

# **Joint Task Force on School Construction Funding**

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**Panel Introduction Presentation**

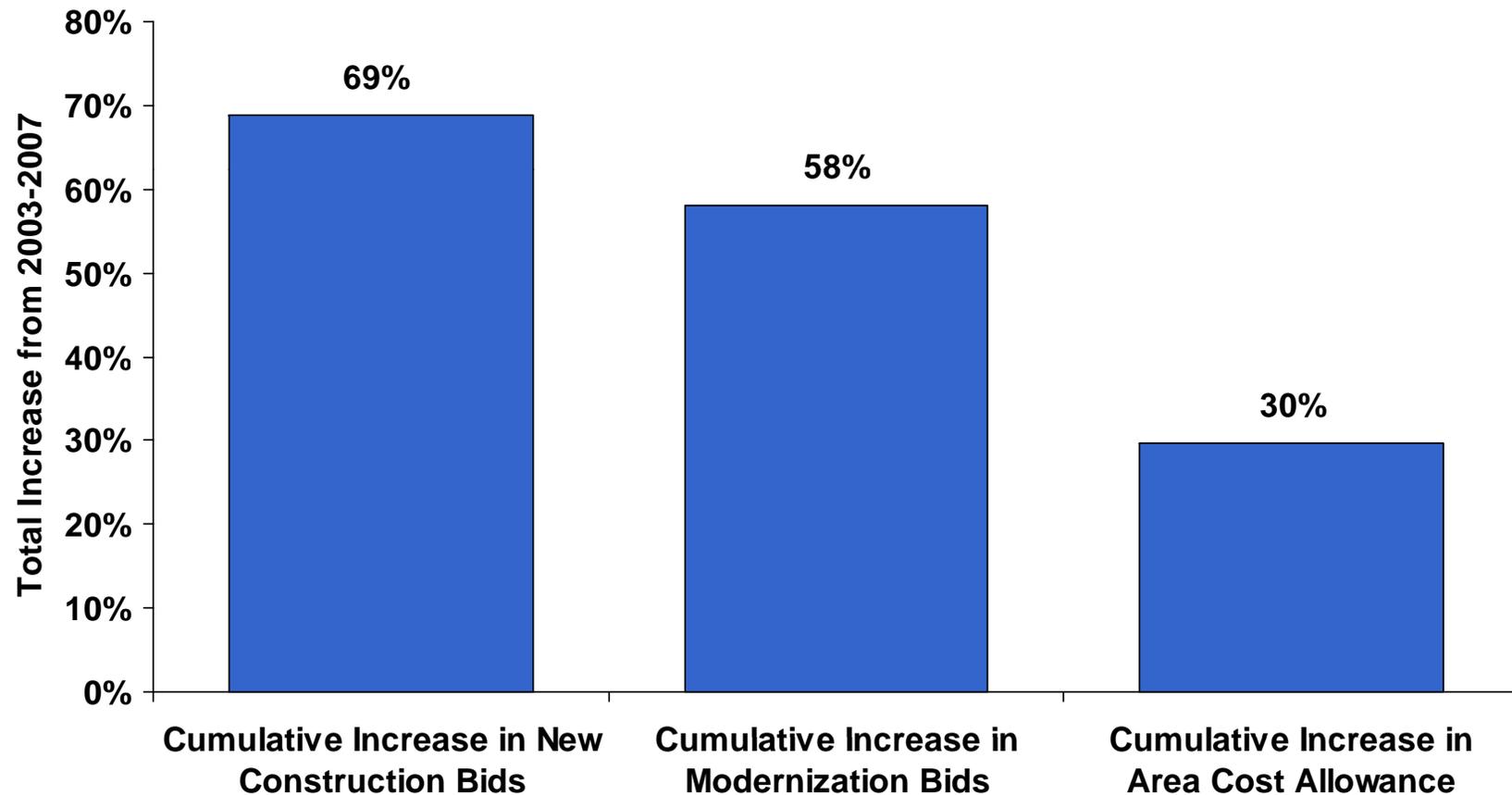
**September 17, 2008**

Prepared by Legislative Fiscal Committees

