



“WHAT’S ON OUR MIND”

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American Recovery and Reinvestment Act - What does that mean for us?

The American Recovery and Reinvestment Act, the economic stimulus bill signed into law by President Obama, provides more than \$130 billion for construction-related spending. So what does this mean for us?

The spending covers a wide range of projects, including roads, public transportation, federal buildings and hospitals. With a requirement that much of the \$130 billion be obligated by September 30, 2010, the legislation has the potential to immediately impact our industry and to provide significant opportunities in an otherwise slow economy.

Following is a summary of the legislation’s significant construction-related spending, categorized by which government agency will be responsible for procurement.

General Services Administration:

- \$4.5 billion to convert federal buildings to high-performance green buildings.
- \$750 million for the construction, improvement and operation of federal buildings and U.S. courthouses.
- \$300 million for the construction, improvement and operation of border stations and land ports of entry.

Army Corps of Engineers:

- \$2 billion for energy and water development-related projects. At least \$200 million of this must be for water-related environmental infrastructure assistance.
- \$375 million for Mississippi River and tributaries flood damage reduction projects.
- \$2.1 billion for the maintenance, improvement and operation of existing energy and water development projects.

Department of Defense:

- \$4.24 billion for the construction, modernization and improvement of military facilities. This includes the construction and repair of military medical facilities and investments to improve the energy efficiency of existing facilities.
- \$2.33 billion for facilities projects such as child development centers, housing and other quality of life projects.
- \$1.33 billion for the construction of hospitals.
- \$1 billion for non-recurring maintenance of veterans' hospitals, including energy projects.

Department of Energy:

- \$5 billion for home weatherization assistance.
- \$4.5 billion to modernize the electricity grid and to enhance the security and reliability of energy infrastructure.
- \$6 billion in both defense and non-defense environmental clean-up.

Department of Homeland Security:

- \$420 million for the construction of U.S. Customs and Border Protection facilities at border points of entry.

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- \$142 million for the alteration or removal of obstructive bridges. Bidding will be through the U.S. Coast Guard.
- \$210 million for the construction, modification and/or upgrade of non-federal fire stations.
- \$200 million for construction and related costs to consolidate the Department of Homeland Security.

Department of the Interior:

- \$1.334 billion for the construction, reconstruction, decommissioning and repair of roads, bridges, trails, property and facilities; for energy efficiency retrofits of existing facilities; and for improvements to schools operated by the Bureau of Indian Affairs.

Department of Health and Human Services:

- \$1 billion for the construction and renovation of non-federal research facilities.
- \$500 million for the construction and renovation of National Institutes of Health buildings and facilities.

Department of Transportation:

- \$27.5 billion for the construction and reconstruction of highways.
- \$1.5 billion in grants for highways, bridges, transit, rail, seaports and other projects, with the Department of Transportation to choose which projects will be funded.
- \$9.3 billion for railroads, including \$1.3 billion for Amtrak and high speed rail.
- \$1.1 billion in grants for airport improvements.
- \$200 million for Federal Aviation Administration infrastructure, including air traffic control centers, terminal radar approach facilities, and navigation and landing equipment.

Public Works Start to Slide

MARKET: YEAR-TO-DATE \$ BIL.	2009 JAN.	2008 JAN.	% CHG. MONTH	% CHG. YEAR
TOTAL PUBLIC CONSTRUCTION	19.67	19.14	-14.3	+2.8
Residential	0.53	0.52	-11.7	+1.9
Office	1.18	0.94	-10.6	+25.5
Commercial	0.23	0.25	-11.5	-8.0
Health care	0.68	0.68	-8.1	0.0
Educational	5.87	5.66	-6.4	+3.7
Public safety	1.04	0.82	-11.1	+26.8
Amusement and recreation	0.80	0.79	-15.8	+1.3
Transportation	1.61	1.64	-16.6	-1.8
Power	0.60	0.85	-16.7	-29.4
Highway and street	3.84	3.74	-24.4	+2.7
Sewage and waste disposal	1.75	1.74	-14.6	+0.6
Water supply	1.12	0.95	-12.5	+17.9
Conservation and development	0.37	0.43	-30.2	-14.0

