



# Infrastructure Stimulus Panel

---

September 10, 2020



# Agenda

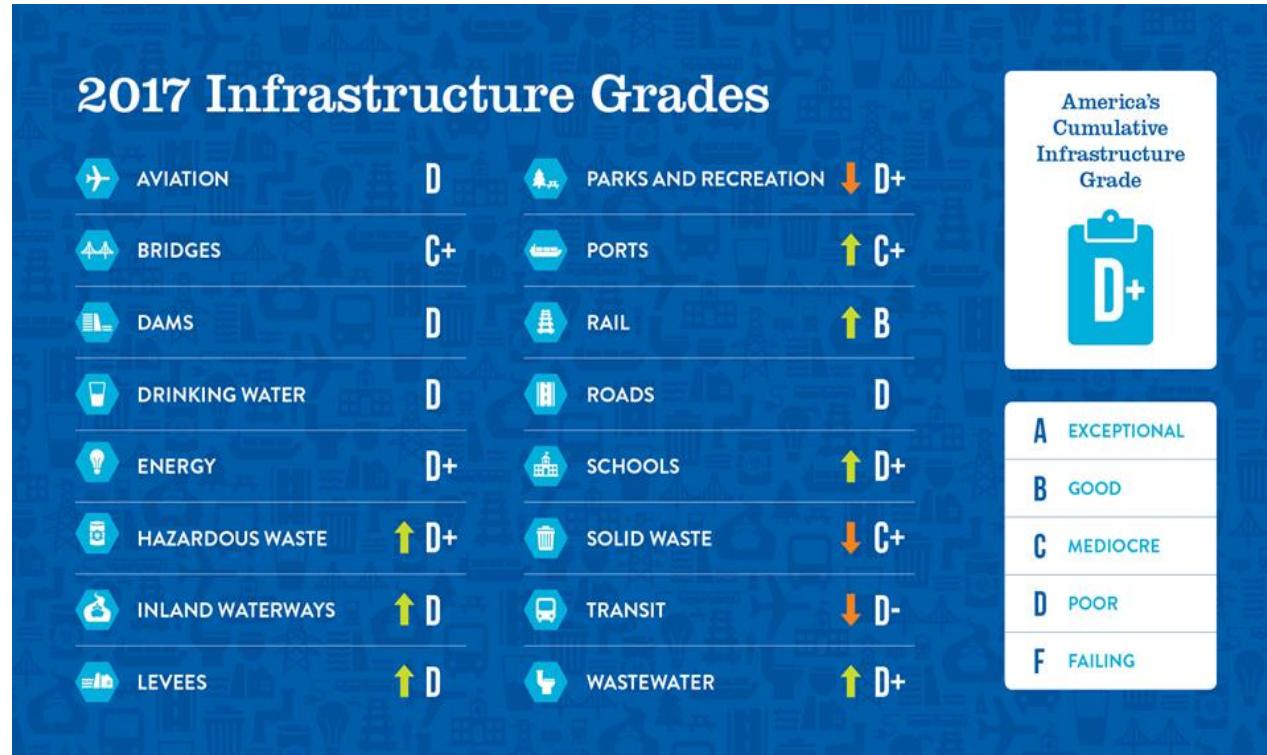
---

- Introduction
- The Starting Point
- The View from Capitol Hill
- The US Construction Market
- Public Sector Construction & Infrastructure
- Next Steps for US Infrastructure
- Q&A

# The Starting Point

Jim Flood

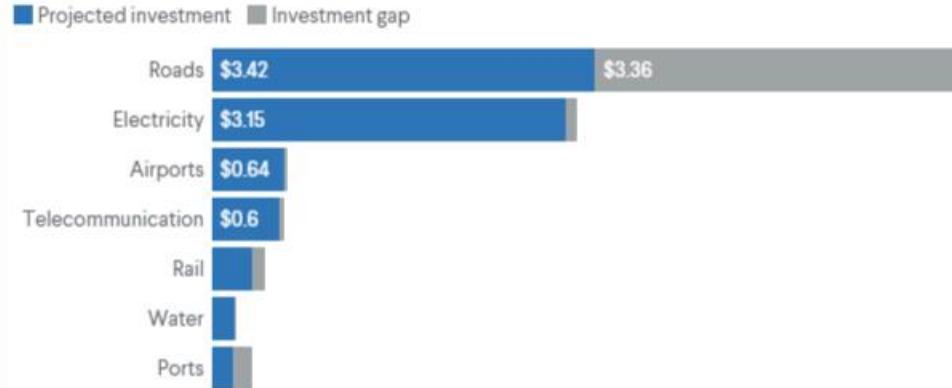
# The Starting Point



# The Starting Point

## U.S. Infrastructure Investment Gaps by 2040

Projected public and private infrastructure spending by sector, 2016–2040 (trillions of 2015 dollars)



