

# Meeting Report



Construction Industry  
Round Table

## 2014 Spring Conference—Washington, DC



Bob Murray began the CIRT Meeting with an outlook / forecast of the construction industry.

### Domestic Markets.....

In his role as analyst of the U.S. market construction industry, **Robert Murray**, Chief Economist for McGraw-Hill Construction, kicked-off the conference with a newly-released update of the **U.S. Construction Outlook**. “Both Construction Starts and Construction Spending show there’s a recovery underway,” Bob told the CIRT members although the pattern has varied by major sector. For example, commercial building has already shown moderate gains, but Institutional building starts are down for 5 years now with commercial building only 3 years. “This will be a key element (to watch) for this year and 2015,” Bob said. He also discussed the Macroeconomic Picture and what it means for the industry and then highlighted the various building sectors including: institutional buildings, manufacturing, single family housing / multi-family housing, public works, and electric utilities. Bob concluded his presentation by comparing the total construction starts in each sector from 2009 to the early part of 2014.

### ...International Markets

...International Markets

**Ron Magnus**, Managing Director for FMI’s Center for Strategic Leadership, was next up with an interactive discussion with the CIRT members that focused on global trends as well as applying global thinking to U.S. markets. Ron told the members that globally there are three trend areas: Growth of Global Industry; Urbanization; and Scarcity of Resources. He pointed out that the \$9 trillion global construction spending is estimated to be 11% of the world’s GDP. “By 2025 that number will increase to 16%” .... “with China; US; India; Indonesia; Russia; Canada and Mexico being the top countries for global opportunity.” Ron also talked about navigating the global markets and highlighted some of the most common issues leading to a failed geographic/market expansion, and urged members to do a “go / no go risk assessment” when considering expansion. If you would like to receive a copy of Bob Murray’s and/or Ron Magnus’ presentation/slides, please contact Jane Bonvillain.



Ron Magnus leads a discussion on global trends / thinking.

### The Oil & Gas Boom: Opportunities for the Design / Construction Industry

The U.S. oil and gas boom provides the United States an important opportunity to strengthen its economy and its national security. While the precise link between U.S. economic growth and the oil economy might be debated as to its impact or magnitude, there is most assuredly a link. **Scott C. Duncan**, Vice President, FMI Capital Advisors Inc. and **Lee Smither**, Managing Director of Consulting, FMI Corp., provided a very informative session and told the members that “our point of view on this is that the North American energy picture / situation is in fact KEY to our future economic recovery.” “This is not a typical boom-bust cycle but one that has a long tail going forward,” Duncan said.



Smither noted that the infrastructure build-out is just beginning and cited a recent study titled “North America Midstream Infrastructure through 2035: Capitalizing on Our Energy Abundance” an INGAA Foundation Report prepared by ICF International. The INGAA study finds that Midstream Infrastructure requirements through 2035 include:

- ◆ \$29.1 billion annually on US and Canadian transportation infrastructure, plus
- ◆ \$2.5 billion annually on pumping, fractionation, and export facilities, plus
- ◆ \$12.4 billion annually on gathering and storage infrastructure

If you would like to receive a copy of this presentation and/or the INGAA Study, please contact Jane Bonvillain.

## Less Government, Less Regulations, and Lower Taxes



**Grover Norquist** with **Bill Siegel** (CEO, Kleinfelder Group) and **Paul Franzen** (President, Barnard Construction).

Unapologetically fervent in his delivery, Grover Norquist, President of Americans for Tax Reform, addressed members; beginning his remarks on the realities of the political landscape in Washington, DC. "The dynamics in this town has totally changed," said Norquist. "Each party wants to go in completely different directions and each party has a veto power (over the other due to a divided government)." He also predicted that nothing will change until 2016. In addition to commenting on upcoming races in various states, Norquist revealed his strong views of less government, less regulations and lower taxes. "If Republicans can win the Senate in 2016, we will see some reform of entitlement requirements and reduced spending," he noted.



**Grover Norquist**, President of ATR

## Infrastructure Financing: Public / Private Alternatives & Approaches

**Samara Barend**, Founder of the Performance Based Building Coalition and Vice President, Public-Private Partnership Director for AECOM Capital; was joined by **Robert Poole**, Director of Transportation Policy for the Reason Foundation, for a discussion that focused on alternative financing methods for infrastructure as well as providing an overview of the U.S. Highways PPPs. Barend talked about the efforts she and the Performance Based Building Coalition are leading on how the tax reform process can be utilized as an opportunity to spur the development of PPPs for transportation and public buildings through the use of Exempt Facility Bonds. "For the federal government, Exempt Facility Bonds for PPP infrastructure projects are appealing because these projects are financed with at least 10-40% of private financing thereby reducing the total amount of tax exempt financing issued," stated Barend. She also noted that new revenue is generated from PPP projects from taxes paid by the private sector participants.

