



**Infrastructure Advocacy
& Education Organization**

PSA - IAEO October 2015 Infrastructure Update

House Proposes \$325 Billion Transportation Bill

In a rare bi-partisan move, the House Committee on Transportation and Infrastructure proposed to spend \$325 billion on transportation over the next six years; but it is now up to the Ways and Means Committee to come up with the funding. House staffers admit that they have only come up with some \$162 billion, and hope that the funding necessary to pay for the final three years can be found somewhere down the road. A quick summary of the House legislation can be found [here](#).

The transportation bill, which now will be considered by the full House, also included language from the Surface Transportation Research and Development Act of 2015, a bipartisan bill sponsored by Congresswoman Barbara Comstock ([R], Representative from Virginia's 10th District) that makes fighting traffic congestion a national research priority. The bill directs the Secretary of Transportation to develop a 5-year transportation research and development strategic plan for fiscal years 2018 through 2022 that guides future Federal transportation research and development activities with an overall objective of improving the mobility of people and goods, reducing congestion, promoting safety and improving the durability/extending the life of transportation infrastructure.

The Senate, meanwhile, has passed a six year highway bill but has also come up with only three years of funding for it. . The \$325 billion legislation provides six-years of contract authority with only three years of baseline funding, \$16 billion below the spending levels assumed in the Senate-passed DRIVE Act. The allocation of the \$325 billion is: \$261 billion for highways, \$55 billion for transit and \$9 billion for national highway safety efforts.

Long term funding for transportation and infrastructure is critical for states and municipalities to plan long term projects instead of just the current patch work repairs to our existing transportation infrastructure.

Water Equipment Manufacturers Report Improved Business Results

The Water and Wastewater Equipment Manufacturers Association (WWEMA) recently announced that it has released the results of its 2015 Member Market Indicators Survey. The survey tracks the experiences of manufacturers and their representatives within the water and wastewater market in eight areas:

- Bookings/Orders
- Company Employment
- Design work
- Industry Market Growth
- Materials Costs
- Quotations
- Sales: Domestic
- Sales: International

Thirty-one companies responded to the 2015 survey. Results show an upward trend in the market, with 70 percent of respondents indicating they saw domestic sales improve over the 12 months from September 2014 to August 2015 versus the previous 12 months, and 62 percent reporting increases in bookings and orders during that time. Accordingly, members expressed cautious optimism regarding near-term sales, with none predicting a decline in domestic sales for the next 12 months, 70 percent predicting a modest growth of 2.5-5 percent, 17 percent predicting growth greater than 5 percent, and 13 percent predicting flat sales.

The full report is available exclusively to WWEMA members.

Tennessee Study Measures 45% Leakage in Sanitary Sewers

A study to determine the quantity, scope, and characteristics of sewer inflow and infiltration (I/I) for the entire state of Tennessee may significantly add to the understanding of this problem. I/I results when clear water (from rainfall or groundwater) enters a sewer system. The extra hydraulic loading may cause or exacerbate sewer overflows (SSOs), stress on treatment plant processes, and increase conveyance and treatment costs.

Preliminary results and a detailed description of the methodology were presented at the 2014 WEF Collection Systems Specialty Conference. More than half of the systems are complete. I/I represented more than half the annual flow in two-thirds of those systems. Projecting this leakage rate across the whole state of Tennessee results in 112,500 million gallons of I/I annually. This represents over \$200 million wasted annually to handle the excess water.

Other key findings:

- 89% of the plants may exceed the nominal capacity listed in their permit when the peak day flow increases for a 2-year, 24-hour storm.
- About a third of the gross annual I/I resulted from long-term infiltration (including dry weather).
- About a third of the systems had flows that exceeded plant capacity for more than 60 days.
- Evaluating the effects of I/I water diluting the organic wastes in the sewage (decreasing the influent concentration) was a valuable tool for calculating long-term infiltration. EPA has not considered this approach in its current guidance documents.
- The estimated cost to rehabilitate sewers across the state is about \$1,060 million to cut the annual I/I in half. The rehabilitation cost would be offset by Operation and Maintenance (O&M) cost savings in 11 years.

