



Chief Facilities Executive's Report



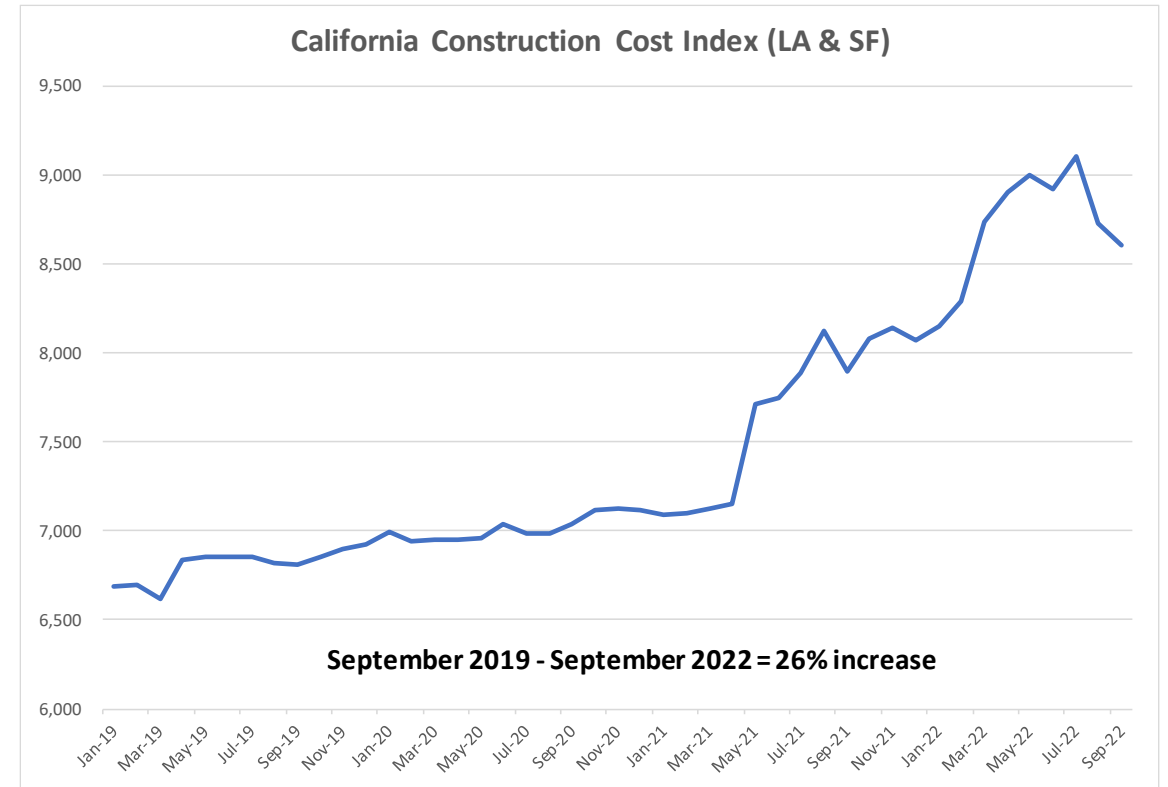
**Los Angeles Unified School District
School Construction Bond Citizens' Oversight Committee
November 3, 2022**

Overview of Construction Cost Escalation

- LAUSD is experiencing the affects of inflation, low unemployment and high demand for construction materials
 - Construction material price inflation
 - Seeing increases on almost everything – steel, PVC, asphalt, plastics, decking, plumbing
 - Supply chain issues mean long lead times
 - Significant worker scarcity and wage increases (direct feedback from contractors)
 - ~40% wage increase for carpenters since 2018
 - ~35% wage increases for ironworkers since 2018
 - ~15% wage increase for concrete trades since 2020
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California Construction Cost Index

