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Memorandum

To: District 5 Environmental Commission, Ed Stanak, District 5 Coordinator

From: Tom Kavet

CC: Michael Zahner, Executive Director, Environmental Board

Date: January 20, 2003

Re: Stowe Mountain Resort Economic and Fiscal Impact Review and Commentary

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BACKGROUND INFORMATION

Purpose

This memorandum responds to a request of December 24, 2002, from the District 5 Environmental Commission to evaluate the economic and fiscal impacts associated with Application 5L1338-1 of the Mt. Mansfield Company (hereafter, MMC) under criteria 6, 7, 9(A) and 9(H). The report under review is entitled, "Economic and Fiscal Impact of the Proposed Hamlet at Spruce Mountain" and was prepared for the Stowe Mountain Resort (hereafter SMR) by Richard Heaps on October 4, 2002 (also referred to as the "Heaps report").

This memorandum follows a similar review I performed for the District Commission on November 1, 2000 with respect to the economic and fiscal impact analysis for the original MMC master plan application, 5L1338.[1]

Qualifications

For the past 14 years, I have been President of Economic & Information Systems Consulting, an independent economic consulting firm operating out of Williamstown, Vermont. Prior to this, I was a Vice President at Data Resources/McGraw-Hill, Inc. (now Global Insights), the nation's largest economic consulting and forecasting firm, where I founded and directed the Construction and Real Estate Information Service. For the past 6 years, I have been the consulting economist to the Vermont State Legislature, performing revenue forecasts and economic analyses on a wide variety

[1] See Appendix A, attached, entitled, "Commentary and Review of Economic and Fiscal Impact Analysis Associated with the SMR Master Plan," November 1, 2000, by Thomas E. Kavet.

of topics. In addition to out-of-state private sector work, I have also served as an economic consultant to other State and public entities in Vermont, including the Public Service Department, Agency of Natural Resources, State Auditor, the Lake Champlain Regional Chamber of Commerce and others.

I have extensive experience with regional economic modeling, having designed, built and applied many such models. I have performed more than 400 regional economic impact analyses of the type under evaluation in this review.

I am intimately familiar with economic models developed by Regional Economic Models, Inc. (hereafter, REMI), and Vermont-specific applications of this model, per that employed in the subject report. I manage the REMI model for the State of Vermont, Joint Fiscal Office, and have used it in numerous analyses for the State Legislature. I consult with the Vermont Public Service Department on REMI model applications and advise them on appropriate model modifications for energy demand uses. I developed an extensive county-level REMI model for the Northeast Dairy Compact Commission with which to evaluate agricultural policy alternatives. I designed and built with Economic and Policy Resources, Inc. of Williston, Vermont, the REMI model that is used by the Vermont Economic Progress Council to evaluate State economic and fiscal impacts associated with every economic development project they consider. This has included more than 100 of the largest economic development projects proposed in Vermont over the past four years.

I have also worked as a consultant for REMI, advising them on model applications and development, most recently as a consultant in Colorado assisting the U.S. Bureau of Land Management in exploring potential regional economic impacts of the recent forest fires affecting the region.

Project Background

The analysis herein stems from a review of economic and fiscal impacts associated with the prior MMC application, 5L1338. In that review, serious deficiencies were identified in the impact analysis presented to the Commission. A cooperative effort was undertaken with the MMC economic consultant at the time to remedy these deficiencies, but the application was withdrawn by MMC before this work was completed. A report to the Commission summarizing this process and related findings at the time is attached as Appendix A. This report is included as a part of this review because much of it is still relevant to the current MMC application and economic and fiscal impact analysis.

The Appendix A report is still relevant because the current application, 5L1338-1 is substantially similar in magnitude and character to the prior application. Despite significant discrepancies between some of the SMR data submitted in association

with the current economic and fiscal impact report[2], total project costs (variously estimated to be between $207 and $226 million) are close to the $200 million previously planned, with adjustment for inflation. The total number of "Stowe dwelling units" in the Heaps report is identical at 423 to prior project parameters. Total project square footage is within +2% to -10% of prior estimates (depending upon which SMR figures are used) and the mix of proposed buildings and their functions are similar.