This study is a private project conducted by George Kurz, P.E., DEE (Madison, TN). He concluded that a paradigm shift is needed at the state and national level to properly manage I/I, and that a sound strategy requires comprehensive information about the problem.

More information at:

<http://sewercapacitymanagement.weebly.com/i-i-in-tennessee-research.html>

Interoperability's Benefits and Barriers

Full systems integration and interoperability is achievable in the construction industry, but is being hindered by "people issues," according to a new report by the Construction Management Association of America's Emerging Technologies Committee.

"This is not a software issue, it's a people issue," says the Committee, arguing that ineffective management limits interoperability more than shortcomings in actual systems and software. "Interoperability is achievable, and there are tremendous benefits waiting to be reaped by those willing to invest in it," the white paper says. However, it goes on to argue that "the people using the technology represent a bigger obstacle to achieving their goals than the technology itself."

The white paper claims that interoperability, defined as "the ability of systems to exchange information seamlessly," can save a project valuable time and money by streamlining the data communication process and by eliminating the need to reenter data. The "people issues" cited by the Committee include factors like over-customizing programs, cluttering a system with nonessential programs, or neglecting interoperability altogether.

In contrast the ETC cautions that Interoperability is a fickle concept that can be damaging to a project if it isn't properly approached. "This technology, which is

designed to make our lives easier, can actually do more harm than good if it isn't properly managed; harm like raising project costs, causing inefficiencies, and draining resources," warns the ETC's report.

The white paper reports that the systems most commonly being integrated today include:

- Project Management Information Systems (PMIS),
- Building Information Management (BIM)
- Geospatial Information software (GIS)
- Asset management
- Reporting and dashboarding
- Financial software
- Scheduling
- Space Planning

Focusing on Building Information Management, the committee comments that "BIM has the potential to revolutionize the AEC industry by acting as a hub for data mapping information and integration." However, the group adds, BIM "is only a starting point. Fully understanding all of BIM's capabilities will take a long time and will require a lot of effort from a lot of people. It should be clear that our industry is searching for a faster and more reliable way to share data with all project team members."

The ETC hopes that persuading project management teams to invest the time and effort needed to properly establish an interoperable system can help set construction and construction management on the path to "becoming a more integrated industry." The white paper was featured at CMAA's recent National Conference & Trade Show. It is available to download for free at: www.cmaanet.org/white-papers-articles.

Comparing Local and Regional Taxing Systems

A new article by Alan Dornfest and Chris Bennett of the International Association of Assessing Officers describes some of the difficulties encountered in trying to effectively compare local and regional taxing systems, including the property tax. It is intended to explain why property tax systems are not necessarily directly comparable and why any comparisons should be carefully evaluated. This article will be beneficial to reporters in the media, people involved in or following legislative processes affecting taxing systems, and lay persons seeking greater knowledge about how property tax policies affect them. To read the full article please visit:

http://docs.iaao.org/uploads/FE_Dec_2012_DornfestBennett.pdf

Back to Business

As the economy improves, public works departments use consultants to get backlogged projects off the ground.

While the nation is finally in full recovery mode, the public sector is recovering at a snail's pace as state and local budgets await a boost from lagging property and income taxes. Despite five consecutive years of budget growth and low inflation, the National Association of State Budget Officers reports that general fund spending remains below the 2008 pre-recession peak.

The problem is, too many projects were placed on hold during the Great Recession, and staffing was cut. Now, public works departments have too much work and not enough bandwidth to deliver it on their own. To put it simply, "yes, the city has fewer employees," says a streets operations manager from the West whose department spent \$300,000 to \$400,000 last year to complete six to 10 projects. Hence, a much greater use is being made by municipalities of architecture, engineering, and construction (AEC) services, as documented in *Public Works* magazine's 10th annual survey on how readers use AEC services. Select [here](#) to read the full article and survey results.

Manufacturing Revenues, Hiring on the Rise

Prime Advantage, the leading buying consortium for midsized manufacturers, announced the findings of its latest Purchasing and Manufacturing Survey. The results show continued optimism about employment through the remainder of the year as well as revenues into 2016 demand for flexibility and responsiveness in supply chains grows. The Survey polls more than 750 small and midsized industrial manufacturing companies.