In his presentation, Poole discussed and limited his remarks to highways since that is the largest segment of the US surface transportation PPP market. He told members that the focus will be on the long-term concessions to design, finance, build, operate and maintain and he also provided an overview of the three eras over the past 25 years; what's been done and lessons learned. If you would like to get a copy of Poole's presentation, please contact Jane Bonvillain.

## Diversity Compliance: Another Mandate

The Office of Federal Contract Compliance Programs (OFCCP), is an agency of the U.S. Department of Labor. It enforces laws and regulations requiring non-discrimination in the employment practices of companies performing covered federal contracts and sub-contracts. **Frank Scruggs**, Esq., Partner with Berger, Singerman, LLP, provided a comprehensive look at what every CEO of a major design/construction company needs to know about the OFCCP's new compliance activity. "What has been evolving over the last few years at OFCCP is the empowerment and growing of its size," Scruggs stated. Scruggs gave a five-point action plan that CEOs can implement to reduce the risk and limit compliance expenses and other spillover effects. If you would like a copy of Frank Scruggs presentation, please contact Jane Bonvillain.

## The Transportation Market & Map-21

**Levon Boyagian**, Managing Partner of Boyagian Consulting; **Pete K. Rahn**, National Transportation Practice Leader with HNTB Corp.; and **Geoff Yarema, Esq.**, Partner with Nossaman, LLP came together on a panel to discuss with members the current transportation market particularly with regards to revenues and much needed funding sources. "Revenues are not keeping pace with obligations," stated Boyagian. "Revenues for highway trust fund is \$33B, but \$45B is committed; transit \$5B in and \$8B going out." He also said that there is a recognition by state and local officials that they have to step up, but Map-21 is a long way away from being implemented.

**Pete Rahn** provided an overview of the State DOTs and said that the State DOT situation is worse than what it appears. "Most State DOTs are performing triage with a focus on high volume roads," said Rahn. He noted further that over the last 30 years, most states have not increased the revenues going into the DOT although twenty-five states are considering increasing revenues to their states DOTs. In Rahn's estimation, \$170B annually is what is needed to be invested in a transportation system.

**Geoff Yarema** discussed recent P3 projects and told members that "we've had a spectacular couple of years in terms of mega P3 projects proceeding" that all share certain characteristics. "Those procurements all drew significant competition; all closed on scheduled; and all gained support from community," he said. Yarema also noted that federal policy is moving from Congress funding in the traditional way to moving to incentives. In addition, he talked about the pro's and con's of the TIFIA program and Private Activity Bonds and said that with the next reauthorization both houses understand the value proposition behind TIFIA and will most likely reauthorize at the \$1B level or so.





## CIRT Elects Patricia Rodgers as Chairman



*CIRT Chairman*  
**Pat Rodgers**  
*President & CEO,*  
*Rodgers Builders, Inc.*

During the Spring Meeting, Patricia “Pat” Rodgers, President & CEO of Rodgers Builders, Inc., was elected as Chairman of the organization for a term of one year succeeding Steven T. Halverson.

Commenting on her election, Rodgers said “It is truly an honor to work with my fellow CIRT members, who share common goals to meet the needs of the design and construction industry through collaboration and leading edge innovation. Joining our voices together helps create one vision for improving our workforce, our individual organizations and our effectiveness to better serve our clients.”

Rodgers is President & Chief Executive Officer of Rodgers Builders, Inc. founded in 1963. Since then, the contractor has grown to become one of the largest in the Southeast, placing 11th in ENR Southeast’s most recent Top Contractors ranking, with \$387.4 million in 2012 regional revenue. Nationally, Rodgers Builders ranked 149th, according to ENR’s Top 400 Contractors ranking, published last year. In 2013, ENR Southeast recognized Rodgers Builders as its “Contractor of the Year.” Recent projects include the \$120-million Talley Student Center at N.C. State University, and the BB&T Ballpark in Charlotte.

“With the election of Pat Rodgers as the second female CIRT Chair, the Round Table continues to see diversification of its leadership as a general reflection of the overall design and construction community. Pat will bring unique insights and understanding to the position, especially as the CIRT CEOs seek to attract a new generation of the best and brightest to our industry,” noted Mark A. Casso, Esq., President of CIRT.

