in a strategy to address these issues?
5. What types of programs or policies could be implemented to assist you should this pandemic occur again?
6. Did PPP help your company? Other programs that helped/hindered?
7. Are there strategies that could be put in place moving forward to ease the burden of future pandemics similar to COVID or other major emergency type events?
8. Additional thoughts/comments?

Our Plan

2 Prepare a Coronavirus (Covid-19) Pandemic Short & Long Term Economic Recovery & Resiliency Plan to address the pandemic through a strategic approach directly.

Mike Barnes Group, Inc. was the economic development firm chosen to develop a short and long-term Coronavirus (Covid-19) Pandemic Economic Recovery and Resiliency Plan. Also, to create a Resiliency component for our SETRPC Comprehensive Economic Development Strategy (CEDS) to deal with future pandemics.

- Stakeholder roundtables to discuss opportunities and challenges. Including disruptions to the supply chain and workforce, and highlight those aspects of the regional economy most likely to be under stress due to the COVID-19 pandemic. Important participation from:
 - Small Business
 - Major Employers
 - Elected Officials
 - Real Estate Commercial & Residential
- Identify opportunities for accelerating SETX rebound. Including expansion & modernization of manufacturing and commercial & retail opportunities.

**SOUTH EAST TEXAS
ECONOMIC DEVELOPMENT DISTRICT (SETEDD)
BOARD OF DIRECTORS**

MEETING MINUTES

DATE: May 12, 2021

TIME: 11:00 a.m.

LOCATION: Industrial Safety Training Council Office
3749 Highway 69 North, Beaumont, Texas 77705

Mr. Bob Dickinson, Director, SETRPC, Transportation & Environmental Resources Division introduced and welcomed members for attending the meeting and asked everyone to introduce themselves.

This was an open discussion meeting, these are the main topics/responses discussed:

Mr. Mike Barnes, President and CEO, the Mike Barnes Group, kicked off the meeting by asking the group how the COVID-19 pandemic affected the construction industry.

Mr. John Durkay, General Counsel, ITSC, responded, stating that the biggest impact regarding social distancing was the fact that it slowed down engineering planning for turnarounds. Eventually, it also affected the contractors, as there was a large amount of work no one to staff it properly. Short-term, everyone deferred plant maintenance, and rescheduled it to a later date.

Mr. Colby Plaia, Operations Manager, Turner Industries, responded stating that their business client model is being able to operate 24 hours a day, 365 days a year, unencumbered. The first impact was project work being put on hold due to sheer uncertainty and economic conditions.

The day to day operations was not necessarily a work force issue, it was more how many people could you put to work based on client demands which were driven by economics.

The workers were given essential status due to the industry they worked in, but the bigger issue was that workers were being held up at the Louisiana border, unable to cross and report for work. Southeast Texas relies heavily on Louisiana workers in the oil industry. However, a phone call was made to the Governor to solve that issue. In order to follow State guidelines, accommodations such as removing bus transportation and no longer having large lunch and break gatherings, were made to continue to provide a safe work environment.

Another issue was customers were slashing their project budget by 80% due to the economic uncertainty. This made it extremely hard to complete any project. Not to mention the ever-changing costs of materials.

Mr. Durkay stated, due to the amount of chemicals used during this pandemic, there's no real concern about the future of chemical plants.

Mr. Barnes asked if COVID-19 impact any type of pricing.

Mr. Durkay stated that lumber cost has quadrupled. House builders have sustained quite a big hit, steel and chemicals were not affected.

Mr. Plaia stated that it did make it very tough to plan projects as you could not hold your bid for more than 30 days.

Mr. Marcus Henslee, Project Coordinator, ISC Constructors, LLC stated that the immediate problem was not pricing but product availability. As most vendors jumped into the mask and hand sanitizer band wagon, it became difficult to order regular materials as they took a back seat. Also, vendors started adding disclaimers saying that lead times might take longer than normal.