Although snowmaking, trail and lift improvements seem to have been significantly scaled back (from about $29 million to about $8 million), and appear to be primarily limited to improvements on Spruce Mountain, SMR employment estimates to support additional recreational services at the ski area have been increased by 55%, from 54 to 84.

It is not clear how the ski area intends to handle the volume of additional guests at the resort without the originally planned lift and trail improvements, unless they assume a lower percentage of them will be utilizing the ski area, that the present Comfortable Carrying Capacity (CCC) of the area has sufficient slack to accommodate such an increase, or that further lift expansion and improvements will take place under a separate application and be completed prior or coincident to the opening of most lodging operations.

In any event, the significant variable in estimating economic impacts is not ski area capacity, but lodging bed capacity and associated visitation. The number of "Stowe dwelling units," rooms and beds are the most critical measures of this capacity and in this regard, the new application has not significantly changed. My prior analysis noted an anticipated "73% increase in total lodging beds in the Town," and visitation volume increases of the same order of magnitude. These estimated increases are consistent with the revised application.

When reviewing an economic impact report for a major development project such as that submitted by SMR, I usually contact the report author to discuss technical details and collaborative modifications that would support the permitting process[3]. I followed this practice with the original SMR report and pursued such an approach with this report. Notwithstanding these efforts, the current analyst indicated he was unwilling to change anything in the economic and fiscal impact report and that the District Commission could either accept or reject the report "as is."

I find the subject report, in its present condition, to be seriously deficient in several important aspects and cannot, therefore, recommend acceptance "as is."

[2] See Table 2, page 12 of this memorandum

[3] See, for example the proceedings associated with the Husky MOU Group and the collaborative analytic process used to reach reasonable impact estimates for use by the District Commission, various participants/parties and the State.

PRIMARY FINDINGS

Overview and Summary

Despite clear guidance outlining the critical issues and recommended analysis necessary for the applicant to meet the minimum burden of production under criteria 6, 7, 9(A) and 9(H) presented in my prior review of this project, the current economic and fiscal impact report again understates likely project impacts through unrealistic assumptions, makes serious model specification errors that affect impact estimates and avoids any meaningful analysis of issues associated with affordable housing.

There are five major areas of deficiency in the report:

1) ***The report ignores the impact of significant tourist spending associated with the increased visitation the project is designed to elicit, possibly understating overall impacts by as much as 50%,***

2) ***Net in-migration is underestimated due to faulty REMI model inputs, biasing population and other impacts in a downward direction,***

3) ***The report fails to reasonably allocate impacts across the affected communities,***

4) ***The report does not address affordable housing issues accurately or completely, and***

5) ***The report continues to suffer from discrepancies and omissions with respect to critical project parameters and costs.***

As was true with the original application, the current economic and fiscal impact report contains a preponderance of errors that are biased in a downward direction, thereby minimizing project impacts. In addition to these major deficiencies, there are numerous minor errors, omissions and insufficient documentation of critical assumptions, some of which are noted in the below discussion.

Discussion – Item #1, Tourism Spending

Visitation analysis and related tourist expenditure flows are at the core of virtually all tourism impact analysis. Accurate estimation of these flows is fundamental in assessing the impacts of a project such as the proposed development. This type of analysis is so commonplace, the REMI model even has a software interface specifically designed to facilitate this estimation.

The current SMR economic and fiscal impact report, however, fails to account for significant portion of the tourism expenditures that would be associated with such a project. It assumes the only significant expenditures that tourists coming to the planned facility will make are on lodging and SMR recreational activities (golf and skiing). All food, beverage and other retail shopping expenditures for some 3,000[4] new guests staying at the proposed Hamlet are to be accommodated by 12 food and beverage workers and 33 retail employees located at the Hamlet. This is a totally unrealistic assumption that serves to grossly understate project impacts and potential affordable housing implications.

The guests attracted to the upscale lodging offered in the proposed Hamlet will be relatively affluent and will spend substantial amounts on food, dining, gifts, clothing, gasoline, entertainment, drinks, personal services and recreational activities not confined to the small Hamlet area or loosely defined "UMR District" extending 5 miles down the road. A great deal of the attraction Stowe exerts on tourists is due to the high quality and variety of its shops, excellent restaurants, cross county skiing, other recreational opportunities and other events and activities taking place in the greater Stowe area – both in winter and summer.

