

CIRT Activities Report
SPRING 2022 CONFERENCE
PRESENTED BY
MARK A. CASSO, NAC, PRESIDENT

Introduction

The last six months have been an active period for CIRT, with some additional elements taking the organization in new and/or renewed directions such as: webinars, podcasts, and preparing for a live competition presentation at our spring conference for the first time in three years.

The general economy and individual market segments have been steady, holding firm at fairly high index levels according to our most recent CIRT Sentiment Index report for the 1st Qtr./2022. The members sentiment seems to be a mix reflecting optimistic/positive view – tempered by concerns regarding inflationary pressures on the two major inputs of materials and labor. Coupled with supply chain disruptions, these factors have put client budgets and expectation behind the curve when it comes to the realities of pricing for upcoming projects. These matters were explored in one of the CIRT-FMI webinars focused on the markets, which was followed by a white paper on the subject distributed to the members.

On the policy and political front, the Biden Administration continues to have challenges even counting the only major bipartisan achievement around the \$1.2 trillion infrastructure spending package. Elsewhere, policy initiatives and spending levels have: ignited a rising inflationary spiral, hampered efficiencies with added regulatory requirements, and exposed weakness in foreign affairs that undercuts global security and free flow of goods (adding to supply chain woes). CIRT has focused on trying to create a positive business environment when possible, dealing with subjects such as: (a) the infrastructure bill and its spending approaches, (2) DOL regulatory proposals regarding overtime and salary exemption levels, (3) workforce training legislation, and (4) PLA mandates for direct federal or federally supported projects.

CIRT was fortunate to conclude 2021 slightly in the positive, given the dues discount and foregoing an increase during the past year. Notwithstanding, the organization redoubled its efforts to delivery on the key core values/benefits of membership, revisited the Strategic Plan’s “mission statement,” and helped support key interests and initiatives during the year. As a result, we not only reached the 119 budgeted level, but reclaimed a new record number of 125 net members.

The Activity Report is presented in accordance with the major objectives set forth in the revamped CIRT Strategic Plan. This includes a mixture of external and internal Round Table activities intended to make membership of benefit, and to improve the environment in which you and your firm must operate.

Objective 1: FOSTER networking / relationship building and education of members.

Strategies:

Peer-to-peer networking.

Relationship building.

Frank/open conversations.

Valuable, informative, timely subjects/speaker sessions.

Shared experiences, social time, camaraderie, etc.

- **CIRT Conferences:** The Round Table is coming off one of its most successful events ever this past November at Sea Island, GA. Included in the outstanding turnout was approximately 25 “Emerging Leaders” who were invited to the conference by CIRT members. The combination of location, venue, speakers, and attendance made it a successful event related to key aspects of this strategic objective.
- **Speakers/Program Sessions:** A mixture of speakers (leadership, next generation, cybersecurity), formats and even methods (comedy) were used at our latest conference – which helped to stimulate and engage the members on pertinent topics of interest, as well as challenges beliefs and assumptions to elicit the most benefit from the conferences.
 - Special Follow-Up Webinar: Hosted by Ken Blanchard and Randy Conley around their newest book “*Simple Truths of Leadership*” which provided practical applications to build trust.
- **Focus Groups:** The newly organized groups with smaller numbers, shorter meetings, and increased groups including some around discipline were deployed for the first time with a goal to improve frank exchanges, and overall value.
- **Social/Networking:** Part of the value of CIRT is to build friendship/relationships through shared experiences and time together, which was afforded at Sea Island with several events prior like golfing, outings, “Murder Mystery Dinner” and during the meeting, a special post dinner comedy club program.
- **Webinars:** Between conferences members participated in exclusive webinars hosted by CIRT such as to discuss the results (a) recent Sentiment Index Reports (with FMI expert commentary), or (b) Leadership insights around the latest Blanchard Co. book (see, above).

Objective 2: PROMOTE the industry’s image and role to critical audiences.

Strategies:

Single voice on vital matters to clients, parties, and public, etc..

Sharing information, benchmarking, and promoting best practices.

Educating on current trends, market analysis, economic forecasting, etc.

Stressing importance of Talent/Workforce and image issues.

Maintain presence, information sources, clearing-house, website, national events.