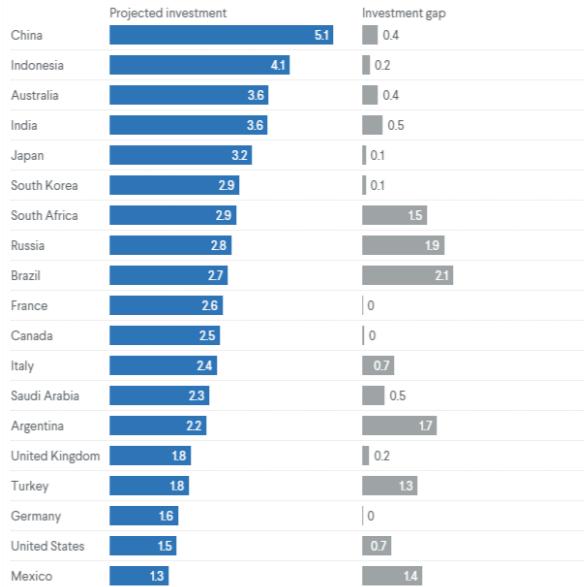
Notes: Investment gap is the difference between projected investment and the investment required to match the best-performing peer countries, accounting for differences in country characteristics. Projected investment assumes the United States continues to invest at current levels and accounts for economic and population growth.

Source: Global Infrastructure Hub.

COUNCIL  
ON  
FOREIGN  
RELATIONS

# The Starting Point

G20 Infrastructure Spending by 2040 – Projected public and private infrastructure investment as a percentage of gross domestic product (GDP), 2016–2040



# **The View From Capitol Hill**

**Jim Flood**

# Summary of DC Infrastructure Proposals

---

- December 2015 – **\$500B** - Infrastructure Plan – HRC (\$275 Fed Spending)
- 2016 Campaign – **\$1T** – Infrastructure Plan – Trump - Campaign Promise
- February 2018 – **\$1.5T** – Infrastructure - “Building a Stronger America” initiative – \$200 billion in Fed Funds to spur \$1.5 trillion in investments
- April 2019 – **\$2T** - Democratic leaders negotiate \$2 trillion top line number on infrastructure with Trump, but he canceled after Cong Investigations
- November 2019 – **\$1.3T** - Biden proposes \$1.3 trillion infrastructure plan

# Summary of DC Infrastructure Proposals

---

- February 2020 – **\$1 Trillion** - Trump proposes \$1 trillion plan that would use tax incentives to spur private investment in public works projects
- April 2020 – **\$760B** - Nancy Pelosi sought to include in COVID recovery bill, but plan was scrapped to support bipartisan negotiation
- June 2020 – **\$1.5T** - Nancy Pelosi - \$1.5 trillion package – education, housing, clean water, broadband
- June 2020 – **\$1T** - Trump – infrastructure package – focused on traditional infrastructure – roads and bridges
- July 2020 – **\$2T** - Biden proposes \$2 trillion clean energy & infrastructure plan

# The View from Capitol Hill – Setting the Table

---

## General and Specific Republican/Democratic Views on Infrastructure

- A general sense in Congress that infrastructure reform is needed and could be an economic stimulus to help pull the U.S. out of a COVID-19 recession
- A Republican concern in Congress about the cost of infrastructure – the federal deficit was \$2.8 trillion in first ten months of 2020 - \$1.9 trillion more than the same period in 2019 – deficit hawks concerned
- A Democratic concern in Congress that “infrastructure” should be “progressive” – Green New Deal - & be broader than brick and mortar
- Bipartisan movement of smaller regular infrastructure reauthorization bills
- But an inability to close the deal on a larger U.S. infrastructure reform package usually due to last minute disagreements about scope and funding

# The View from Capitol Hill: Big Infrastructure Bills

---

The House Dems – the Moving Forward Act - \$1.5 Billion – 233-188 - Passed July 2020

