



CONSTRUCTION **SUPER**CONFERENCE

2025

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Managing Risk in an Environment of Supply Chain Uncertainty: Strategies for Navigating Availability, Costs, and Lead Time Challenges

- **Tracy Galimore**, Senior Counsel, Chevron
- **Anthony Gonzales**, Managing Partner, Spire Consulting Group
- **Jason Martin**, Vice President & Regional General Counsel, JE Dunn
- **Matt Moore**, Managing Partner, Peckar & Abramson, P.C.



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Which supply chain risk has affected your projects the most this year?

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Material Delays

Labor Shortages

Price Escalation

Treemap

Bar



1 of 1



Moderator Introduction:

Matt Moore

Managing Partner – Peckar & Abramson, P.C.

Matt Moore is a Co-Managing Partner of P&A's Texas offices and sits on the firm's Executive Committee. He is a member of the firm's Construction and Surety practice groups and is Chair of the Power, Energy & Industrial practice group.

Matt represents general contractors, construction managers, design-builders, EPC contractors, trade contractors, sureties, owners, and developers in all phases of construction and on a wide variety of construction-related issues involving large, complex construction transactions, litigation, and alternative dispute resolution across the commercial building, heavy highway, infrastructure, power, energy, and industrial sectors.

Matt is Board Certified in Construction Law by the Texas Board of Legal Specialization and is recognized by Chambers USA, Texas Super Lawyers, Best Lawyers, and The Legal 500.



Panel Introduction:

Tracy Galimore

Senior Counsel – Chevron Capital Projects

Tracy Galimore currently serves as Senior Counsel for Chevron's Capital Projects law group. Her practice includes providing legal services supporting capital projects for onshore and offshore oil and gas developments, processing facilities and pipelines, including asset retirement. She serves as project advisor and counsel regarding contract terms, risk management and claims. Tracy's expertise includes drafting, negotiating and supporting the execution of engineering and construction contracts from conceptual engineering through project commissioning. Before joining Chevron, she was Senior Counsel for a leading construction law boutique, handling complex contract negotiations and dispute resolution for a variety of commercial and industrial construction clients. Tracy also previously served as Counsel in the Energy, Chemical and Power business unit for a major engineering, procurement and construction firm. Tracy has degrees from Texas Christian University and the University of Houston Law Center and was among the first lawyers in Texas to become Board Certified in the area of Construction Law by the Texas Board of Legal Specialization



Panel Introduction:

Jason Martin

Vice President, Regional General Counsel – J.E. Dunn Construction Company

Jason serves as a Regional General Counsel for J. E. Dunn Construction Company's Texas and Oklahoma operations. Jason focuses on all aspects of construction contracting from inception through completion, and claims avoidance, management, and resolution. Before joining J. E. Dunn, he was a trial lawyer with a leading Texas law firm. Jason graduated *magna cum laude* from South Texas College of Law and earned in his undergraduate degree from the University of Houston-Clear Lake.



Panel Introduction:

Managing Principal – Spire Consulting Group

Anthony Gonzales, FAACE

Education

Master of Business Administration

Emphasis in Finance
Northwestern University

Master of Science in Civil Engineering

The University of Texas at Austin

Bachelor of Science in Architectural Engineering

The University of Texas at Austin

Honors & Awards

- + Top CEO (Austin)
- + AACE International Fellow
- + Outstanding Young Alumnus (UT)
- + Project Management College of Scheduling Fellow
- + AACE Charles V. Keane Distinguished Service Award
- + Austin Under 40 Winner (Engineering, Architecture and Design)



With more than 25 years of experience, Mr. Anthony Gonzales is a seasoned construction engineering expert with extensive experience in developing, monitoring, and forensically analyzing effective construction processes and project control systems for architectural, engineering, and construction (AEC) industry professionals. He has successfully provided construction engineering consulting services on more than 200 projects totaling more than \$35 billion across 15 countries. Mr. Gonzales provides proactive and forensic services for owners, contractors, engineers, and architects. Specifically, he ensures clients' peace of mind by developing project schedules, cost estimates, evaluating control systems, and managing multi-billion-dollar projects globally. He also strategically plans the full life cycle of construction projects from concept to close-out with the help of his dedicated team. Furthermore, Mr. Gonzales has been designated as an expert on over 100 complex construction disputes and has testified on over 25 multi-party disputes.