An example of how to account for these expenditure flows, using detailed University of Vermont tourism expenditure survey data and town-specific State Tax Department data is provided in Appendix A, pages 6-8.

These tourist expenditures will be of significant economic benefit to the area and will also have significant economic impacts associated with them. These impacts must be estimated for this analysis to be credible.

Other related points for review and correction associated with tourism spending impacts include:

- *Verification of the validity of the employment estimates used for the operation of the hotel and condominiums at the Hamlet is essential. Current estimates are based, without documentation, on only one development, said to be comparable, in Vail Colorado. As sample of one is rarely adequate in developing such critical project input values.*

- *The discussion of secondary impacts in the economic and fiscal impact report (pages 13-16) is misinformed. There is nothing that limits the definition of secondary growth to gas stations, shopping centers, video stores, banks or fast food franchises with drive up windows. If the author is unsure of how the*

[4] Total additional lodging bed capacity associated with this project could be as high as 6345, based on proposed maximum room counts at 3 beds per room. Actual occupancy, of course, will fluctuate seasonally.

Environmental Board defines "secondary growth," he may refer to a technical draft document on the subject available from the Environmental Board[5] or obtain clarification via a direct request to the Board or District Commission.

- *Significant secondary and other economic growth associated with tourism expenditures is highly likely and will both include (to the extent permitted), and extend well beyond, the limited UMR District. There is no reason to arbitrarily limit analysis of these impacts to the UMR District.*

Discussion – Item #2, In-Migration Model Override Error

Estimates of net in-migration to the region as a result of this project are critical to estimating economic and municipal fiscal impacts. This is one of the primary reasons an objective model such as REMI is used for economic impact analysis.

In the current SMR economic and fiscal impact report, however, the REMI model estimates for net in-migration have been significantly reduced through the analyst's manipulation of REMI model specification input values. Overriding the REMI model estimates in this application is inappropriate and without statistical or economic justification. This change substantially lowers net in-migration estimates and overall population and economic impacts in the affected communities.

This specification error pertains to the 5th line of the REMI Policy Variables and Values table on page 72 of the economic and fiscal impact report, entitled "Economic migration, All groups." It negates 100% of the expected net in-migration estimated by the REMI model in connection with the $200+ million in direct construction activity associated with this development. Although nowhere in the report is this model manipulation specifically documented or justified, it is alluded to on page 11, where the author surmises (based on conversations with a few local construction firms) that, "The vast majority of construction workers will commute to the site from their homes, as is the practice today, rather than move to Stowe for a portion of this work and then relocate afterwards to another town when the work is complete."

The statement is true and valid. The model manipulation based upon it, however, is not. This adjustment belies a common misunderstanding of how the REMI model functions and what it is measuring. It is not simply estimating a direct migration response linked to a specific project, *but is measuring the net migration response to an entire region, based on the inclusion of the project.* Model estimates are not only based on direct employment associated with a project, but also on the displacement of other local work for which there is an inadequate local supply of labor.

[5] See "Fiscal and Economic Impact Analyses – Act 250," Draft document available from the Environmental Board.

