



CONSTRUCTION UPDATE | FEBRUARY 18, 2009

ECONOMIC STIMULUS BILL (AND OTHER LEGISLATION) PROVIDES RENEWED OPPORTUNITY FOR CONSTRUCTION INDUSTRY

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The American Recovery and Reinvestment Act (or economic stimulus bill) that was signed into law this week by President Obama provides over \$130 billion in construction-related spending. This 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, this legislation has the potential of having an immediate impact on the construction industry and provides significant opportunities in an otherwise slow economy.

A brief summary of the legislation's most pertinent construction-related spending, categorized by which government agency will be responsible for its procurement, is below.

General Services Administration

- \$4.5 billion to convert GSA federal buildings to High-Performance Green Buildings.
- \$750 million for the construction, improvement and operation of federal buildings and United States 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.
 - Not less than \$200 million of which shall 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 as well as investment 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 electric grid and to enhance the security and reliability of the energy infrastructure.
- \$6 billion in both defense and non-defense environmental clean-up.

Department of Homeland Security

- \$420 million for the construction of US Customs and Border Protection at border points of entry.
- \$142 million for the alteration or removal of obstructive bridges. Bidding to go through the US Coast Guard.
- \$210 million for the construction, modification, and/or upgrade of non-Federal fire stations.
- \$200 million for the construction and other 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 and for energy efficient retrofits of existing facilities, as well as for school improvements 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 the National Institute 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 necessary investments in Federal Aviation Administration infrastructure, including air traffic control centers, terminal radar approach facilities, and navigation and landing equipment.

At the state level, Maryland has recently introduced legislation to build a new 24,000 seat soccer stadium for the DC United in Prince George's County. The plan, which will be introduced to the Maryland State

Assembly sometime this Spring, requires DC United to pay 25 percent of the projected \$195 million cost, with the remaining 75 percent to be paid for with tax revenues generated by the stadium in the years ahead.

The legislation to build the stadium is expected to pass in June or July of 2009, with bidding for the project to begin shortly thereafter.

HOWREY'S EXPERIENCE

Howrey's construction lawyers have extensive experience in the pre-bid process for government contracts and can provide valuable assistance in the preparation of contract documents and other materials. We have worked on all types of construction projects, including buildings, stadiums, and large infrastructure projects.

FOR FURTHER INFORMATION:

For further information on this topic or other issues involving construction or government contract law, please contact Barbara Werther, Andy Ness or David Beck.

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