California Construction Cost Index (Los Angeles & San Francisco)							
Month	2022	2021	2020	2019	2018	2017	2016
January	8,151	7,090	6,995	6,684	6,596	6,373	6,106
February	8,293	7,102	6,945	6,700	6,596	6,373	6,132
March	8,736	7,130	6,947	6,616	6,596	6,373	6,248
April	8,903	7,150	6,955	6,841	6,596	6,461	6,249
May	9,001	7,712	6,958	6,852	6,596	6,455	6,240
June	8,925	7,746	7,041	6,854	6,598	6,470	6,238
July	9,110	7,892	6,984	6,854	6,643	6,474	6,245
August	8,729	8,122	6,988	6,823	6,613	6,620	6,244
September	8,604	7,900	7,036	6,814	6,674	6,620	6,267
October		8,080	7,120	6,851	6,679	6,596	6,343
November		8,141	7,123	6,895	6,679	6,596	6,344
December		8,072	7,120	6,924	6,684	6,596	6,373
Annual %	6.59%	13.40%	2.80%	3.60%	1.30%	3.50%	4.40%
Average current and prior 2 years	7.60%	6.60%	2.57%	2.80%	3.07%		
Cummulative (2016-2022)	35.59%	29.00%	15.60%	12.80%	9.20%	7.90%	4.40%



The California Construction Cost index is developed based upon Building Cost Index (BCI) cost indices average for San Francisco and Los Angeles ONLY as produced by Engineering News Record (ENR) and reported in the second issue each month.

Construction Materials – Hot Rolled Steel

October 2019 – October 2022: \$504/ton - \$716/ton (42% Increase)

716.00 ▲ **+3.00 (+0.42%)**

Volume
93

1D 5D 1M 3M 6M YTD 1Y **5Y** ALL

+ Comparison

1W ▾ Display ▾ Studies ▾ ⚙️ ✎️ + 🗨️



Construction Materials – US Petroleum

(tied closely with construction materials – PVC, asphalt, plastics, transportation costs)

October 2019 – October 2022: \$54/bbl - \$85/bbl (57% Increase)