At the CIRT Meeting, the following members were also elected as officers:

- ◆ **Craig L. Martin**, President & CEO of Jacobs Engineering Group, Pasadena, CA as Vice Chairman;
- ◆ **Thomas F. Gilbane, Jr.**, Chairman & CEO of Gilbane Building Cos., Providence, RI as Treasurer; and
- ◆ **Steven T. Halverson**, President & CEO of The Haskell Co., Jacksonville, FL, will continue as Immediate Past Chairman

In addition to the executive committee elections, CIRT also welcomed the following four industry leaders as new directors who will serve on the board through 2017:

- **Russell A. Becker**, President & CEO, APi Group, Inc., New Brighton, MN
- **Robert S. Boh, III**, President & CEO, Boh Bros. Construction Co., LLC, New Orleans, LA
- **H. Ralph Hawkins**, AIA, Chairman & CEO, HKS, Inc., Dallas, TX
- **James Roberts**, President & CEO, Granite Construction, Inc., Watsonville, CA

Outgoing directors include **Thomas F. Gunkel**, President & CEO, Mortenson Construction; **Henry J. Massman, IV**, President, Massman Construction, Inc.; and **Edward McSpedon, P.E.**, CEO, HNTB Advantage.

“CIRT is fortunate to have a dedicated board of such highly regarded industry professionals. We offer congratulations to our new officers and directors, and thank all of our current and outgoing directors for their service to CIRT and its members as well as the design / construction industry” says Casso.



***Finding Common Ground in an Uncommon Way.*** Our featured dinner speakers were **Cal Thomas** (seated) who smiles as **Bob Beckel** tells everyone why he is a card-carrying liberal.

**SAVE THE DATE:**  
**Fall Conference**  
**October 27 - 29, 2014**  
**Ponte Vedra Beach, FL**



**Ponte Vedra Inn & Club**



**Rep. Patrick Murphy (FL-18)** stopped by for a few minutes and told the CIRT members he will be a champion in Congress for issues that matter to the design/construction industry.

# Member2Member



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Past Chairman **Steve Halverson** receives his Chairman's gift from CIRT President **Mark Casso**.



Members **John Zachry** (Zachry Holdings); **Brynne Smith** (Flynn) and **Randy Pierce** (Jacobs)

## New Members & Guests

CIRT conferences provide a place where members can deal exclusively with other chief executives in a setting that is conducive to the exchange of timely information while being relaxed enough to build personal contacts. We were very pleased to have the following new members and guests join us:

### New Members

- ◆ **Mark Cain**, President, The Smoot Corporation
- ◆ **Tom Donnelly**, President, ValleyCrest Landscape Development
- ◆ **Kevin McCarthy**, President & CEO, PC Construction Company—succeeds Peter Barnhardt
- ◆ **Randy Pierce**, Group Vice President, Jacobs—succeeds Kevin McMahon
- ◆ **Brynne Smith**, President of Flynn
- ◆ **Recep Yilmaz**, President, Fugro Consultants—succeeds Joe Cibor

### First-Time Attendees / Guests:

- ◆ **Anthony Consigli**, President, Consigli Construction \*\* has since joined!
- ◆ **Stephen Gray**, President, Gray
- ◆ **Rich Homan**, Executive Vice President, Turner Construction
- ◆ **David Huelskamp**, President & CEO, Merrick & Company
- ◆ **Tony Kelly**, Vice President/Project Director, AECOS Ltd.
- ◆ **John Kemp**, Executive Vice President, Oldcastle Materials



## Construction Industry Round Table

CONGRATULATIONS  
NATIONAL FINALISTS!  
8th Annual CIRT—ACE  
National Design Competition

### 1st Place:

ACE of Frederick, Maryland

### 2nd Place:

ACE San Francisco Bay Area  
CA / Peninsula One Team

### 3rd Place:

ACE Mentor Program of Miami  
Dade County—Miami Coral Park Senior  
High School Team

For more information, please visit:  
[www.cirt.org](http://www.cirt.org)



Back Row: Charlie Thornton (Co-Chair & Founder, ACE Mentor Program of America); Mike McMahon (President, EC&M, Day & Zimmermann); Ralph Hawkins (Chairman, HKS, Inc.); David Moody, Jr. (President & CEO, C.D. Moody Construction Co.); and Mark Casso (President, CIRT); Front Row: Aidin Alejo (3rd Place Team); Maya Ram (2nd Place Team); Jan Tuchman (Editor-in-Chief, ENR); and Abby Duncan (1st Place Team).