# Inflation

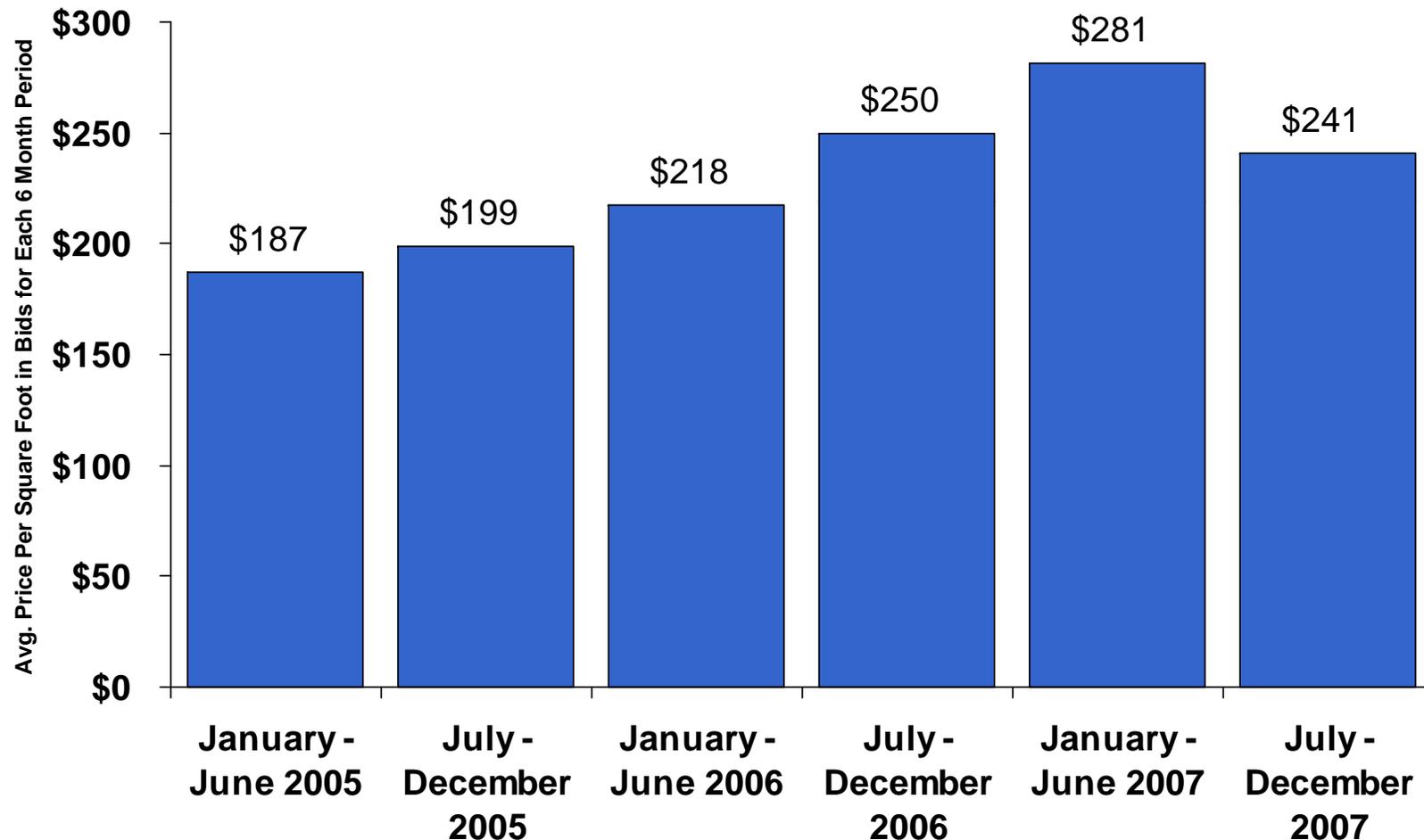
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## Over the last four years, the increase in average bid prices has outpaced the increases in the area cost allowance



