

KYTC Newsletter

February 2022
Volume 68



SUPPORTIVE SERVICES

- Estimating Training
- Building Capacity
- Mobilization Financing
- Bonding Assistance
- Marketing Plan Development
- Creating a Business Plan
- Building a Website
- Plan Reading



Gov. Andy Beshear Delivers 2022 Recommended Highway Plan That Would Enhance Safety and Accessibility, Position Kentucky to Compete for Federal Infrastructure Funding

Gov. Andy Beshear today presented a 2022 Recommended Highway Plan that puts a priority on repairing and preserving pavement and bridges and positions Kentucky to compete for federal funding to advance large-scale projects critical to Kentucky's continued economic growth.

The 2022 Governor's Recommended Highway Plan is based on anticipated revenues of \$8.5 billion through 2028 – \$6.2 billion in federal-aid highway program funding and \$2.3 billion in anticipated state revenues.

"My Recommended Highway Plan is fiscally responsible, regionally diverse and data-driven," Gov. Beshear said. "It will enhance safety, accessibility and the quality of life for all of our citizens. It also provides a way to pursue the types of investments we need to build on the record-setting economic development of the past two years."

Separately from the highway plan, the Governor's recommended budget proposes to use \$250 million in state funds as matching funds for federal grants for three of Gov. Beshear's top transportation priorities:

- Toll-free funding of the Brent Spence Bridge Corridor project in Northern Kentucky, including construction of a companion bridge to share the volume of traffic on Interstates 71 and 75 between Covington and Cincinnati.
- Continued development of the I-69 Ohio River crossing at Henderson.

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Contract Disruptions: Navigating Supply Constraints and Labor Shortages

The biggest worries in today's economy—supply chain disruptions, labor shortages and the worst inflation in decades—are creating big headaches in the construction industry. What's worse, large projects underway are often based on contracts hammered out pre-pandemic, before the uncertainties and disruptions that spread around the globe with COVID-19. Construction firms find themselves executing on contracts signed when the potential for delayed timelines and rising costs seemed more remote. A recent report from the U.S. Chamber of Commerce finds almost all contractors (93%) say they are experiencing a shortage of an important product such as steel, lumber or copper. A rising number of companies on commercial projects (54%) also cite difficulty finding skilled workers. Grant Thornton clients, among them some of the country's biggest construction companies, report that sourcing materials and hiring workers is a bigger challenge today—and more expensive—than at any other time in recent decades.

These are issues that can easily threaten the already thin profit margins of many builders. Construction firms need a sharp focus on how to manage through this period while avoiding the pitfalls that might damage relationships with owners or subcontractors. And even as they do this, they need to plan how to address ongoing shortages of supplies and labor so they can successfully tap into the new business opportunities stemming from the giant boost in infrastructure spending Congress recently approved.

There are several ways builders can adjust.

Know The Contract

The first step: Review your contracts. Attorneys should be looking for language that's relevant to the question of who will be responsible for increased costs or delays and what can be billed to the owner. They may also be searching for any communication relevant to such issues, even outside of the actual contract, if it will help provide leverage as change orders are negotiated. Companies may benefit by developing a contract cheat sheet, listing ten to fifteen key points to be discussed with owners and subcontractors to help align expectations among all parties.

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About The KYTC

The goal of the DBE Supportive Services Program is to increase the number of DBEs participating on KYTC contracts and facilitate the opportunity for DBEs to obtain contracts. The services are designed to:

- Assist established construction firms to move them from bidding as a subcontractor to bidding as a Prime Contractor to produce sound bids.
- Provide access to training increases DBE expertise in handling of daily business operations.



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