Among the highlights of the latest survey:

- 80% of respondents expect to be at or above previous year's revenues, and 83% anticipate maintaining or increasing revenue performance in 2016.
- Hiring is strong, as 61% of members plan to hire new employees in 2015.
- A lack of qualified workers remains the top threat to manufacturing growth among members for the second consecutive year, with 46% voicing this concern, down from 53% in 2014.

Prime Advantage is a buying consortium for manufacturers with more than 750 member companies and more than 125 endorsed suppliers. You can request a copy of the full report [here](#).

Budget Deal Is Finalized

The House and the Senate sent to the President a two-year spending deal that raises defense and domestic spending caps, while also raising the debt ceiling into 2017, thus avoiding a damaging default.. The President said that he would sign the bill “as soon as it reaches my desk.”

To offset this cost, negotiators tapped a number of sources, including making changes to Medicare and Social Security, auctioning off government-controlled wireless spectrum, selling crude oil from the Strategic Petroleum Reserve and tightening tax rules for business partnerships.

The agreement will lift the so-called sequester spending caps and increase discretionary spending by about \$80 billion over two years, an amount that will be split equally between defense and domestic programs.

In addition, the legislation will limit a historic premium increase for some Medicare Part B beneficiaries, set to go into effect next year, for services like hospital care and doctor visits. The agreement also will prevent a potential 20 percent across-the-board cut to Social Security Disability Insurance benefits scheduled to take place next year, by transferring resources from the main Social Security fund and making changes to the program.

Lawmakers must now write a sweeping omnibus spending measure that has to pass by Dec. 11 to avert a government shutdown. That bill would fund federal agencies at the higher levels made possible by the bipartisan accord.

Source: The Washington Post

Congress and White House Collaborate on Key Obamacare Fix

In a move that will ease the financial burden on many small businesses and their employees, President Obama signed into law the “Protecting Affordable Coverage for Employees (PACE) Act,” halting a looming expansion to what’s known as the small group insurance market under the Affordable Care Act. Starting next year, companies with between 51 and 100 employees would have been required to purchase health plans through the small group market, a market in which all health plans are subject to many expensive new requirements that would have driven up their premiums.

In a letter sent last month to members of the House, the U.S. Chamber noted that nearly two-thirds of companies pushed into the redefined small group market would have suffered premium increases of 18 percent on average. Some would have seen “premium impacts of 35 percent or more.”

Source: U.S. Chamber of Commerce

FAA to Require Registration of Unmanned Aerial Systems

U.S. Transportation Secretary Anthony Foxx and FAA Administrator Michael Huerta recently announced the creation of a government/industry task force to develop recommendations for a registration process for Unmanned Aircraft Systems (UAS).

Over the past several years we have witnessed the explosive growth in the use of drones both in recreational settings and the rapidly expanding commercial and industrial use ranging from public safety and search and rescue to multiple environmental and agricultural applications.

Every day, the FAA receives reports of potentially unsafe UAS operations. Pilot sightings of UAS doubled between 2014 and 2015. The reports ranged from incidents at major sporting events and flights near manned aircraft, to interference with wildfire operations. “These reports signal a troubling trend,” Huerta said. “Registration will help make sure that operators know the rules and remain accountable to the public for flying their unmanned aircraft responsibly. When they don’t fly safely, they’ll know there will be consequences.”

Sanipor Flood Grouting: a Holistic Geo-technical Method to Seal Gravity Fed Sewer Conveyance Systems

The vast majority of gravity fed sewer pipes and manholes are *leaking* worldwide. Still the majority of all pipes do not require structural repair or replacement – merely sealing. The goal of eliminating infiltration of groundwater into the conveyance system or exfiltration of sewerage into soil and groundwater is still a significant problem in many parts of the world. For example in the US and UK the prevention of overcharging treatment plants or SSOs (sanitary sewer overflows) is the main focus, in Germany avoiding polluting the sources of drinking water is the most critical issue. In areas of water scarcity, loss of water urgently needs to be prevented.