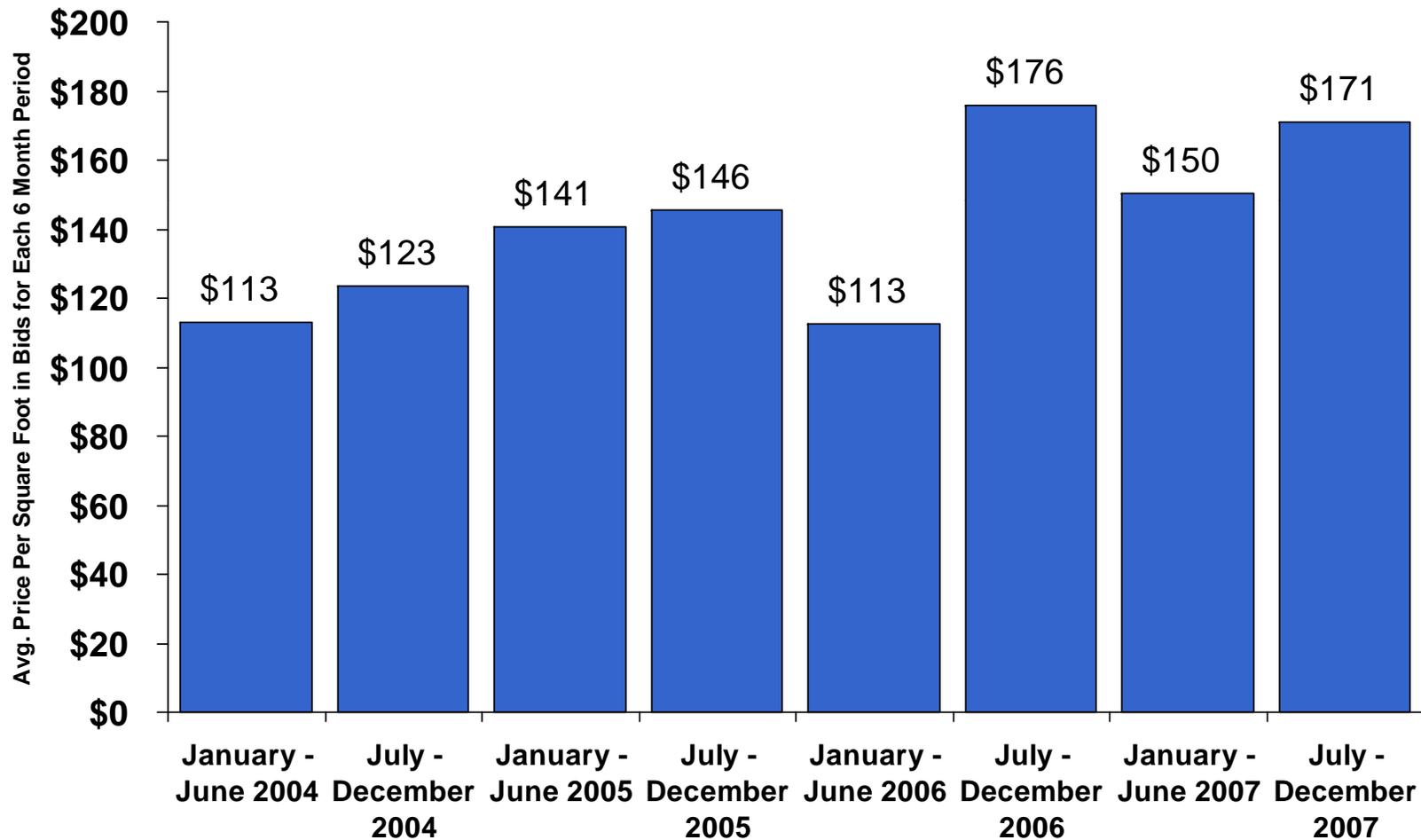
\* The increase in average bids may include items not part of state funding formulas and may not represent actual school construction inflation.

**For new construction, recent bids indicate that price increases might be abating, but it is too early to tell if this is a longer term trend**



\* The average bid price may include items not part of state funding formulas. This is the average reported for new construction bids 9/17/08 from January 2005 until December 2007.

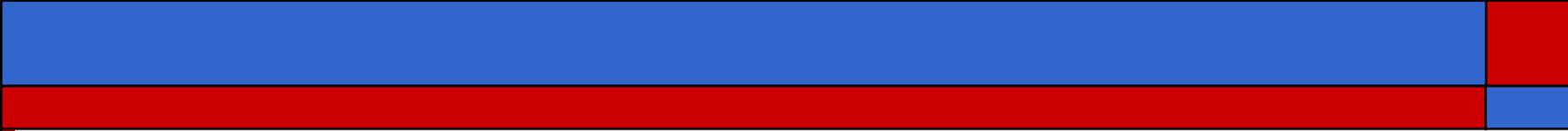
## Modernization bids show a slightly different trend, but still suggest a slowing in the rate of growth



\* The average bid price may include items not part of state funding formulas. This is the average reported for modernization bids from January 2005 until December 2007.