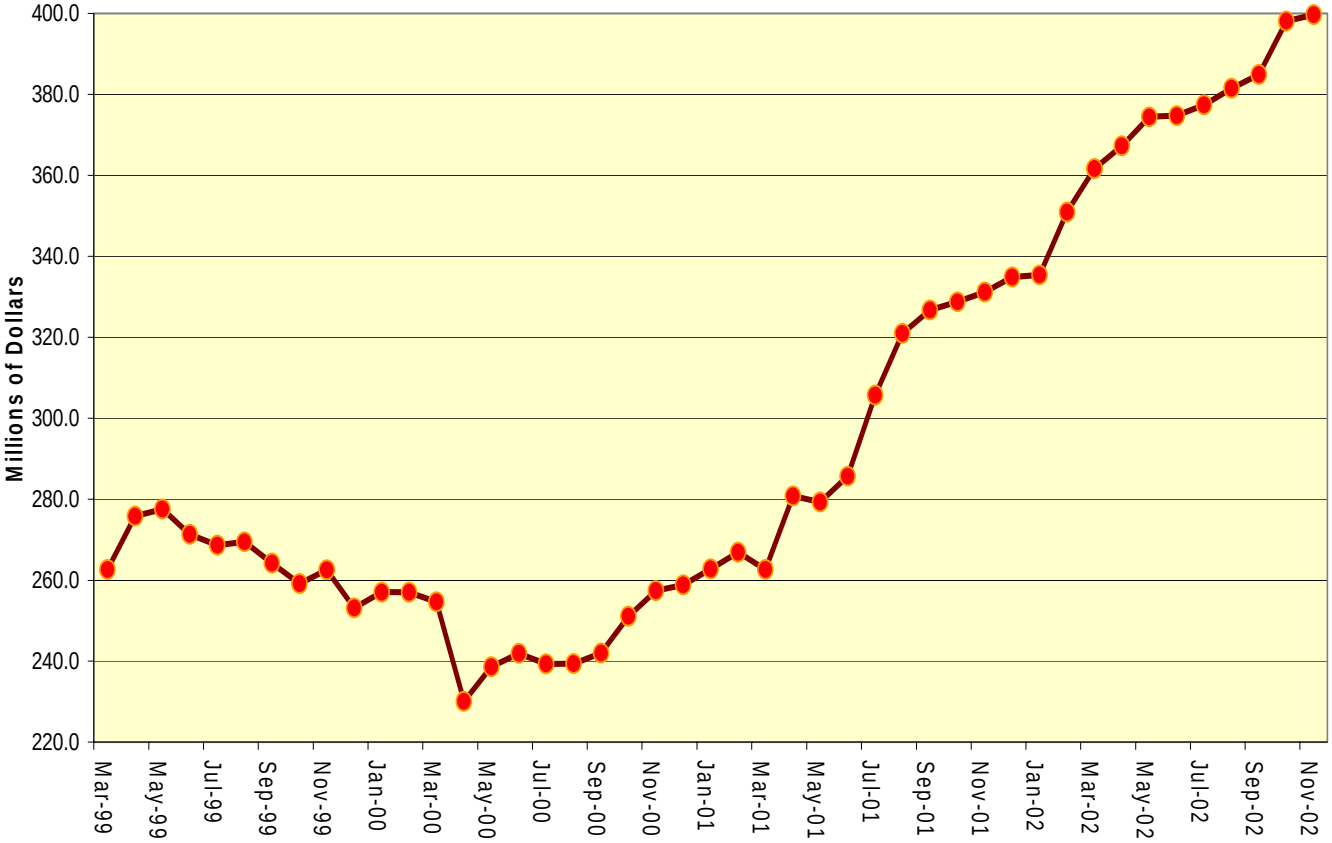
The model already assumes that "the vast majority of construction workers will commute to the site from their homes," and is based on a wealth of information that is specific to the types of building undertaken and the geographic location of the activity. Despite the fact that the vast majority of construction and other supporting workers will not move to the area in response to this project, *some will*. This is precisely what the model is intended to estimate and quantify, without external manipulation.

In order to override the default model estimates for this economic event, one would have to assume that there was something unique about the project or other economic circumstances that would justify such a modification. I find no such justification credible and, if anything, believe the contrary may be true at the present time.

This is based both on the conditions of Vermont construction labor markets at the present time, relative regional labor market conditions and the specific types of building associated with this project.

CHART 1 - Low Interest Rates Fuel Residential Building Boom in Vermont

(Residential Construction Contract Awards in Vermont - 12 Month Moving Totals)