- \$496 billion for surface transportation - \$300 billion earmarked for roads and bridges, \$100 billion for transit
- \$100 billion for broadband
- **\$100 billion for affordable housing**
- **\$100 billion for schools and childcare**
- \$70 billion for grid modernization
- \$40 billion for wastewater
- \$30 billion for hospitals
- \$25 billion for drinking water
-

# The View from Capitol Hill: Small Infrastructure Bills

---

## The House – Bipartisan Infrastructure Legislation - WRDA – passed July 2020

- The Water Resources Development Act (WRDA)
- Passed by Voice Vote – authorizes **\$8.6 billion** in federal fund spending
- The WRDA is normally passed every two years and authorizes Army Corps of Engineers civil work projects like **rivers, harbors and dams**
- Authorizes construction of 34 projects including **harbor maintenance, flood control, dam repair, inland waterway work, and water/river studies**
- Authorizes the appropriation of the \$10 billion currently available for navigation projects under the Harbor Maintenance Trust Fund.
- Sitting in the U.S. Senate

# The View from Capitol Hill: Small Infrastructure Bills

---

## The Senate – A Different Approach

- A piecemeal approach that reauthorizes existing programs.
- The Senate Environment and Public Works Committee approved
  - (1) a \$287 billion **surface transportation bill** in August 2019,
  - (2) a \$2.5 billion **drinking water infrastructure bill** in May 2020, and
  - (3) its version of the \$8.6 billion 2020 WRDA
- The Senate Commerce Committee – focused on **broadband bills**
- The Senate Banking Committee – focused on **mass transit bills**
- The Senate Energy Bill – Passed – no cloture, nongermane issue
- But none of these bills has received a vote before the full Senate

# The View from Capitol Hill: Small Infrastructure Bills

---

## The Senate – One Comprehensive Bill – But Energy Infrastructure Focused

- The Senate is also considering the first comprehensive energy legislation in more than a decade, however, but not likely to pass in rest of 2020.
- S. 2657 - the American Energy Innovation Act of 2020 – early March 2020 - brought to the Senate floor but derailed over a fight about an amendment involving regulation of HFC refrigerants.
- Would boost support for **(1) research and deployment of renewable energy, (2) energy storage (especially batteries), and (3) carbon capture technology.**
- Bill stuck until HFC refrigerant fight resolved – just like in 2015 when the Senate Energy Committee approved a bill, but could not get it approved by the full Senate over a similar seemingly obscure fight.

# The View from Congress: The Cost Issue

---

- The policy solutions to solve the cost problem:
  - (1) cutting spending,
  - (2) increasing tolls
  - (3) user fees
  - (4) increasing the gas tax (18.3 gas/24.3 diesel) – since 1993 - \$144B USG
  - (5) finding a different source of funding for public transit
  - (6) devolving responsibility to states
  - (7) taxing electric vehicles and
  - (8) increasing private investment through private public partnerships (3Ps)

# The Biden Plan

---

## \$2 Trillion for Clean Energy & Infrastructure

- Traditional Infrastructure – roads, bridges, water systems, railway
- Modern Infrastructure – green spaces, universal broadband
- **Electrical Grid – a shift to clean domestic energy sources**
- Automotive – **electric vehicles** and related components (charging stations)
- Commercial and Residential Buildings – sustainable units
- Innovative Solutions – battery storage, negative emissions technology, renewable hydrogen, advanced nuclear power
- Agriculture & Conservation – filling abandoned wells, reclaiming mines, reducing toxic leaks, and preventing further environmental damage

# The Trump Plan

---

## Focused on Transportation Projects and Permit Streamlining

- Trump Administration released initial \$200 billion infrastructure plan in 2018
  - New \$100 billion fund to incentivize state & local governments to enact laws to promote 3Ps & charge user fees to attract private investment for infrastructure
  - Set aside \$50 billion to modernize rural infrastructure
  - “One Federal Decision” to streamline environmental review and permitting process
    - Plan was not politically popular and died because it relied too much on incentives to attract private investment and not enough on direct spending
- In face of Congressional inaction, President Trump turns to executive action
  - CEQ rewrites NEPA rule to streamline environmental review process
    - Indirect and cumulative effects (such as downstream climate impacts) do not need to be considered