- **White Paper:** As mentioned, CIRT conducted a webinar with FMI on trends and findings from CIRT’s Sentiment Index related to our markets and the economy. The optimism shown in the index number was tempered by inflationary concerns (materials and labor), as well as the supply chain disruptions. As a result of the conversations and feedback regarding the stresses with clients being willing or aware of the fast-paced changes to costing out project budgets. . . a White Paper was developed and distributed.

- **Podcasts:** Over the past 12-months, CIRT launched its first video/audio podcasts to keep members informed and connected, as well as our target audiences, on vital issues and policy matters that are critical to the membership. The initial installment was five episodes podcast with TAKE FIVE covering a spectrum of issues such as: markets, policy matters, human resources, IT/cyber security, etc. has been *followed by* those presented by CIRT Chairman on safety and conference highlights.
- **24/7 Web Site:** CIRT maintains a web site that seeks to serve as the organization’s key communications device to its members and general public. The purpose of the web site is to provide 24/7 access to CIRT activities/events and important information that affects the members. Key RESOURCES and updated CHARTS/DATA are maintained for the members’ convenience.
- **Talent/Workforce Issues.** CIRT continues focus resources and time on this vital subject matter, including:
 - Legislation on Talent/Workforce Needs: CIRT has supported proposals that would benefit our members workforce and businesses. (See below, in “Objective 3” advocacy discussion for details).
 - Opportunity America Jobs and Careers Coalition: As part of the Coalition, CIRT has participated in dedicated efforts to earmark federal funds and recognize apprenticeship programs in our industry (especially related to skilled/craft trades).
 - CIRT Efforts with ACE Students: The Round Table maintains its annual national competition in coordination with ACE Mentor Program of America. This year the final round presentations returned to the spring conference (in three years) to crown a “National Champion.” (See, below in “Objective 4” for details).

CIRT Sentiment Index. The latest report (1st Qtr./2022) provides not only insights from our CEO members on where markets are headed but also interesting results from issue-oriented questions that are relevant to the A/E/C community/industry. [For the Sentiment Index Reports go to: www.cirt.org].

WEBINAR: To further highlight the valuable information contained in the Sentiment Index, CIRT President and key members of FMI hosted a Live Broadcast that presented the findings in the context of the larger market, financial, and economic picture.

- **Member Views/Opinions:** The Round Table continues to conduct opinion polls and other surveys to gauge the views of its members.
 - *CIRT Sentiment Index: 1st Quarter 2022:* [Index 73.2/Design Index 81.5]. CIRT’s 1st-Quarter Report tested the members’ sentiments on the following:
 - Hiring Expectations in the Coming Year: For 2022 the members split between increasing hiring significantly higher (32%) and somewhat higher (52%), with only (14%) about the same and nearly no one (2%) likely to decrease FTEs.
 - Backlog: More than half of the members backlogs are higher now than they were a year ago, with nearly (90%) reporting more than 12-months of which just under half had backlogs exceeding 18-months. However troubling news: 71 percent of the members see their workforce somewhat (66%) or significantly (5%) understaffed.
 - Capacity: When it came to firm capacity going into 2022, nearly 4 out of 5 said the workload was greater than (80%), of which (41%) said it was approaching near full capacity at levels between 90 and 100 percent.

- o *Greatest Risks for 2022*: The most commonly anticipated risks in order are: (1) inflationary pressure on bids, costs, and estimates so rapid, client budgets aren't keeping pace, (2) limited supply of skilled workers/crafts people, (3) federal/state/local mandated related to pandemic affecting costs/workforce, (4) cost escalation in materials and equipment due to supply chain disruptions, (5) subcontractor default, availability, workforce standards, (6) cybersecurity, and (7) risk assessment, allocation and exposure in complex projects.
 - o *Comparing Delays*: A large (80%) of the members said supply chain delays were either significantly higher (18%) or somewhat higher (62%) in 2021. However, less than (30%) found cancellations of projects more frequent in 2021, compared to (2016-2018).
- *CIRT Sentiment Index: 4th Quarter 2021*: [Index 74.9/Design Index 83.4] CIRT's 4th-Quarter Report included specific policy/issue questions:
- o *Supply Chain Issues*: A vast majority (82%) of CIRT members have experienced delays due to supply chain issues; with (72%) have experience project cancelled due to his matter. If this persists (next 12 months), members say they will change purchasing behavior, with (a) readiness and willingness to consider substitute products/materials the most often cited at a (56%) increase, followed by (43%) increase impacting supplier/channel relationships, and (31%) and (29%) respectively increasing frequency of material orders, and/or inventory levels to combat supply chain impacts.
 - o *Cost Escalations*: Again, a vast majority (81%) of members were able to pass on cost escalations to their clients but with these qualifiers: (yes, sometimes – 57%), (yes, rarely – 24%), with the remaining (19%) say no, they weren't able to past cost along even when due to coronavirus-related work impacts.
 - o *Cost Impacts on Workforce Expenses*: The areas having the most impact on business's costs escalations due to COVID-related expenses were in order: remote working, (b) turnover, (c) insurance costs, (d) vaccination tracking/mandates, (e) change of work schedules, (f) supplier-related, (g) pay scales, and (h) health/safety protocols.