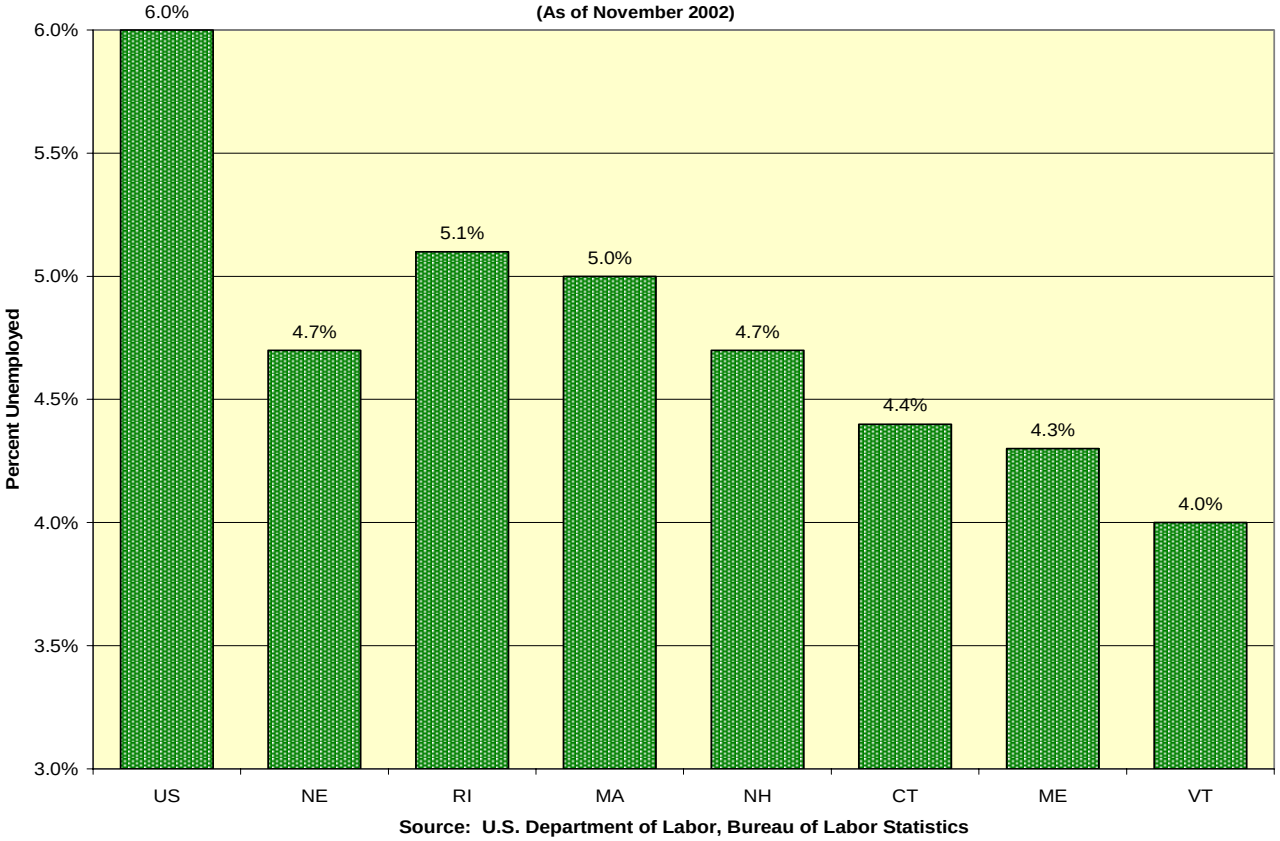
Source: F.W. Dodge, McGraw-Hill, Inc.

As illustrated in the preceding Chart 1, Vermont residential construction markets are booming, as is the case in much of the country. Despite steep declines in commercial and industrial building, institutional building (particularly hospital construction) gains have lifted total nonresidential building in Vermont to record highs as well. This surge in activity is likely to keep Vermont construction labor markets tight for at least the next year. Another huge construction project will only exacerbate conditions in this labor market and result in more net in-migration than usual, not less.

With respect to relative labor market conditions in New England and other U.S. states, there is nothing to suggest that Vermont would be less apt to attract economic migrants at this time. In fact, as illustrated in Chart 2, Vermont's relatively low unemployment rate suggests that net in-migration in the near-term could be higher than the longer term averages used in the REMI model, not lower.