# The Trump Plan

---

## \$ 1 Trillion for Infrastructure Investment Needs Identified but Details Lacking

- Trump Administration FY21 Budget Seeks \$1 trillion for infrastructure
  - \$810 billion for surface transportation over 10 years, including:
    - \$602 billion for highway infrastructure
    - \$155 billion for transit infrastructure
    - \$17 billion for rail infrastructure
  - \$190 billion for other asset classes including water and broadband
  - Does not fix Highway Trust Fund, uses funds from existing infrastructure programs
- In response to Covid-19 pandemic, President Trump has called for Congress to pass \$1 trillion infrastructure bill to jump start economy
  - Detailed plan was not released over summer despite promises
  - Trump pledges action on infrastructure in second term

# Congress in 2021

---

## The Potential for a Bipartisan Infrastructure Bill is There If

- Option # 1 – the Democrats win the White House, House & Senate, eliminate the filibuster, get 60 votes or use a reconciliation process like ACA
- Option # 2 – either party wins the White House, the Democrats hold the House, the Republicans hold the Senate and there is agreement on size/cost
- Option # 3 – the new President (Trump or Biden) makes a major infrastructure reform package a first 100 day priority and pushes the Congress to pass it as necessary economic stimulus for a post-COVID-19 economic recovery in general and in all sectors across the United States
- Option # 4 – the U.S. business community demands it – regardless of who is in power – and works on public-private funding model

# The US Construction Market

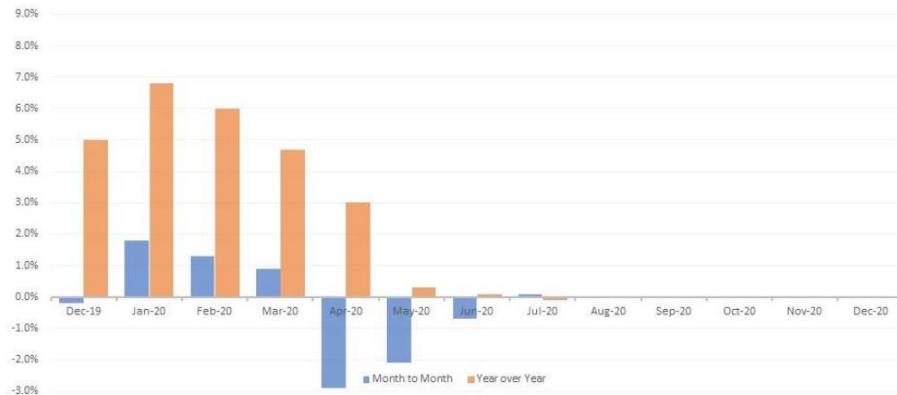
Mark Casso

# Construction Put in Place

## BY THE NUMBERS:

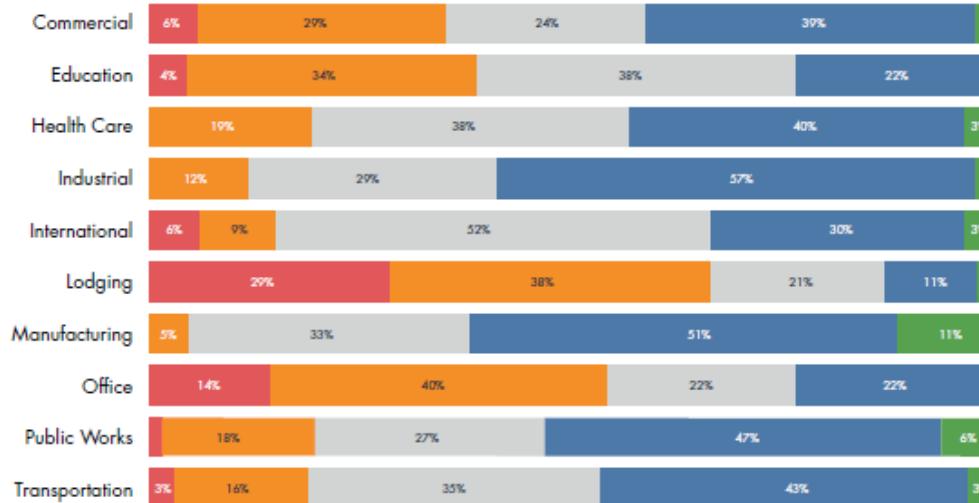
TOTAL in millions:	July 2020 \$ 1,364,565
<b>Private Sector:</b>	\$ 1,013,460 (74.27% of total)
Residential	\$ 546,600 (40.06%)
Nonresidential	\$ 466,860 (34.21%)
<b>Public Sector:</b>	\$ 351,105 (25.73% of total)
State/Local	\$ 321,183 (23.54%)
Federal	\$ 29,922 ( 2.19%)

