

**An Introduction to
the American
Recovery and
Reinvestment Act of
2009:
Implications for
Construction
Contractors**

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Opportunities in the ARRA

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The American Recovery and Reinvestment Act of 2009: Construction and Infrastructure

“We will ... make the single largest new investment in our national infrastructure since the creation of the federal highway system in the 1950s.”

- President Barack Obama

The American Recovery and Reinvestment Act of 2009: Construction and Infrastructure

- On February 17, 2009, the President signed the \$787 billion American Recovery and Reinvestment Act of 2009.
- The Act contains approximately \$575 billion federal spending, including:
 - \$120 billion designated for construction and infrastructure projects
 - Including \$49 billion specifically for transportation infrastructure projects such as bridges and highways.
- According to the Administration, this investment will jump-start the construction industry and generate 400,000 new jobs.

Major Construction Funding in the ARRA

- Department of Defense
 - \$4.2 billion to renovate and modernize existing facilities
 - \$2 billion for new construction
- Army Corps of Engineers
 - \$4.6 billion
 - \$2 billion for construction projects
 - \$2 billion for O&M

Major Construction Funding in the ARRA

- Department of Transportation \$49 billion
 - \$27 billion for Federal Highway Administration
 - \$8 billion for Federal Railroad Administration (high-speed rail and intercity rail passenger service)
 - \$550 million for infrastructure on federal lands
- General Services Administration \$5.2 billion
 - \$700 million to construct and renovate federal buildings and courthouses
 - \$4.5 billion for **Green** construction

Major Construction Funding in the ARRA

- Department of Veterans Affairs
 - \$1 billion to renovate Veterans Health Administration Medical Facilities
 - \$150 million in State grants for the construction of nursing home facilities
- Department of Homeland Security
 - \$700 million for “ports of entry” construction projects

State and Local Projects

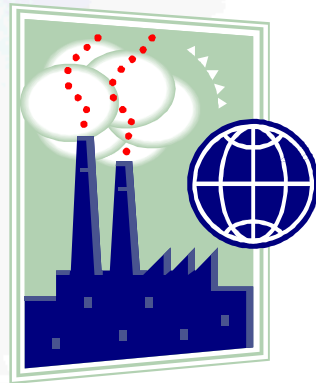
- \$49 billion allocated to construction spending by the states
 - \$27 billion designated for highway construction
 - 50% allocated to States under Surface Transportation Program Formula, 50% pursuant to FY2008 obligation ratio
 - States must obligate their funds within 120 days, or risk “losing” ½ of the unobligated federal funds (for distribution to other states)
 - After one year, the Secretary of Transportation will reclaim all unobligated funds

State and Local Projects

- \$8 billion for the Federal Railroad Administration for high-speed rail and intercity rail passenger service.
 - States will apply for grants to access these funds, according to criteria set forth by the Secretary of Transportation.
 - These funds will not be subject to the same obligation deadlines, and will remain available until September 30, 2012.

Green Building

- The ARRA directs substantial funding to several agencies, including the General Services Administration, the Department of Defense, and the Department of Energy for **Green** construction, renovation and rehabilitation projects.



GSA

- On March 31, 2009, the United States General Services Administration (GSA) submitted to Congress a list of proposed construction and renovation projects it plans to undertake pursuant to ARRA. Of the \$5.55 billion in projects proposed by the GSA, \$4.5 billion in funding is dedicated to the conversion of federal buildings to high-performance **Green** buildings.
- Some federal buildings will undergo full or partial modernization, with the emphasis on energy conservation and renewable energy generation, while other buildings are slated for “limited scope” projects, including replacing deteriorating roofs with materials that will improve the building’s energy efficiency, such as photovoltaic membranes and green roofs.
- The GSA states that its proposal involves building projects in all 50 states, and it anticipates awarding all contracts within the next two years.

“As a means of evaluating and measuring our green building achievements, all GSA new construction projects and substantial renovations must be certified through the Leadership in Energy and Environmental Design (LEED®) Green Building Rating System of the U.S. Green Building Council.”

- General Services Administration, www.gsa.gov/sustainabledesign

Department of Defense

- ARRA includes substantial funding for **energy efficiency initiatives** within the Department of Defense (DOD) within the approximately \$4.2 billion investment in renovation of DOD facilities. The DOD Expenditure Plan released on March 20, 2009 set forth in detail how DOD plans to apply its ARRA funding. DOD identified:
 - DOD facilities that will be renovated,
 - the planned renovation, and
 - categorized the renovation into one of several categories, including renovations targeted at **energy efficiency**.

Department of Energy

- The Department of Energy (DOE) also received significant **Green** construction funding which will be disbursed largely through grants, rather than contracts, with the grant recipients, in turn, awarding contracts to contractors.
- The DOE's plan for this funding includes \$16.8 billion to its Energy Efficiency and Renewable Energy (EERE) program, to be divided among a number of sub-programs for **Green** grants.

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- For example, one EERE sub-program, the Weatherization Assistance Program, has received \$5 billion to assist in reducing energy costs for low-income families through **Green** renovations. This funding will be applied to activities including renovation and replacement of insulation, air filtration systems, and heating and cooling units.
 - ARRA also includes \$3.1 billion for EERE's State Energy Program (SEP). Under the SEP, the DOE awards funds to states to promote innovative energy **efficiency programs**, including renovation programs for existing buildings and industrial facilities, with a minimum goal of reducing the states' 1990 per capita energy use by 25 percent by the year 2012.