CHART 2 - Vermont's Unemployment Rate Remains Relatively Low

(As of November 2002)



Source: U.S. Department of Labor, Bureau of Labor Statistics

The only other justification for overriding the REMI model defaults with respect to net in-migration would be if there was something about the type of construction involved

in the proposed development that would require specialized short term labor (and other) inputs during construction. This is sometimes invoked for specialized projects such as unusual manufacturing facilities, unique nonbuilding construction, and other atypical development, where specific bills of material may be available. This is definitely not the case with respect to the vast majority of residential and commercial construction involved in this project.

This model change serves to understate likely project impacts and should be eliminated in any future analysis performed.

Discussion – Item #3, Town Level Allocations

In my review of the original SMR application, the following finding was made[6]:

> *The methodology used to allocate total project impacts to specific towns should be based on more robust empirical data and include factors such as commuting distance, housing costs, likely income levels associated with new employment opportunities created, and other proxies for community affordability and attractiveness.*

This finding appears to have been ignored in the current analysis. The current SMR economic and fiscal impact report bases all town allocations on "the current regional distribution residences [sic] of SMR employees,"[7] more than half of whom (in the counties analyzed) reside in Stowe.

Despite the fact that more than two-thirds of the permanent new jobs created by this development (even based on the excessively low estimates generated in the Heaps report) will be earning less than what the Vermont Legislative Joint Fiscal Office defines as necessary to meet minimum basic needs,[8] the SMR analysis assumes more than half of these workers will be able to find and afford housing in Stowe, one of the most expensive housing markets in the State.

The existing SMR employment profile is neither representative of the income nor occupational characteristics of the employees expected to be added as a result of this project. As a result, it is inappropriate to use it as the distributional basis for allocating town impacts.

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[6] See Appendix A, page 4 and related discussion on pages 11-12 and 14.

[7] See page 26 of the SMR Economic and Fiscal Impact Report.

[8] See "Basic Needs Budgets and the Minimum Wage," Prepared by the Vermont Legislative Joint Fiscal Office, January 15, 2003. Hourly wages consistent with basic needs budgets for various family configurations range from $9.72 for a couple with no children to $23.06 for a single parent with two children. See also, Table 1, page 11 of this memorandum.

Existing SMR employee distributions should only be used for town allocation purposes if they are adjusted for income levels. In the meantime, the original finding, above, is still germane.

Other related points for review associated with town level analysis include:

- *Identification of the public schools in each affected town and their current enrollment and capacity levels.*

- *Projections of school enrollments in public schools likely to be significantly impacted by this project, based both on current town residents and projected new residents.*

Discussion – Item #4, Affordable Housing

In the absence of any meaningful discussion of affordable housing in the current SMR economic and fiscal impact analysis, the entire section on affordable housing in the prior review (see Appendix A, pages 12-16) is still relevant.

There is no question that the proposed development will result in the creation of many jobs in relatively low paying occupations. This is evidenced in REMI model output detailing projected employment growth by occupation and the experience of many similar developments in Vermont and elsewhere.

Nowhere in the 19 pages of (mostly arcane) REMI model output detailed in Appendix C of the SMR economic and fiscal impact report are essential occupational employment data presented or summarized. I subsequently requested and received, however, this information from Mr. Heaps. Although Mr. Heaps could not completely reconcile these data with those in his report, he said they were the most accurate available. A copy of these data, expressed as actual employee counts, is included herein as Appendix B.

By matching wage data by occupation from the Vermont Department of Employment and Training[9] to the REMI occupational employment estimates, it is clear that the vast majority of permanent jobs created by this development will pay below levels considered necessary to meet basic minimum needs in Vermont. This will undoubtedly create significant affordable housing pressures in the region and significant associated public expense.

[9] Source: Occupational Employment Statistics (OES) survey, Vermont DET, released October 2002

Table 1 outlines some of the largest occupational job categories that are likely to be created as a result of this development and associated median Vermont wage levels for these occupations in 2001. It further calculates annual wages, based on full time work at 40 hours per week for 52 weeks, which may overstate actual annual income for those working in a seasonal resort setting. Data from a recent report commissioned by the Lamoille County Planning Commission,[10] for example, indicated that in 2000, the average wage for restaurant and hotel employees in Stowe was $14,930, or $7.18 per hour on a full time, year-round, basis.