2020 Construction Put in Place Monthly Comparisons



# CIRT Sentiment Index Report

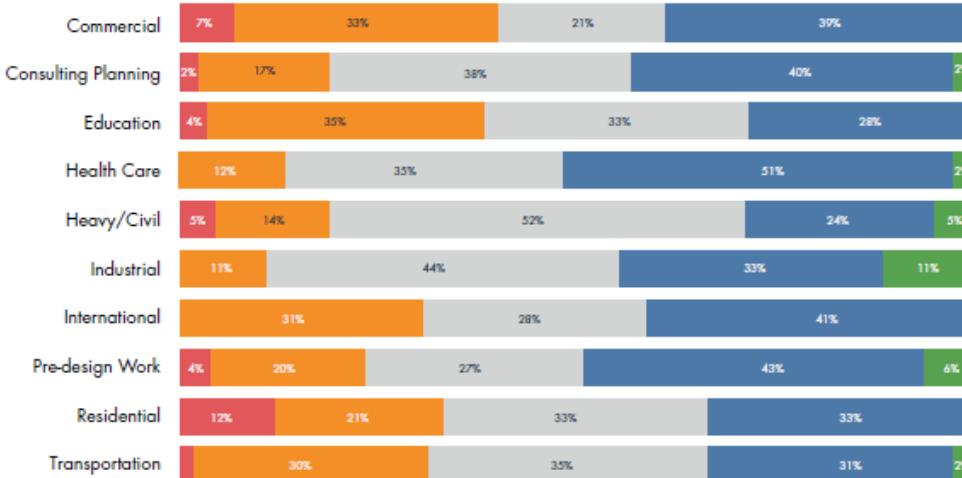
## PERCEPTION OF CHANGE FOR NEXT QUARTER: CONSTRUCTION



■ Significantly worsen   ■ Moderately worsen   ■ No change  
■ Moderately improve   ■ Significantly improve

# CIRT Sentiment Index Report

## PERCEPTION OF CHANGE FOR NEXT QUARTER: DESIGN



■ Significantly worsen   ■ Moderately worsen   ■ No change  
■ Moderately improve   ■ Significantly improve

# Design Outlook

## DESIGN OUTLOOK

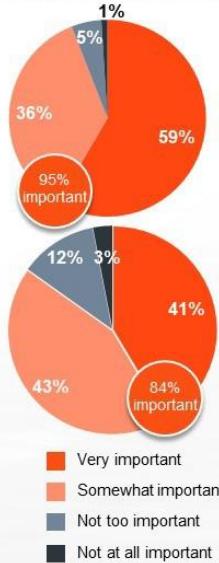
Industry	Design Sector Project Growth		
	Next Quarter	Six Months From Now	One Year From Now
Commercial	2.74	2.63	3.37
Consulting Planning	3.00	3.21	3.50
Education	2.53	2.79	3.26
Health Care	3.32	3.32	3.63
Heavy/Civil	2.71	3.14	3.43
Industrial	3.17	3.42	3.75
International	2.54	3.15	3.62
Pre-design Work	2.94	3.35	3.53
Residential	2.73	2.55	3.36
Transportation	3.00	2.89	3.17



# CIRT/APCO Insight Survey

## U.S. public strongly supports the continuation of construction projects during the pandemic

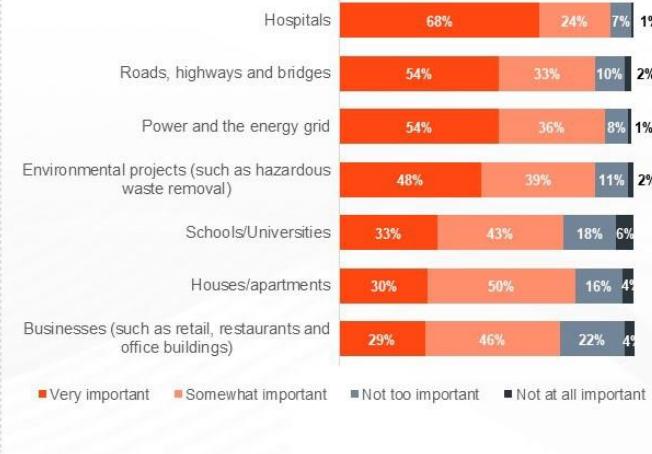
This is especially true when it comes to critical infrastructure projects such as roads, highways, bridges and hospitals. Results also show strong public support for the continuation of environmental projects as well as energy and power grid projects.