For decades, the clients of standard sewer rehabilitation methods have often experienced disappointing outcomes from their costly projects. Most design engineers occupy themselves with apparently broken parts of the system: manholes, mainlines and lateral pipes are typically assessed and repaired individually. A holistic approach requires a paradigm change; Flood grouting can serve as a technological guide to shift the rehabilitation concept of design engineers. Please visit:

http://de.slideshare.net/CsillaPall/sanipor?ref=https://www.linkedin.com/profile/preview?locale=en_US&trk=prof-0-sb-preview-primary-button to learn more.

Ozone is Critical for Odor Control

Ozone is the fastest acting commercially available oxidizer for water or wastewater treatment, but Ozone is also used as a very economical way to kill odors in air. Ozone is “manufactured” by Ozone Generators on-site usually for pennies per hour and the latest ozone generators are virtually maintenance free.

There are two components to an ozone odor control system – the Ozone Generator(s) and the building ventilation system, which is extended to include a contacting/retention system. The contacting/retention system mixes Ozone (a gas) with the odorous air in the building’s exhaust and provides some time for the ozone to do its work before releasing to atmosphere.

A new article by Allan Finney of EnvironOzone explores the issues around using Ozone for odor control, effectiveness, economy and safety issues as well as outlining the site requirements for an ozone installation. Please visit:

<http://buff.ly/1Km19VX>

Benefits of a Certified Contractor Program

A new article from Epoxytec outlines why a well-designed certified contractor program can help engineers, owners, manufacturers, and contractors alike. To learn about the benefits of using a certified contractor and why it’s becoming increasingly popular, particularly in the rehabilitation industry, please visit:

<http://www.epoxytec.com/top-5-reasons-why-using-certified-contractors-in-the-bid-process-is-beneficial/>

Latest Economic Indicators at a Glance

Annual Employment Report

Total nonfarm payroll employment increased by 142,000 in September, and the unemployment rate was unchanged at 5.1 percent. Job gains occurred in health care and information, while mining employment fell.

Construction Employment

U.S. construction industry employment edged higher in September despite a disappointing jobs report for the overall U.S. economy. The number of construction jobs expanded by 8,000 on a net basis in September, with nonresidential builders and specialty trade contractors collectively creating 6,800 of those net new jobs. The number of jobs in the heavy and civil engineering category declined by 2,200, however.

“Construction was one of the few bright spots in today’s report as residential and nonresidential construction remain two of the nation’s five leading growth segments,” said Anirban Basu, Associated Builders and Contractors’ chief economist. “The industry’s unemployment rate is down 1.5 percentage points from September 2014 and is essentially at its lowest point in eight years. There are 125,000 fewer unemployed construction workers than there were one year ago, and construction employment is up by 205,000 positions on a year-over-year basis, one of the best performances of any industry in both absolute and percentage terms.

“The construction unemployment rate continues to head lower, falling by 0.6 percentage points in September to 5.5 percent,” noted Basu. “The monthly and year over-year growth in employment are both consistent with the notion that construction wage growth will continue to accelerate.

“Many economists questioned the Federal Reserve’s decision not to raise rates in September, but today’s disappointing overall employment report renders the decision a bit more reasonable in hindsight,” said Basu. “Still, one is unnerved by the prevalence of emergency monetary measures during the seventh year of economic recovery and the speculative asset bubbles that may have formed as a result. The Federal Reserve appears to have positioned itself in a no-win situation.”

Total nonfarm employment increased by an unexpectedly low 142,000 jobs in September, and has expanded by less than 150,000 net new jobs during each of the past two months, the first time that the nation has added jobs at such an anemic pace since 2011. The unemployment rate remains at 5.1 percent, but that was due in part to another dip in the labor force participation rate, which fell to 62.4 percent, the lowest proportion since September 1977.