TABLE 1

REMI Employment Category	Percent of New Jobs Created Based on Heaps Report**	Vermont Department of Employment and Training Occupational Category	2001 Median VT Hourly Wage	2001 Median VT Annual Wage	Affordable Housing Mo. Payment* at 30%
Cleaning and Building Service	17.5%	Maids and Housekeeping	$8.00	$16,640	$416
Food Preparation and Service	19.6%	Food Preparation Workers	$7.74	$16,099	$402
Information Clerks, Retail Sales	10.6%	Retail Sales	$9.09	$18,907	$473
Protective Services	4.6%	Security Guards	$8.81	$18,325	$458
Cashiers	3.4%	Cashiers	$7.28	$15,142	$379

*Includes rent and utilities for rental housing. Includes insurance, taxes and mortgage payment for owner occupied housing
**Permanent jobs as of the last year of analysis

Even with today's record low mortgage rates, $379-$473 per month will only carry a $45K-$65K mortgage (including taxes and insurance), assuming a minimum down-payment can be raised. Per the analysis presented in Appendix A, few such properties exist in Stowe.

In the "Notes on Affordable Housing" in the Heaps report (pages 65-66), he attributes a decline in the number of low income families in Stowe between 1990 and 2000 to the strong economic growth the Town has experienced over this period and implies that this decline demonstrates income gains among the poor in Town. I believe this to be a fundamental misreading of the data.

A more likely cause of the decline in the number and percentage of low income households in Stowe is not that their incomes have been rapidly rising, but that they have been displaced by wealthier in-migrants as real estate values and home prices soared during the last 10 years. Stowe has probably become more exclusive, pressing potential new and existing lower income families and individuals into finding affordable housing in surrounding communities.

[10] "Fall 2002 Housing In Lamoille County," by Patrick Sullivan and Mark Trevithick, Twin Birch Consulting, commissioned by the Lamoille County Planning Commission

The “AIG dormitory” housing proposed as a part of this development does little if anything to alleviate the affordable housing issue associated with this development. As detailed in the analysis in Appendix A, this housing is not offered at much, if any, below market rates, it is geared to transient, single workers, not families, and is extremely limited in scope. Dormitory-based residences will be of minimal value to the vast majority of workers who will be associated with this development,

There are ample precedents for affordable housing mitigation associated with ski area and resort development in Vermont. These are discussed and summarized in Appendix A, pages 15-16. There is no reason to believe that the economic impacts associated with this project will be significantly less (and could be significantly greater) with respect to affordable housing than any of the other major resort developments cited.

Discussion – Point #5 Omitted or Conflicting Construction Metrics

In their original application (5L1338), Stowe Mountain Resort omitted more than $70 million in direct construction costs from the economic and fiscal impact analysis submitted for approval by the District Commission. It was only through this review process that this omission was identified.

While the analyst preparing the original SMR analysis (Kennedy) contended that he relied on SMR data to prepare his analysis, careful scrutiny of company assertions regarding all data inputs is essential for analytic accuracy. Unfortunately, there are continued discrepancies and apparent omissions (though much smaller) in the current economic and fiscal impact report.

In a December 9, 2002 letter from Rob Apple, of SMR, to the District 5 Coordinator, he summarized square footage and dwelling unit counts for the revised project. These estimates, however, differ from those used by Mr. Heaps in the economic and fiscal impact report, based on spreadsheets Mr. Heaps provided to me. These discrepancies are summarized in the following Table 2.

Based on the comparisons in Table 2, it appears that the SMR economic and fiscal impact report prepared by Mr. Heaps may understate total project square footage by nearly 80,000 square feet. At an average cost of $150 per square foot (used throughout the SMR analysis for virtually all residential and nonresidential buildings), this could amount to nearly $12 million in omitted project construction costs.