- + **\$40 Billion in Advised Projects**
- + **300+ Projects Served**
- + **25+ Years of Experience**
- + **14+ Years Professor at UT Austin**
- + **60+ Industry Publications**
- + **AACE International Claims & Dispute Resolution Committee Chair**



Agenda

Introductions

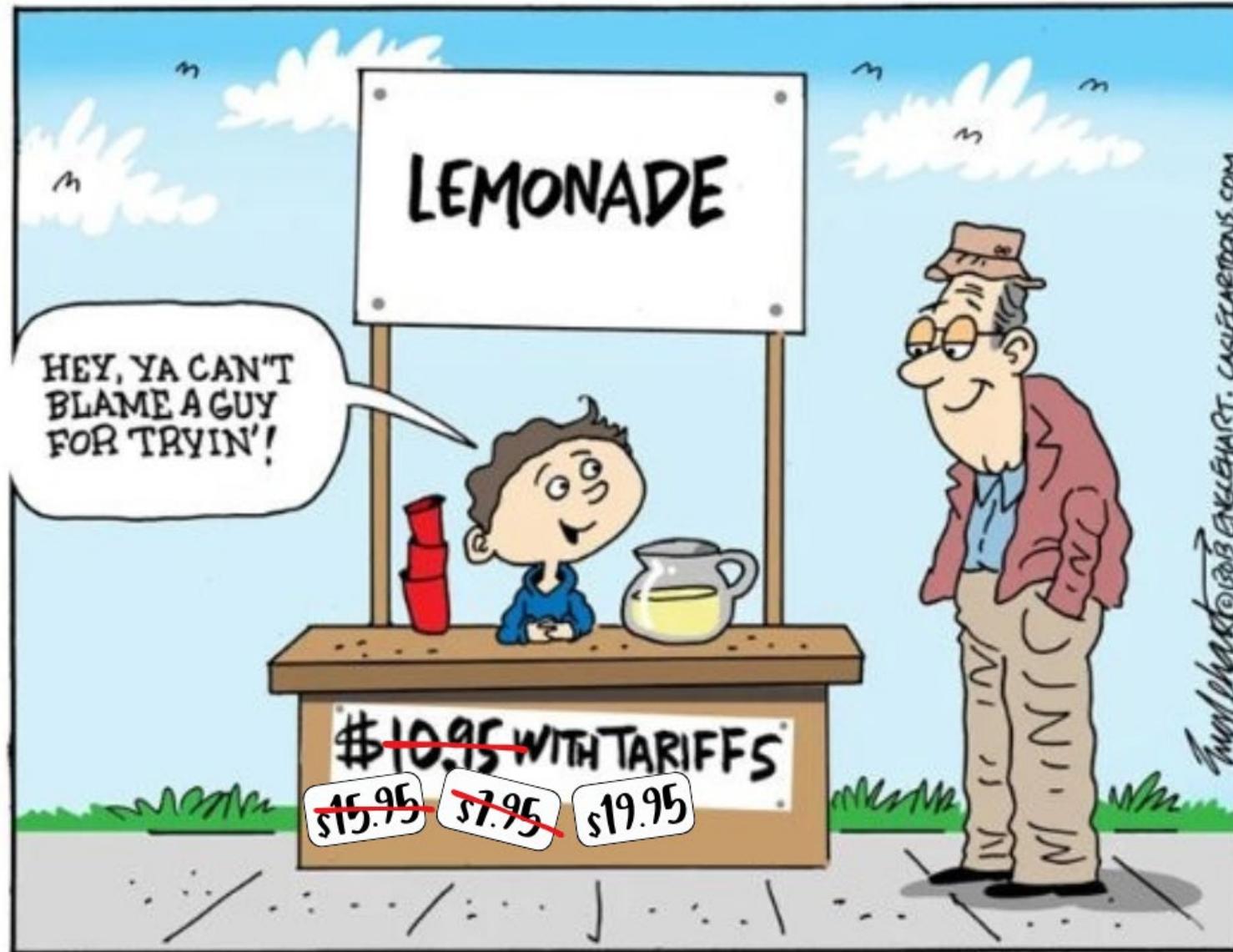
Case Study 1 – Front-end risk structuring

Case Study 2 – Back-end risk management

Lighting Round

Cross-Cutting Strategies

Q&A



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Case Study 1

Case Study 1: Project Description

Setup:

- AMG (Owner) is in the early design stages (~30%) of a hyperscale data center to be constructed in Arizona and is in the process of negotiating a GMP contract with Atlantic Construction Company (CMAR), headquartered on the East Coast.
- The planned duration is 20 months, and the contract includes heavy Liquidated Damages. Long lead procurement items and steel price increases due to tariffs are likely to impact both cost and schedule.