- Nonresidential building construction employment expanded by 1,200 jobs for the month and is up by 14,300 jobs or 2 percent since September 2014
- Residential building construction employment expanded by 800 jobs in September and is up by 20,400 jobs or 3 percent on a year-over-year basis
- Nonresidential specialty trade contractors added 5,600 jobs for the month and employment in that classification is up by 68,100 jobs or 3.1 percent from the same time one year ago
- Residential specialty trade contractors added 3,100 net new jobs in September and have added 79,600 jobs or 4.7 percent since September 2014
- The heavy and civil engineering construction segment shed 2,200 jobs in September, but employment is up by 23,200 positions or 2.5 percent on a year-over-year basis

Consumer Confidence

“Consumer confidence increased moderately in September, following August’s sharp rebound,” said Lynn Franco, Director of Economic Indicators at The Conference Board. “Consumers’ more positive assessment of current conditions fueled this month’s increase, and drove the Present Situation Index to an 8-year high (Sept. 2007, Index=121.2). Consumers’ expectations for the short-term outlook, however, remained relatively flat, although there was a modest improvement in income expectations. Thus, while consumers view current economic conditions more favorably, they do not foresee growth accelerating in the months ahead.”

Consumers’ appraisal of current conditions was more positive in September. Those saying business conditions are “good” increased from 23.7 percent to 28.0 percent, while those claiming business conditions are “bad” declined modestly from 17.8 percent to 16.7 percent. Consumers were somewhat mixed about the job market. Those stating jobs are “plentiful” increased from 22.1 percent to 25.1 percent, however those claiming jobs are “hard to get” also rose from 21.7 percent to 24.3 percent.

Gross Domestic Product (GDP)

Real gross domestic product -- the value of the goods and services produced by the nation’s economy less the value of the goods and services used up in production, adjusted for price changes -- increased at an annual rate of 3.9 percent in the second quarter of 2015, according to the "third" estimate released by the Bureau of Economic Analysis. In the first quarter, real GDP increased 0.6 percent.

Consumer Price Index

The Consumer Price Index for All Urban Consumers (CPI-U) decreased 0.2 percent in September on a seasonally adjusted basis. Over the last 12 months, the all items index was essentially unchanged before seasonal adjustment.

The energy index fell 4.7 percent in September, with all major component indexes declining. The gasoline index continued to fall sharply and was again the main cause of the seasonally adjusted all items decrease. The indexes for fuel oil, electricity, and natural gas declined as well.

In contrast to the energy declines, the indexes for food and for all items less food and energy both accelerated in September. The food index rose 0.4 percent, its largest increase since May 2014. The index for all items less food and energy rose 0.2 percent in September. The indexes for shelter, medical care, household furnishings and operations, and personal care all increased; the indexes for apparel, used cars and trucks, new vehicles, and airline fares were among those that declined.

The all items index was essentially unchanged for the 12 months ending September after posting a 0.2 percent increase for the 12 months ending August. The 18.4 percent decline in the energy index over the past year offset increases in the indexes for food (up 1.6 percent) and all items less food and energy (up 1.9 percent).

Producer Price Index

The Producer Price Index for final demand declined 0.5 percent in September, seasonally adjusted. Final demand prices were unchanged in August and rose 0.2 percent in July. On an unadjusted basis, the final demand index fell 1.1 percent for the 12 months ended in September, the eighth straight 12-month decline.

Productivity and Costs

Nonfarm business sector labor productivity increased at a 3.3-percent annual rate during the second quarter of 2015, as output increased 4.7 percent and hours worked increased 1.4 percent. (All quarterly percent changes in this release are seasonally adjusted annual rates.) From the second quarter of 2014 to the second quarter of 2015, productivity increased 0.7 percent, reflecting increases in output and hours worked of 3.3 percent and 2.6 percent, respectively.

Labor productivity, or output per hour, is calculated by dividing an index of real output by an index of hours worked of all persons, including employees, proprietors, and unpaid family workers. The measures released today are based on more recent source data than were available for the preliminary report.

Unit labor costs in the nonfarm business sector decreased 1.4 percent in the second quarter of 2015, reflecting a 1.8-percent increase in hourly compensation and a 3.3-percent increase in productivity. Unit labor costs increased 1.7 percent over the last four quarters.

Factory Orders

New orders for manufactured durable goods in August decreased \$4.8 billion or 2.0 percent to \$236.3 billion. This decrease, down following two consecutive monthly increases, followed a 1.9 percent July increase. Excluding transportation, new orders decreased less than \$0.1 billion, or virtually unchanged. Excluding defense, new orders decreased \$2.2 billion or 1.0 percent.