Ms. Kimberly Bernard, President & CEO, ABC SETX stated that they witnessed their suppliers changing their business dynamic and started producing new and in-demand products.

Mr. Durkay stated, most facilities are starting to rethink the "work from home" aspect because they are unsure the workers like it. Most plant's business model is based on teamwork and they are realizing that it's a much harder task to accomplish when everyone is working from home.

Mr. Barnes asked if businesses had to lay-off employees due to COVID-19.

Mr. Henslee replied that as a result to the economy, their office went from 300 employees down to 100. Just within the first few weeks, they had to let go over 100 employees. Today, we are up to approximately 150 employees.

Mr. Durkay stated they never had to let anyone go because they applied for the PPP right away.

Mr. Barnes asked if everyone used/applied for PPP.

It was mixed responses. ISC Constructors, LLC did not because they didn't qualify due to the large size of the company.

Mr. Plaia stated that during the pandemic the unemployment rate rose to 9.6 million. Of that top number, 4.6 million were due strictly by COVID-19. Out of the 4.6 million, approximately 700,000 workers transitioned out of their core employment status due to a skills gap that was replaced by people who were working from home, remote commuting or digitalization. Those individuals are now looking to re-enter the workforce, but their skill set is essentially obsolete. This leaves certain training companies a huge opportunity to capitalize on the skills gap, and train individuals based on the skills they currently possess with the current job availability in the marketplace.

Ms. Bernard stated that first this needed is to get individuals off of unemployment. At the moment, there are lots of businesses looking to hire since you see "Now Hiring" signs everywhere. Certain individuals don't want to return to work because they can make just as much money sitting at home rather than going back to work.

Mr. Durkay stated that the construction business changes over every year by 25% as people come and go from the industry.

Mr. Barnes asked the group what could we do to be better prepared for the next disaster.

Mr. Suchanek, HR manager, Performance Contractors, replied stating that he doesn't think natural disasters can be compared to the recent pandemic. The reason is because as a company, alongside our clients, we have strategically placed ourselves along this region to lean on each other as a resource during these times. We are constantly prepping for natural disasters. The Houston plant is talking to the Beaumont plant, the Baton Rouge plant is talking to the Lake Charles plant to see what everyone's needs are.

Mr. Suchanek also commented that the ability and willingness to respond in certain stimulus in the private sector is different than those in the public sector. In the private sector, we are very aggressive at adapting and finding solutions. Even our emergency preparedness division was leaning on us to mirror what our coverage was going to be. Our recovery efforts are stimulated by the aggressive actions taken on the front end versus waiting on permission from the government to react.

Mr. Barnes asked if there have been any changes made to the bidding process.

Mr. Plaia responded stating that they had to include temperature checks as well as PPE.

Mr. Durkay stated that in this industry, the safety aspects and PSM are used to pandemic protocols. Nothing like COVID-19, but we have dealt with HIV, other blood borne pathogens and flu issues, so this is not new.

Mr. Dickinson thanked everyone for taking time out of their day to attend the meeting.

The meeting was adjourned at 12:40 p.m.

MEMBERS PRESENT

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| Bobbie Netterville | Membership Director, ABC SETX |
| Colby Plaia | Operations Manager, Turner Industries |
| Demp Suchanek | HR Manager, Performance Contractors |
| John Durkay | General Counsel, ITSC |
| Kimberly Bernard | President & CEO, ABC SETX |
| Marcus Henslee | Project Coordinator, ISC Construction, LLC |
| Mike Barnes | President & CEO, The Mike Barnes Group |
| Bruce Hickman | Contracts Manager, Triple "S" Industrial |

SETRPC STAFF PRESENT

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|---------------|----------------------------------|
| Bob Dickinson | Director, T&ER Division, SETRPC |
| Shanna Burke | Executive Director, SETRPC |
| Lucie Michaud | Administrative Assistant, SETRPC |