Objective 3: *ADVOCATE public policy creating a positive business environment for members.*

Strategies:

*Advocate on legislative, regulatory, and judicial matters pertinent to the members.
 Coordinate with allied groups, coalitions, and individuals.
 Leverage resources working with coalitions, groups, and other associations.
 Efficient cost effect contract procedures, delivery methods, risk allocation, etc.*

CIRT acts in concert with a cross-section of industry groups and the larger business community to promote, inform, and influence the direction of initiatives that are of prime importance to our community in creating a positive business environment.

- **CIRT's External/Public Policy Advocacy:** CIRT meets with policy makers to raise the design/construction industry issues e.g.: infrastructure focused expenditures, use of the private sector for public projects, concerns over excessive regulations, and to promote improvements in the business environment (financial markets, timely spending, market-based reforms to health care, taxes, etc.)

- *CIRT Government Relations Committee*: Members, allied organizations, and Washington reps, met during this spring conference event to share views on key legislative/regulatory goals and to prioritize them to better coordinate a single voice.
 - *State Attorney Generals*: CIRT representative met with GOP State AGs during their conference to raise important matters pertaining to mandated PLAs, risk allocation on projects, and human resource laws/regulations.
- **Positive Business Environment:**
Policies impacting the complex relationships with employees have been enacted or are being proposed that will have repercussions for the CIRT members:
- Apprenticeships/Education: As a member of the Opportunity America Coalition, CIRT supports, with reservations, reauthorization of the “Workforce Innovation and Opportunity Act (WIOA).” CIRT seeks more involvement of divergent views that reflect market needs and private sector programs.
 - PRO Act (H.R.842): CIRT, along with a coalition of businesses, opposes passage of the PRO Act which would drastically restructure the nation’s labor laws and balance, resulting in enhanced and outsized leverage for unions. (E.g., no secret ballots, curtail right to remove unions, lose the right to refuse to contribute to unions, etc.).
 - The “Fair and Open Competition Act”: CIRT supports reliance on the private sector to deliver needed goods and services to the public sector.
 - Tax Proposals: CIRT has opposed increases to corporate/partner/S-corp. tax levels generally, and more specifically capping Section 199A deductions, increase the capital gains tax, and imposing new “double death tax” thru estate tax changes.
- (1) **Infrastructure Policy**: After passage of one of the few bipartisan bills, the details of the \$1.2 trillion comprehensive infrastructure investment package will drive policy. Concerns include: undercutting use of long-term financing, impacts on bond markets with so much federal cash, off-loading of state/local commitments, unprecedented “discretionary” spending shifting authority to federal bureaucracy vs. state/local, & the fate of the Interstate Highway System.
- (2) **Regulatory Matters**: CIRT has been an advocate for regulatory reform and reduction, particularly when it comes to “streamlining” the process to improve its efficiency. We will continue to work with other groups, such as the Regulatory Improvement Coalition (RIC), for which we have been a long-standing and active member.
- DOL Wage & Hour Proposal: CIRT has been concerned about the proposal to increase the base salary of employees (possibly doubling) to qualify for overtime exemption. In the past, the DOL has used a single arbitrary number for the entire country that ignores market forces and cost differences.
 - Bank Accounting Reporting Requirements: As part of large cross-section of business organizations, CIRT opposes the requirement on financial institutions to report to the IRS on deposit/withdrawals of all business and personal accounts as a vast unwarranted overreach of federal government authority and invasion of privacy rights.
 - Mandatory PLAs: CIRT opposes “mandatory” application or requirements by the federal government to impose PLAs directly or indirectly thru funding to state/local projects.
- (3) **Judicial Matters**: As a member of ATRA – CIRT supports improving the legal environment in which our businesses must operate through legal reform and amicus activities.