Transportation equipment, also down following two consecutive monthly increases, led the decrease, \$4.8 billion or 5.8 percent to \$78.7 billion.

Employment Cost Index

Compensation costs for civilian workers increased 0.6 percent, seasonally adjusted, for the 3-month period ending in September 2015. Wages and salaries (which make up about 70 percent of compensation costs) increased 0.6 percent, and benefits (which make up the remaining 30 percent of compensation) increased 0.5 percent.

Civilian Workers

Compensation costs for civilian workers increased 2.0 percent for the 12-month period ending in September 2015. In September 2014, compensation costs increased 2.2 percent. Wages and salaries increased 2.1 percent for the current 12-month period, unchanged from the 12-month period ending in September 2014. Benefit costs increased 1.8 percent for the 12-month period ending in September 2015. In September 2014, the increase was 2.4 percent.

Private Industry Workers

Compensation costs for private industry workers increased 1.9 percent over the year, slowing from the previous year's increase of 2.3 percent. Wages and salaries increased 2.1 percent for the current 12-month period. The increase for the 12-month period ending in September 2014 was 2.3 percent. The increase in the cost of benefits was 1.4 percent for the 12-month period ending in September 2015, lower than a year earlier when the increase was 2.3 percent.

Employer costs for health benefits increased 3.0 percent over the year. In September 2014, the increase was 2.6 percent. Among occupational groups, compensation cost increases for private industry workers for the 12-month period ending in September 2015 ranged from 1.5 percent for natural resources, construction, and maintenance to 2.3 percent for production, transportation, and material moving occupations.

Among industry supersectors, compensation cost changes for private industry workers for the current 12-month period ranged from -1.1 percent for information to 2.4 percent for trade, transportation, and utilities.

State and Local Government Workers

Compensation costs for state and local government workers increased 2.3 percent for the 12-month period ending in September 2015. In September 2014, the increase was 2.1 percent. Wages and salaries increased 1.8 percent for the 12-month period ending in September 2015, and a year earlier the increase was 1.6 percent. Benefit costs increased 3.0 percent in September 2015, unchanged from the 12-month period ending in September 2014.

Real Earnings

Real average hourly earnings for all employees increased 0.1 percent from August to September, seasonally adjusted. This result stems from essentially no change in average hourly earnings combined with a 0.2-percent decrease in the Consumer Price Index for All Urban Consumers (CPI-U).

Real average weekly earnings decreased 0.2 percent over the month due to the increase in real average hourly earnings being more than offset by a decrease of 0.3 percent in the average workweek.

Real average hourly earnings increased 2.2 percent, seasonally adjusted, from September 2014 to September 2015. This increase in real average hourly earnings combined with no change in the average workweek resulted in a 2.2-percent increase in real average weekly earnings over this period.

Construction Spending

Construction spending during August 2015 was estimated at a seasonally adjusted annual rate of \$1,086.2 billion, 0.7 percent above the revised July estimate of \$1,079.1 billion. The August figure is 13.7 percent above the August 2014 estimate of \$955.0 billion.

During the first 8 months of this year, construction spending amounted to \$683.4 billion, 9.8 percent above the \$622.4 billion for the same period in 2014.

Spending on private construction was at a seasonally adjusted annual rate of \$788.0 billion, 0.7 percent above the revised July estimate of \$782.3 billion. Residential construction was at a seasonally adjusted annual rate of \$383.3 billion in August, 1.3 percent above the revised July estimate of \$378.5 billion. Nonresidential construction was at a seasonally adjusted annual rate of \$404.7 billion in August, 0.2 percent above the revised July estimate of \$403.8 billion.

In August, the estimated seasonally adjusted annual rate of public construction spending was \$298.2 billion, 0.5 percent above the revised July estimate of \$296.8 billion. Educational construction was at a seasonally adjusted annual rate of \$67.4 billion, 0.2 percent below the revised July estimate of \$67.5 billion. Highway construction was at a seasonally adjusted annual rate of \$90.4 billion, 0.4 percent below the revised July estimate of \$90.7 billion.