Case Study 1: Project Options to Consider (Pros & Cons)

- Do nothing – keep tight margins with a tight schedule
- Inflate the GMP
- Early procurement of steel and other long lead items
- Establish a contingency, allowances, and alternates
- Cap liquidated damages and/or exclude certain events
- Value engineer project
- Negotiate supply chain / escalation contract provisions, including risk sharing regimes and required documentation

Case Study 1: Stakeholder Concerns



Budget Certainty



Documentation & Proof



Risk Uncertainty



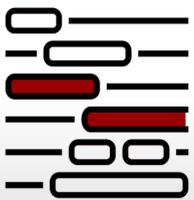
Accountability



Cost Impacts



Market Share



Schedule Impacts

Case Study 1: Summary

- Early engagement by all parties to identify potential impacts
- Early planning & procurement alignment.
- Clear escalation and supply chain clauses.
- Real-time documentation & communication.
- Role clarity in shared responsibility areas.
- Transparency in developing and communicating cost / schedule assumptions
- Collaboration in identifying and managing risk – mutual risk register
- Consider integrated project delivery process

Case Study 1: Audience Participation

Audience Poll . . .



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Case Study 1: What other options should be considered?

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Responses will be displayed as a word cloud

Wordcloud All responses

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Case Study 2

Case Study 2: Project Description

Setup:

- AMP and Atlantic agreed to a \$500M GMP with a \$17.5M contingency. There's no provision addressing escalation or supply chain risks.
- The structural steel was fabricated in China. The steel has been shipped, but new tariffs of 34% are imposed mid-voyage. Customs authorities refuse clearance while legal disputes play out, leaving the barge anchored offshore in the Gulf racking up significant demurrage charges. The steel is driving the Critical Path.
- There is not enough contingency to offset the price increase since half has already been used to pay for design changes and unforeseen site conditions.

Case Study 2: Project Description *(continued)*

Setup *(continued)*:

- Meanwhile, U.S. domestic mills, already strained by demand, are quoting replacement steel at 50% higher cost than the original procurement package. Procuring locally would increase the steel package budget from \$50M to \$75M and cause significant delays. This is not a viable option.
- The steel subcontractor, responsible for procurement under a lump-sum contract, is already facing challenges on multiple projects and cannot absorb the additional cost without facing bankruptcy. They are now considering withdrawing from the project.

Case Study 2: General Contractor Perspective

1. Time is short given the mounting demurrage charges and costs on all sides.
2. Does state law provide any relief?
3. Have I or my subcontractor contributed to this problem?
4. If it's a clear loser for me, tap the remaining contingency, and cut a deal or reserve rights against the subcontractor to obtain the steel and move forward.
5. If the law and facts are on my side, I could stand firm, but if I'm wrong, the damages are huge, and if I'm right, it's still bad optics.
6. Best bet given time constraints – Split three ways, with ROR allowing the parties to resolve the dispute later. Capture time extension now.

Case Study 2: Owner Perspective

1. ASK:

- How critical is the material is to the overall schedule?
- Is there float to take time to flush out the options. (More than likely we'll need to pay and figure it out later)

2. COMMUNICATE:

- Proactive, frequent communication is key. Bring bad news early and often.
- Owner can't help if they are unaware. Unforeseen un-mitigatable risk is rarely just one party's problem



3. COOPERATE AND STRATEGIZE:

- Free Trade Zone?
- Engage SMEs – Customs brokers and Freight forwarders
- Rely on Substantial Transformation, not country of origin

4. PLAN FOR THE WORST:

- Performance security from the sub?

Case Study 2: Consultant Perspective

1. Early notification of time and cost impacts
2. Evaluation of past performance
3. Joint pull planning for identifying long lead items
4. Track contingency, escalation, and tariffs
5. Labor availability and crew logic
6. Early resolution and avoidance of claims
7. Lessons learned mentality

Case Study 2: Summary

- Strict contract enforcement or risk-orientated solutions.
- Evaluate risks shared by all stakeholders.
- There's no magic solution.
- Even if a contract provision doesn't specifically cover this scenario, multiple factors can make the situation far from straightforward.

Case Study 2: Audience Participation

Audience Poll . . .



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Case Study 2: What other options should be considered?

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Responses will be displayed as a word cloud

Wordcloud All responses

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Lightning Round: Strategies – The Art of Risk Management

Unconventional yet effective strategies previously used to mitigate escalation or supply chain delays.

- **Owner:**
 - Advocacy and industry collaboration.
- **General Contractor:**
 - Buying all material, equipment, and trade packages, and contracting with all vendors and subcontractors before we concluded contract negotiations with the client
- **Consultant:**
 - Cultural alignment, enhanced on-boarding techniques, and risk workshops.

Cross-Cutting Strategies – The Art of Risk Management



Closing and Q&A

Wrap-Up:

“Managing escalation and supply chain risks is more art than science—tailor your approach to each project’s realities.”

Closing and Q&A

Q&A



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