TABLE 2 – Comparative Project Parameters

Project Component	Heaps	Apple	Heaps minus Apple	Heaps
	Square Footage	Square Footage	Square Footage	Value
Spruce Hotel	88,300	96,667	(8,367)	$13,245,000
Spruce Hotel Condos	30,600	30,578	22	$4,590,000
Building D Condos	149,320	165,864	(16,544)	$22,398,000
Mt. Mansfield Club	95,725	95,725	0	$14,358,750
A1	101,765	112,672	(10,907)	$15,264,750
A2	104,475	116,550	(12,075)	$15,671,250
East B Condos	105,125	107,840	(2,715)	$15,768,750
South C Condos	81,900	93,593	(11,693)	$12,285,000
Single Family Lots	84,000	84,000	0	$12,600,000
Hillside Townhomes	120,250	120,250	0	$18,037,500
Baselodge Condos	103,000	101,978	1,022	$15,450,000
AIG Dormitory		7,300	(7,300)	$700,000
Retail Building	13,875	13,875	0	$2,081,250
Golf Clubhouse	3,000	6,500	(3,500)	$450,000
Community Pool	4,000	4,000	0	$600,000
Stowe Club		7,500	(7,500)	?
Lifts and Snowmaking Improvements				$8,100,000
Parking Under Buildings				$7,020,000
Parking Structure				$5,000,000
Snowmaking Ponds				$10,000,000
Golf Course				$5,500,000
General Infrastructure				$9,000,000
Two Maintenance Garages	?	?		$540,000
Inn @ Mountain Expansion	?	?		$6,240,000
TOTALS	**1,085,335**	**1,164,892**	**(79,557)**	**$214,900,250**

The Heaps analysis omits entirely the Stowe Club and any square footage measurement for either the AIG dormitory or Inn at the Mountain expansion. The Inn at the Mountain expansion had been previously planned at 66,413 square feet. The omission of square footage estimates for this project could be significant if affordable housing mitigation is based on this (as was done in the recent Killington expansion) and is essential in determining reasonableness in dollar value construction inputs to the REMI model.

Verification and reconciliation of final project data for square footage, dwelling units, dollar value and number of lodging beds for each project component should be performed before permit approval is granted. It is recommended that final project approval be conditioned upon a set of maximum project parameters, such as

number of lodging beds, building square footage and project value, that could critically affect and control visitation volumes to the area.

It appears this project may still be very fluid in its design and configuration. Perhaps this is because SMR does not intend to actually build out or manage most of the proposed development. However, accurate impact analysis and public review of this project requires that reasonably accurate project parameters be specified.

Other related points for review and possible correction associated with construction and project parameters include:

- *Review the omission of Stowe dwelling unit counts associated with the AIG dorm.*

- *Verify the decline in proposed lift and snowmaking improvements from $29 million to $8 million.*

- *Review the appropriateness of omitting of 90% of the proposed lift and snowmaking improvements in the Heaps report and proper techniques for accounting for this in the REMI model.*

- *Review possible multiplication error in Table 4, footnote #1, resulting in potential $600,000 error*

- *Review appropriateness of constant $150 per square foot cost estimates for virtually all residential and nonresidential construction.*

SUMMARY AND OBSERVATIONS

The proposed Stowe Mountain Resort development will be a significant source of economic growth for the Town of Stowe, Lamoille County and the State of Vermont. It will strengthen and substantially expand one of the premier ski and tourist destinations in the State.

This development, however, is not "small." Upon completion, it will result in enormous increases in area tourist visitation, could double or more available Town lodging beds, and could add more than 25% in value to the Town's Grand List. The planned construction alone represents more than 35% of all construction in the entire State of Vermont contracted in 2000. Spread over six years, it could account

for as much as 5% of all building construction activity in the entire State in each of the next six years.[11]

As stated in my prior analysis, the challenge for the Town of Stowe, the surrounding communities and the Resort, will be to accomplish this kind of development and growth without compromising the special character of the area that makes it such a unique and popular destination. With proper information, analysis and planning, this can occur. Unfortunately, the SMR economic and fiscal impact analysis has still not provided such information.

Given prior guidance with respect to the measurement of economic and fiscal impacts, it is difficult to understand the persistence of deficiencies in the current report. Until such time as they have been corrected, it is impossible to consider this analysis as a reasonable basis for public review and permitting purposes nor a minimally adequate burden of production under criteria 6, 7, 9(A) and 9(H).

[11] F.W. Dodge Construction Potentials Bulletin, The McGraw-Hill Companies, December 2000 report. "Building" construction refers to residential and non-residential construction.