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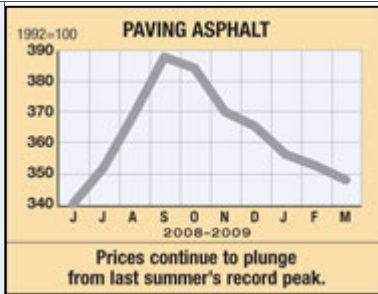
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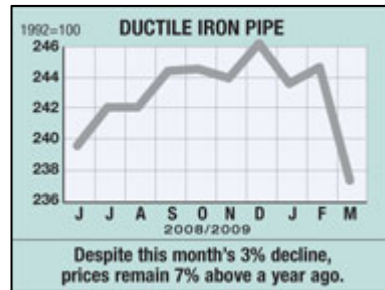
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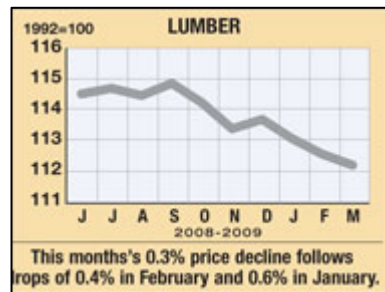
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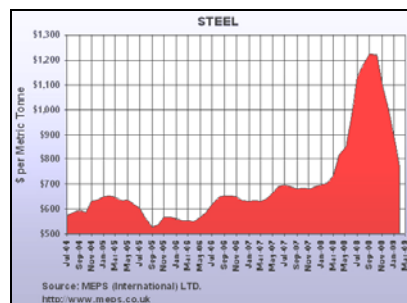
monthly decline. However, a strong increase during the first half of 2008 is still keeping prices 7.6% above March 2008's level. Prices for asphalt cutback are up 5.1% for the year, while prices for rapid- and slow-set emulsions are up around 7%. This month's 0.8% decline in ENR's 20-city average price for portland cement dragged prices 0.4% below a year ago.



iron pipe plunged 3% this month, but prices still remain 7% above a year ago. Prices for reinforced concrete pipe increased about 2% this month, according to ENR's 20 city average price, for four sizes of RCP. This monthly boost helped to keep concrete pipe prices from 3.9% to 6.5% above a year ago.



Random Lengths' composite panel index bouncing back 1.5% after suffering year-to-year declines of 26.9% in 2007 and 17.2% in 2006. However, this February, the index fell another 6.9% below a year ago.



modest rebound. However, prices still reflect some of last summer's double-digit spike and remain about 8% above March 2008's level. This year-to-year increase should rapidly disappear as the slumping market deals with April 2008's spike and the economic recession continues to deepen.

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Cement/Concrete/Aggregates

Prices for 21 products covering asphalt, cement, aggregates, concrete, brick, concrete block and mason's lime.

Paving Prices Tumble

Asphalt paving prices continue to tumble from last year's record high as the weakening economy undercuts crude oil prices. ENR's 20-city average price for PG 58 liquid asphalt fell another 1.3% this month, marking the sixth consecutive

Pipe

Prices for 20 pipe products covering reinforced concrete pipe, corrugated steel pipe, vitrified clay pipe, PE underdrain, PVC sewer and water pipe, ductile iron pipe and copper water tubing.

Pipe Prices Post Mixed Results

The depressed housing market and a weakening commercial sector for construction is pulling pipe prices down. However, inflationary momentum from early last year, before the economic crisis hit, is still holding some pipe prices up. ENR's 20-city average price for 8-in. ductile

Lumber/Drywall

Prices for 18 products covering lumber, plywood, plyform, particle board, gypsum wallboard and insulation.

Lumber Prices Still Seeking Bottom

The housing depression seems to know no bottom as it rags lumber prices ever lower. Mill prices tracked Eugene-Ore.-based pricing specialist Random Lengths plunged another 18.4% in February below the same month a year ago. This follows year-to-year February price declines of 15.0% for 2008, 24.3% for 2007 and 9.8% for 2006. Plywood prices appeared to have bottomed out last year, with

Steel

Prices for 16 products covering structural steel, reinforcing bar, steel plate, metal lath, aluminum sheet, stainless steel sheet and plate and H-piles.

Steel Prices Bottom Out

Structural steel prices appear to be bottoming out, following a wild ride that took prices to record levels last summer only to subsequently plummet as the economic recession took hold. ENR's 20-city average price for channel, wide-flange and I- beams fell 0.2% in March, wiping out February's