The US Construction Market and Proposed Infrastructure Funding

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About CMAA

- **Mission:** To promote the profession of construction management and the use of qualified construction managers on capital projects and programs.
- **Vision:** That all owners will realize capital project and program success by using professionally qualified construction managers.

CMAA and CMAK

- CMAA and CMAK have been working together for over 12 years to promote CM around the world.
- We have participated in joint conferences and have shared industry standards concerning best practices, professional standards and certification.
- CMAA, through its Board and its new President Andrea Rutledge, continue to support the efforts of CMAK and CMAA to improve the practice of CM and to expand the use of professional CM throughout the world.

U.S. Construction Employment

- Employment of **construction** occupations is projected to grow 11% to 2026, faster than the average for all occupations, a gain of about 758,400 new jobs.
- Total number of construction jobs - 5,585,420
- Construction managers - 249,650

Opportunities for Growth

- Energy (oil & gas, alternatives)
- Educational (K-12, higher education)
- Transportation (roads, bridges)
- Mixed-use/entertainment

Uncertainties in U.S. Construction

- Number of infrastructure projects demanding attention
- Financial resources/funding mechanisms:
  - Government funding
  - Public Private Partnerships (P3) and Private investment
  - Gas tax increase
- Skilled construction workforce shortage
- Immigration
- Materials (Buy American), supply/demand
- Regulatory requirements

Trends in the U.S. Market

- Technology – greater control over risk, recognizing efficiencies, reduction in time to build (BIM, PMIS, Virtual Reality, Laser Scanning)
- Increased automation and improved productivity to reduce manpower resource requirements
- Alternate project delivery – hybrid models increase collaboration, public private partnerships
- Project complexity – more complex designs; constructability challenges in urban environments
- Environmental sustainability – the construction industry produces 25-40% of the world's carbon emissions
- Use of Prefabrication
- Consolidation (acquisitions)

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Owner/Client Needs

- Greater control over cost, schedule, risk, quality
- Leadership
- Collaboration
- Innovation
- Technology
- Skilled workforce
- Funding sources
- Better delivery performance, e.g. mega programmes

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How CMAA Can Help

- Education of CMs (technical, soft skills)
- Educate Owners on benefits of CM
- Continually improve professional Standards of Practice
- Promote adoption of new technology
- Promote use of Certified Construction Managers:
  - preference in RFPs
- Educate students about construction and certification:
  - CMIT earned at college level
  - Mentoring high school students - ACE Mentor Program
- Collaboration with allied associations (AGC, CII, CMAK) - shared knowledge, working together

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State of U.S. Infrastructure

- ASCE Infrastructure Report Card – D+
- Below standard, extensive deterioration
- Increased lifecycle costs
- Most needed repairs: roads and transit
- Investment needed - $3.6 trillion by 2020

How U.S. Infrastructure is Funded

- Gas tax/Highway Trust Fund- roads, bridges, transit
- Federal taxes
- State and local taxes – general taxes and taxes dedicated to infrastructure
- State and local bonds
- Public Private Partnerships (available to 38 states currently)
- Federal Government fund initiatives – e.g. Transportation Infrastructure Finance and Innovation Act (TIFIA)

Role of Private Investment in Infrastructure

- Public Private Partnerships – <u>part</u> of the solution, but not <u>the</u> solution - not a “one size fits all”
- Not yet a major part of US construction market
- Private investors need dedicated, certain return
  - E.g. Addition of toll concessions on major highways
- Many areas and projects not of interest
  - E.g. Not applicable to rural areas
- Private investors mean less regulatory control for governments
- Where applicable, many benefits:
  - Projects built faster
  - Lifecycle cost more accurately measured
  - Repairs quickly managed, projects built faster
- Can be very complicated to implement

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White House Infrastructure Proposal

- First gas tax increase in over 20 years - $.25/gallon
- $200 billion in federal funds allocated (grants & loans); to stimulate $1.5 trillion in new investment over the next decade
- Shorten the approval process (federal permitting) for projects to two years or less
- Focus on infrastructure needs for rural areas
- Encourage training for American workers
- Opportunities for state and local governments to invest in large-scale infrastructure projects

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Our Path Forward

- Wide bipartisan support for addressing infrastructure
- How to achieve goals will remain big question
- Lots of uncertainties about funding and projects
- Whether Congress can pass an infrastructure bill before the next election remains a big question
- Lots of criticism of proposed infrastructure proposal
- Bottom line – stay tuned, it is not at all a certainty

Questions?

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