Nonresidential Construction Spending

August marked the seventh consecutive month nonresidential construction spending expanded according to an Oct. 1 release supplied by the U.S. Census Bureau. Nonresidential spending totaled \$696.3 billion on a seasonally adjusted, annualized basis in August, a 0.3 percent increase from the previous month and

a 12.3 percent increase from the same time last year. The Census Bureau downwardly revised July's estimate from \$696.1 billion to \$694.1 billion.

“Job growth is fueling both consumer spending and the absorption of space, all of this is good for construction spending,” said Associated Builders and Contractors Chief Economist Anirban Basu. “While construction spending has expanded by more than 12 percent over the past year that is not to suggest that macroeconomic risks do not abound. Interest rates are likely to head higher going forward and there is no guarantee that energy prices will remain subdued. While low energy prices have caused some regional economies to slow, investment and spending has been bolstered in others.

“Recently, much attention has been focused on the global economic slowdown and the volatility of financial markets,” said Basu. “The Federal Reserve’s recent decision not to increase interest rates supported a developing narrative which suggests that the weakness now apparent in much of the world will eventually bring the U.S. into another recession.”

Eight of 16 nonresidential construction sectors experienced spending increases in August on a monthly basis:

- Lodging-related construction spending expanded 2.8 percent on a monthly basis and 41.4 percent on a year-over-year basis
- Health care-related construction spending grew 1.9 percent on a monthly basis and 9.1 percent on a yearly basis
- Public safety-related construction spending expanded 0.4 percent in August and is 0.2 percent higher than last year
- Spending in the amusement and recreation category grew 1.3 percent for the month and 34.7 percent from the same time last year
- Transportation-related construction spending grew 1.4 percent in August and is up 12.1 percent from the same time last year
- Communication-related construction spending is up 0.4 percent for the month and 11.5 percent on a yearly basis
- Power-related construction spending expanded 1.2 percent month-over month but is down 6.7 percent year-over-year
- Manufacturing-related construction spending expanded 1.3 percent on a monthly basis and 57.6 percent on a yearly basis
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Spending in half of the nonresidential construction subsectors fell in August on a monthly basis:

- Highway and street-related construction spending fell by 0.6 percent in August but is up 7 percent from the same time last year
- Sewage and waste disposal-related construction spending is 0.3 percent lower from July 2015 but 9 percent higher than in August 2014
- Water supply-related construction spending is down 0.2 percent for the month but is up 4.9 percent over the past 12 months

- Conservation and development-related construction spending fell 0.9 percent for the month but is up 12.7 percent from the same time last year
- Office-related construction spending dipped 0.2 percent lower in August but is up 25.4 percent since the same time last year
- Spending in the commercial category fell 1.2 percent for the month but grew 1.3 percent over the past 12 months
- Educational-related construction spending inched 0.6 percent lower for the month but is up 5.0 percent year-over-year
- Religious-related construction spending fell 9.4 percent for the month and 4.6 percent from August 2014
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Construction Materials Prices

Prices for inputs to construction industries plunged 1.6 percent in September after shedding 0.9 percent in August, the Bureau of Labor Statistics reported today. Year-over-year prices were down 5.3 percent for the month, the largest yearly decrease since October of 2009. Inputs to nonresidential construction prices also declined, losing 1.6 percent for the month and 6 percent for the year. Only three of the 11 key input prices expanded on a monthly basis in September, while six experienced double-digit year-over-year declines, according to analysis by Associated Builders and Contractors.

“The global economy has continued to soften in recent weeks, with additional concerns directed at formerly fast-growing nations like China, Brazil and Russia,” said ABC Chief Economist Anirban Basu. “Europe continues to muddle along and the Canadian economy remains relatively flat. All of this has conspired to weaken demand for global commodities even as supply of many inputs continues to be elevated.

“For much of September, there was a belief among some that the Federal Reserve would raise short-term interest rates during that month,” said Basu. “That belief helped keep the dollar strong, which also helped to keep commodity prices low. When the Fed made the decision not to raise rates, the dollar weakened a bit, allowing oil prices to edge higher. The implication is that October PPI is unlikely to be as deflationary as September.”