Objective 4: *CHAMPION Industry improvements.*

Strategies:

Scaling and supporting industry-wide initiatives.

Information, data, intelligence gathering (research), etc.

Surveys, reports, studies, and other information of importance to members.

Application of IT, cybersecurity, data use, etc. to improve means, methods, and techniques in the built environment.

Maintain a robust strong organization to deliver on the members goals.

- **CIRT National Design + Construction Competition:** For the 16th year, CIRT conducted a national design/construction competition that invites mentor teams from ACE Mentor Affiliates/Chapters to participate for national recognition. The entries were judged by distinguished members of the community. Winners received financial contributions to their Affiliate/Chapter organizations to use as they see fit. [This initiative is a legacy program commemorating CIRT’s 20th Anniversary Celebration in 2007].
 - *Online Platform:* The competition is housed on a digital platform that allows for greater online collaboration for the team members.
 - *Information:* A detailed information package was developed and distributed to all interested mentor teams (as well as being included in the ACE National Newsletter).
 - *Stats:* The program was open to over 70 ACE Affiliates/Chapters across the country, with (28) teams submitting entries for the competition from (15) Affiliates/Chapters.
 - *Judging:* A preliminary cut was made to select the three national finalists.
 - *Presentation Stage:* The “Worthy Finalist” teams made their live presentations to a panel of judges assembled at CIRT’s spring conference. (The competition was also live streamed to an online audience).
 - *Award:* The top Award is \$5,000 for the national winning team was presented, along with \$3,000 for second and \$2,000 for third. In addition, the other six teams won \$1,000 and \$500 respectively for (1st/2nd Runner-Up for the different design challenges).

- **Industry Initiatives.** CIRT provides support and information in the form of sponsorship to assist in scaling initiatives to be industry wide activities:
 - *“Safety Week”:* Again, this year CIRT members/firms lead an industry wide IIF program initiative during the first week in May to highlight attention on the importance of safety in our companies and on our projects. [NOTE: A working/planning session was conducted at the fall conference in Sea Island, GA; and a PODCAST was produced to promote and advertise the value of the program to CIRT members].
 - *DEI Construction Consortium:* CIRT has supported and scaled a DEI coalition composed of a core of member companies, included the inaugural industry-wide activity with the first ever “Construction Inclusion Week” event. [NOTE: Future programs are being planned that will be reported on at our spring conference Membership Breakfast].

- **Business Information/Resources.** The Round Table seeks to provide its members with timely, convenient, and pertinent economic/business news that is of value to our industry. To that end, CIRT has tracked or alerted members to various item such as:
 - *Monthly Construction in Place Statistics:* On a monthly basis, usually on the day the information is released, CIRT posts to its web site the latest U.S. Department of Commerce figures on construction in place. It also provides other pertinent data when available.
 - *Unemployment Statistics:* The monthly unemployment levels for the construction industry and overall economy are posted on the CIRT website for easy tracking and trend analysis.

- Quarterly GDP: This key general market indicator (and its monthly comparisons and historical levels) is posted on a quarterly basis for the member's information.
 - Leadership and Business Forums/Conferences: As we have in the past, CIRT tries to alert members to valuable conferences and/or programs that are pertinent to or geared for our community (e.g., FMI's Leadership Forum, TSIP, ConsensusDoc, etc.)
 - Economic Reports: CIRT provides members copies or access to economic and/or market reports like those produced by ENR, FMI Corporation, Tort Reform, and others.
 - The Construction Industry Ethics & Compliance Initiative: Again, this year CIECI hosted their meeting in conjunction with CIRT's conference in Washington, DC.
 - ConsensusDocs: CIRT is a member of a coalition of 40 leading design and construction industry associations that publish model contracts with the intent to advance the project results from all the parties' perspectives.
- **Financial Matters**: CIRT completed 2021 with a small surplus, after foregoing a dues increase in addition to adopting a one-time dues DECREASE or DISCOUNT for the entire membership. This was done in recognition and in the wake of 2020's Covid-19 turbulence and cancellations. Fortunately, we have seen a much-improved overall picture during 2021 with some level of normalcy returning. As a result, CIRT was able to surpass its budgeted 119 net members (for 2021), to reach an ALL-TIME high of 125 net members.

04/25/2022