Q: How important is it for the US to continue to invest in its infrastructure (such as the power grid, roads and bridges)?

Q: How important is it to keep construction going during the pandemic?

Q: In particular, how important is it to continue construction on the following during the pandemic?



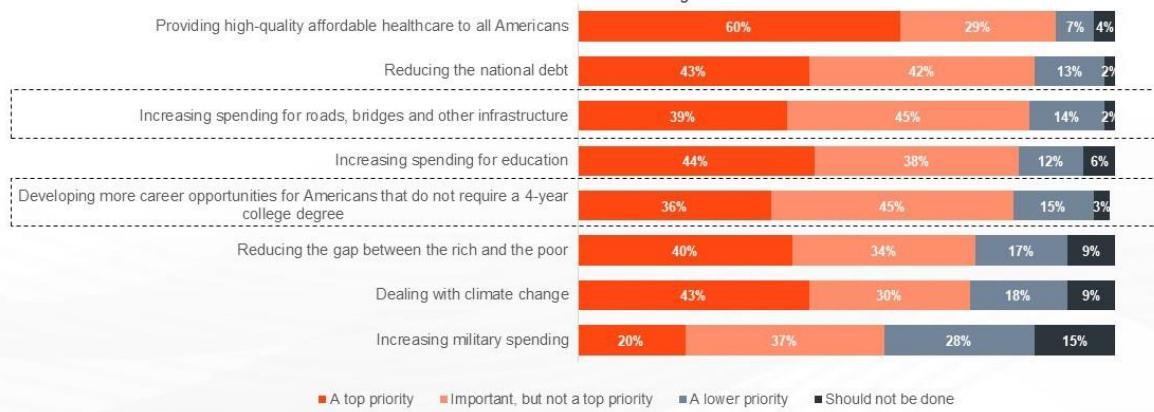
SOURCE: APCO Worldwide conducted a poll of n=500 American adults on June 11-12, 2020. The studies are based on a national sample balanced by age, gender and region.

# CIRT/APCO Insight Survey

## Infrastructure spending viewed as a priority

Even in the midst of a pandemic, more than eight-in-ten of the U.S. public believes that increasing spending for roads, bridges and other infrastructure should be a top or important priority – this is alongside other priorities such as healthcare and reducing national debt.

Q: Thinking about how to improve the quality of life for future generations, what priority would you give to each of the following?



SOURCE: APCO Worldwide conducted a poll of n=500 American adults on June 11-12, 2020. The studies are based on a national sample balanced by age, gender and region.

# **Public Sector Construction & Infrastructure**

**Tim Garnett**

# **Next Steps for US Infrastructure**

Norman Anderson

# The Coming Critical Period for U.S. Infrastructure

---

1. Through the Election - Highlighting Issues/Communicating with Campaigns

2. From Election to Inauguration - Themes, Personnel, Priorities

3. The First 100 Days, through April - Driving & Supporting the Plan

4. The First Year - Driving Initial Wins, Small Victories to Big Victories

# Questions?

---



Norman F. Anderson  
Chairman & CEO  
CG/LA Infrastructure, Inc.  
[norman@cg-la.com](mailto:norman@cg-la.com)



Mark A. Casso  
President  
Construction Industry  
Round Table  
[mcasso@cirt.org](mailto:mcasso@cirt.org)



James G. Flood  
Partner  
Crowell & Moring LLP  
[jflood@crowell.com](mailto:jflood@crowell.com)



Timothy R. Garnett  
Managing Director  
Avascent  
[tgarnett@avascent.com](mailto:tgarnett@avascent.com)



Stephen J. McBrady  
Partner  
Crowell & Moring LLP  
[smcbrady@crowell.com](mailto:smcbrady@crowell.com)



## **crowell.com**

Crowell & Moring LLP is an international law firm with approximately 550 lawyers representing clients in litigation and arbitration, regulatory, and transactional matters. The firm is internationally recognized for its representation of Fortune 500 companies in high-stakes litigation, as well as its ongoing commitment to *pro bono* service and diversity. The firm has offices in Washington, D.C., New York, Los Angeles, San Francisco, Orange County, London, and Brussels.

---

© Crowell & Moring LLP 2020

Attorney advertising. The contents of this briefing are not intended to serve as legal advice related to any individual situation. This material is made available by Crowell & Moring LLP for information purposes only.