Only three key input prices rose in September:

- Plumbing fixtures and fittings expanded 0.1 percent from August and are up 1.1 percent from September 2014.
- Prices for concrete products expanded 0.7 percent in September and are up 3 percent from the same time last year.
- Crude petroleum prices expanded 2.3 percent in September but are down 54.3 percent from the same time last year.

The key input prices that fell or remained flat are:

- Crude energy materials prices dipped 1 percent in September and are down 39.9 percent from the same time last year.
- Fabricated structural metal product prices fell 0.1 percent for the month and are down 0.6 percent on the year.
- Iron and steel prices fell 1.1 percent for the month and 18.8 percent for the year.
- Prices for steel mill products fell 0.8 percent from last month and 14.9 percent from last year.
- Nonferrous wire and cable prices are down 0.8 percent in September and 7.8 percent from the same time last year.
- Softwood lumber prices fell 3.8 percent on a monthly basis and 12.2 percent on a yearly basis.
- Prepared asphalt, tar roofing and siding declined 1.9 percent for the month but expanded 2.5 percent from the same time last year.
- Natural gas prices fell 7.5 percent on a monthly basis and are down 35.8 percent from the same time last year.

Retail Sales

U.S. retail and food services sales for September, adjusted for seasonal variation and holiday and trading-day differences, but not for price changes, were \$447.7 billion, an increase of 0.1 percent from the previous month, and 2.4 percent above September 2014. Total sales for the July 2015 through September 2015 period were up 2.3 percent from the same period a year ago. The July 2015 to August 2015 percent change was revised from +0.2 percent to virtually unchanged.

Retail trade sales were virtually unchanged from August 2015, and 1.7 percent above last year. Motor vehicle and parts dealers were up 8.8 percent from last year and food services and drinking places were up 7.9 percent from September 2014.

New Residential Sales

Sales of new single-family houses in September 2015 were at a seasonally adjusted annual rate of 468,000. This is 11.5 percent below the revised August rate of 529,000, but is 2.0 percent above the September 2014 estimate of 459,000.

The median sales price of new houses sold in September 2015 was \$296,900; the average sales price was \$364,100. The seasonally adjusted estimate of new houses for sale at the end of September was 225,000. This represents a supply of 5.8 months at the current sales rate.

New Residential Construction

Privately-owned housing units authorized by building permits in September were at a seasonally adjusted annual rate of 1,103,000. This is 5.0 percent below the revised August rate of 1,161,000, but is 4.7 percent above the September 2014 estimate of 1,053,000.

Single-family authorizations in September were at a rate of 697,000; this is 0.3 percent below the revised August figure of 699,000. Authorizations of units in buildings with five units or more were at a rate of 369,000 in September.

Privately-owned housing starts in September were at a seasonally adjusted annual rate of 1,206,000. This is 6.5 percent above the revised August estimate of 1,132,000 and is 17.5 percent above the September 2014 rate of 1,026,000.

Single-family housing starts in September were at a rate of 740,000; this is 0.3 percent above the revised August figure of 738,000. The September rate for units in buildings with five units or more was 454,000.

Privately-owned housing completions in September were at a seasonally adjusted annual rate of 1,028,000. This is 7.5 percent above the revised August estimate of 956,000 and is 8.4 percent above the September 2014 rate of 948,000.

Single-family housing completions in September were at a rate of 643,000; this is 1.8 percent below the revised August rate of 655,000. The September rate for units in buildings with five units or more was 378,000.

U.S. Trade Balance

The goods and services deficit was \$48.3 billion in August, up \$6.5 billion from \$41.8 billion in July, revised. August exports were \$185.1 billion, \$3.7 billion less than July exports. August imports were \$233.4 billion, \$2.8 billion more than July imports.

The August increase in the goods and services deficit reflected an increase in the goods deficit of \$6.6 billion to \$67.9 billion and an increase in the services surplus of \$0.1 billion to \$19.6 billion.

Year-to-date, the goods and services deficit increased \$17.6 billion, or 5.2 percent, from the same period in 2014. Exports decreased \$58.9 billion or 3.8 percent. Imports decreased \$41.3 billion or 2.2 percent.