

YOUR INFRASTRUCTURE EXPERTS

RIDER LEVETT BUCKNALL

At Rider Levett Bucknall (RLB), our approach allows us to deliver successful outcomes to property and construction projects by tailoring our services to match client goals and needs. Our team specializes in creating, evaluating, and managing project controls that address the critical issues of time, cost, scope, and quality in the built environment.

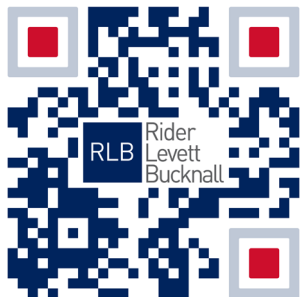
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INFRASTRUCTURE MARKET INSIGHT THINGS TO WATCH OUT FOR

BUILD AMERICA, BUY AMERICA

On Feb 9, the Office of Management and Budget issued a proposed rule and notification of proposed guidance aimed at standardizing the implementation of the Build America, Buy America (BABA) provisions of the IJA.

All construction materials are to be manufactured in the United States. This means that all manufacturing processes for the construction material must occur in the United States.

Associate General Contractors of America officials recently noted that "...the administration's haphazard implementation of the requirement, will make it hard for contractors to find materials to complete infrastructure projects, raise the cost of those materials and lead to delays in completing the work".

It is vital for organizations to get familiar with BABA preferences and be cognizant about the implementation of these requirements. Pay close attention to specific federal agency criteria, processes, and procedures as this provision may not be consistent across all federal agencies.

Sources: AGC website www.agc.org News; FDOT news release www.fdot.gov

MATERIALS

Long material lead times continue to cause problems for projects. In the worst cases, late deliveries will cause delays, but **if a project plans proactively - and if the contracting mechanism allows for it - early procurement of materials can help keep a project on schedule.**

Pipe and process equipment on wet utilities projects trend as prime candidates for ordering prior to the main construction contract, but **Owners should be aware that multiple-GMP strategies carry their own cost and schedule risks that need to be thoroughly vetted** in making sure that they serve the project optimally.

As diesel prices experience extreme volatility, trucking and asphalt costs will also rise and fall frequently. **It may be advantageous for project owners to take both the cost risk and cost opportunity by adding bituminous and fuel material cost adjustment clauses into their construction contracts** so that their contractors do not include excess risk in their pricing for those items.

INFRASTRUCTURE CONSTRUCTION COST DRIVERS

8.11%

National YOY Escalation Rate

SELECT MATERIALS	APPROX. CHANGE Q4 2022 - Q1 2023	APPROX. CHANGE YOY Q1 2022 - Q1 2023
Asphalt	▼ -4.1%	▼ -0.5%
Sand/Gravel/Crushed Stone	▲ 0.9%	▲ 3.1%
Ready-Mix Concrete	▲ 4.4%	▲ 8.8%
Rebar	▼ -4.7%	▲ 3.0%
Structural Steel	■ 0.0%	▲ 12.4%
Lumber	▼ -26.5%	▼ -9.8%
Diesel	▼ -24.0%	▲ 20.4%
Precast Concrete	▲ 1.5%	▲ 13.2%
PVC Pipe	▼ -1.9%	▲ 9.2%
RCP Pipe	▲ 5.1%	▲ 19.3%
Ductile Iron Pipe	▲ 6.9%	▲ 23.4%





12.4%

Increase YOY in
Structural Steel



20.4%

YOY change in Diesel



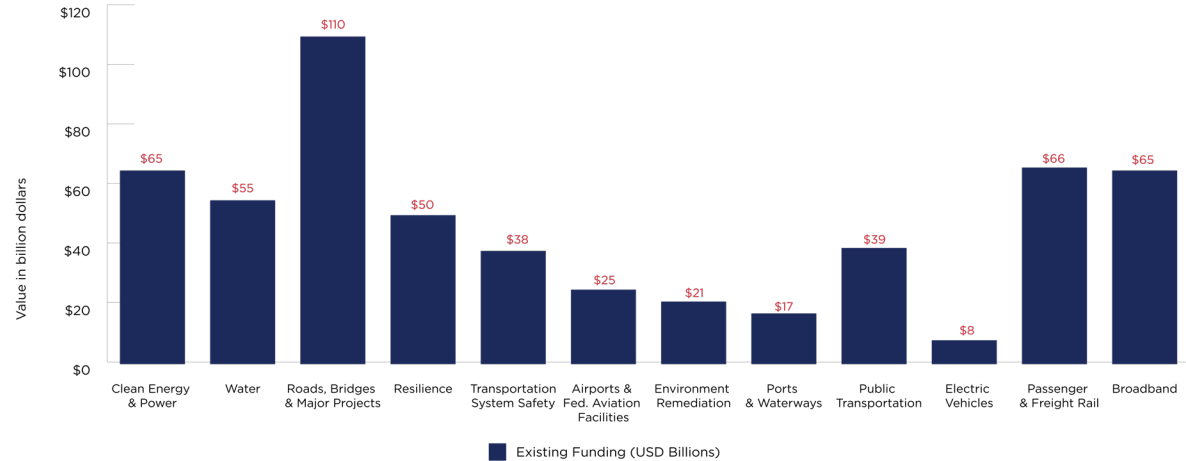
\$550B

IIJA includes \$550 billion in new
expenditure through 2026

INFRASTRUCTURE INVESTMENT & JOBS ACT (IIJA) PROGRAMS

ABOUT THE CHART

This chart represents the different programs with the IIJA's \$550B expenditure through 2026.



STATE OF THE MARKET

The bipartisan Infrastructure Investment and Jobs Act (IIJA) includes \$550 billion in new expenditure through 2026, the majority of which will affect commercial real estate and sustainable infrastructure.

Since the passing of the Infrastructure and Jobs Act (IIJA – Public Law 117-58) in November 2021, the IIJA has awarded roughly \$185 billion of its initial \$1.25 trillion in allocated funds, with \$120 billion of those funds being allocated towards roads and bridges by the end of 2022. With a shaky start to the funding of the bill and a current volatile economic climate, construction firms are beginning to see a disbursement of the funds in Q1 2023.

LABOR

Finding experienced and motivated trades personnel and construction managers is extremely important in executing quality and safe work and still staying on schedule.

We foresee an emphasis on constructability reviews and more stringent quality process specifications to be included on projects, adding more checkpoints during construction in an effort to ensure that the work is completed correctly the first time. In parallel, workforce development and knowledge transfer from those before they leave the industry remains an ever-present challenge that will require creative solutions from all of us.

As you plan for costs on Infrastructure projects, **we recommend considering labor escalation, union wage raises, and training and attraction factors in your calculations.**