Last | 1:20 PM EDT

85.25 ▼ **-3.86 (-4.33%)**

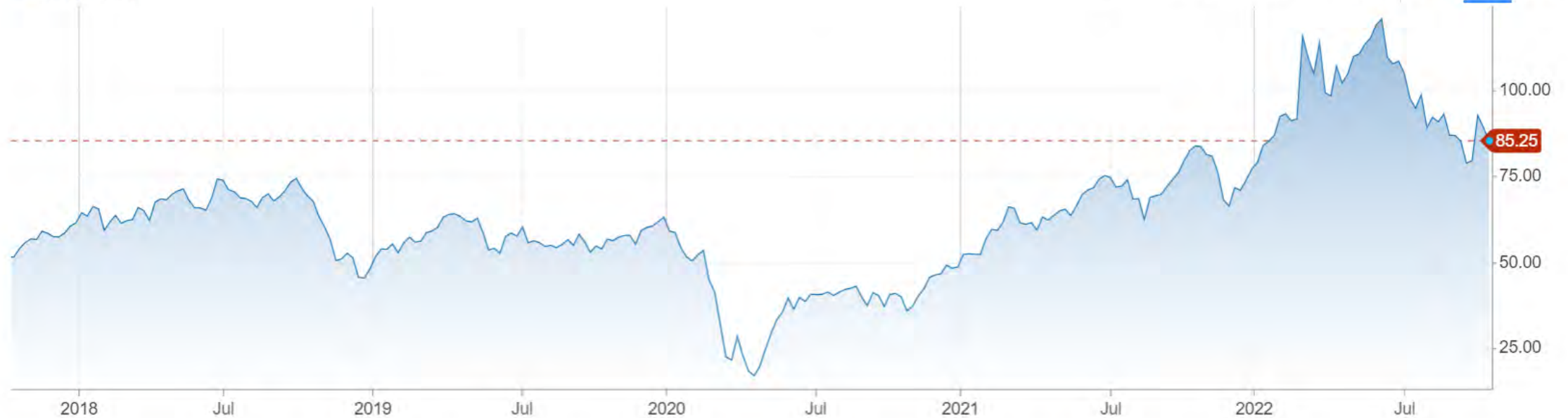
Volume

174,662

1D 5D 1M 3M 6M YTD 1Y **5Y** ALL

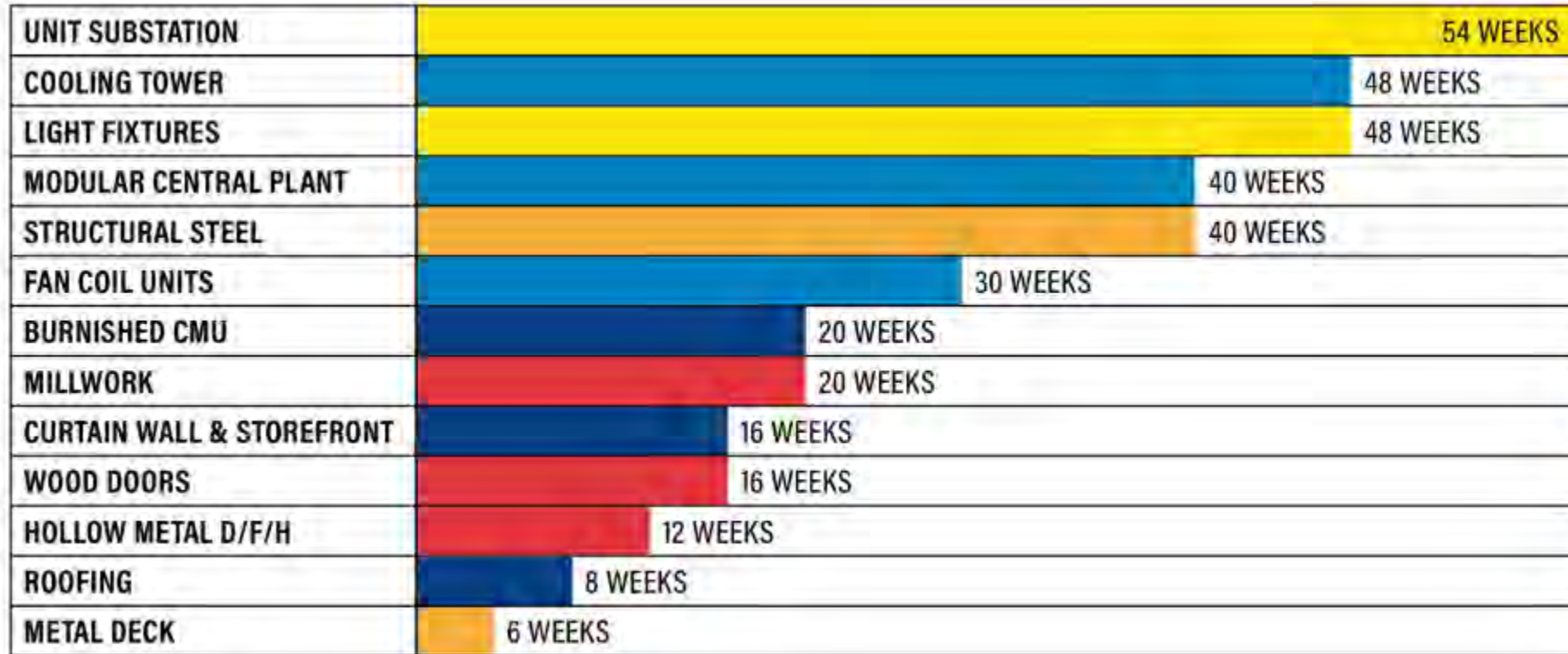
+ Comparison

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Source: CNBC.com

Long Lead Times for Construction Components



	ELECTRICAL
	MECHANICAL
	STRUCTURAL
	INTERIOR FINISHES
	BUILDING ENVELOPE

How This Affects the Facilities Bond Program

- Higher costs mean we will get less construction from existing funding sources
 - We do not time the market – we build as quickly as possible
 - All projects are competitively bid utilizing available methods subject to public contract code and education code
 - How do we mitigate this risk?
 - Projects are budgeted with contingencies including specifically for cost escalation
 - Program Reserve is healthy and used as needed for budget increases
 - Facilities is always looking to bring additional funding into the Program
 - State School Facilities Program funding
 - FEMA
 - Grants
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