9/17/08

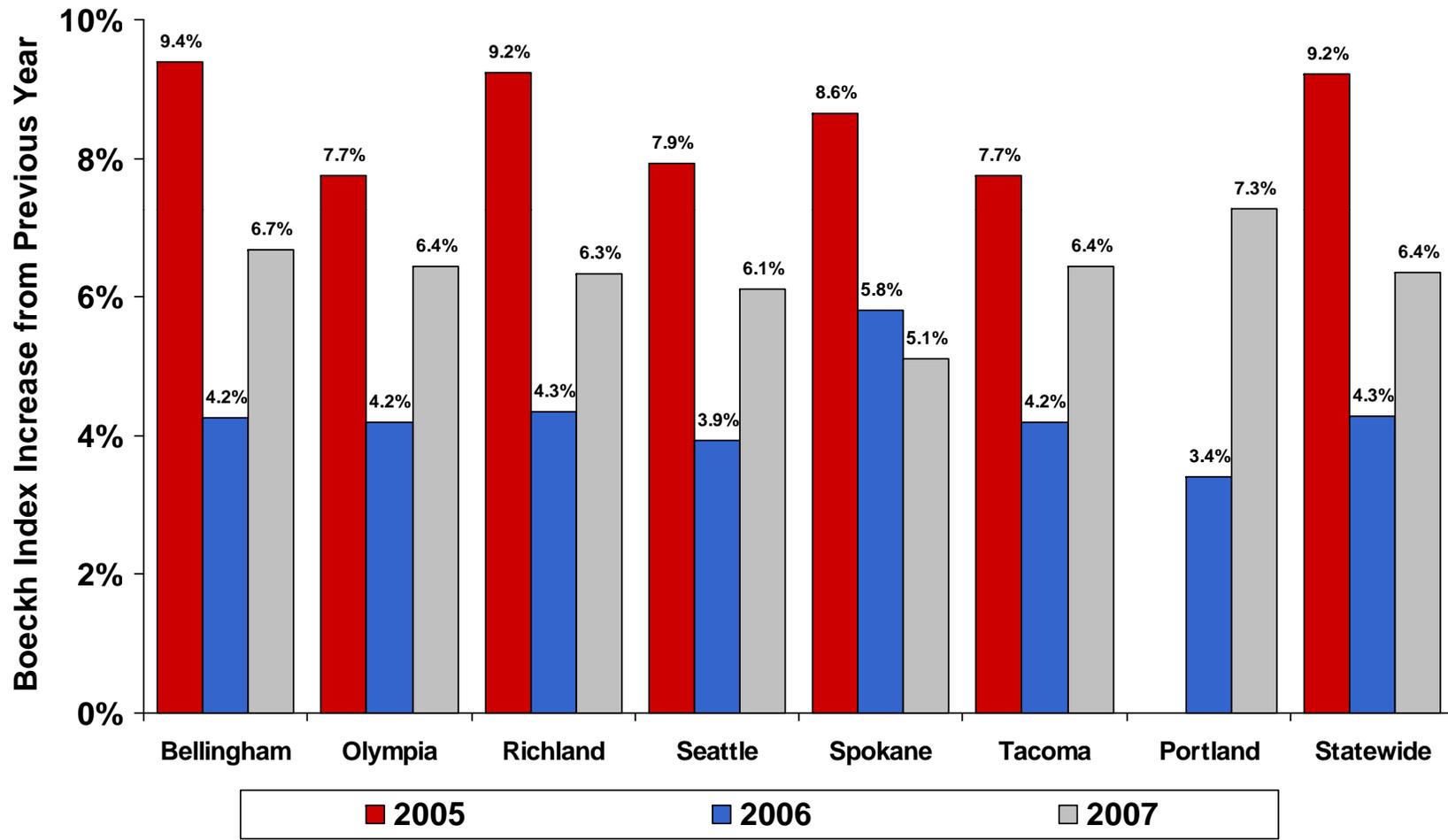
Prepared by JTFSCF Staff



# **Regional Variation**

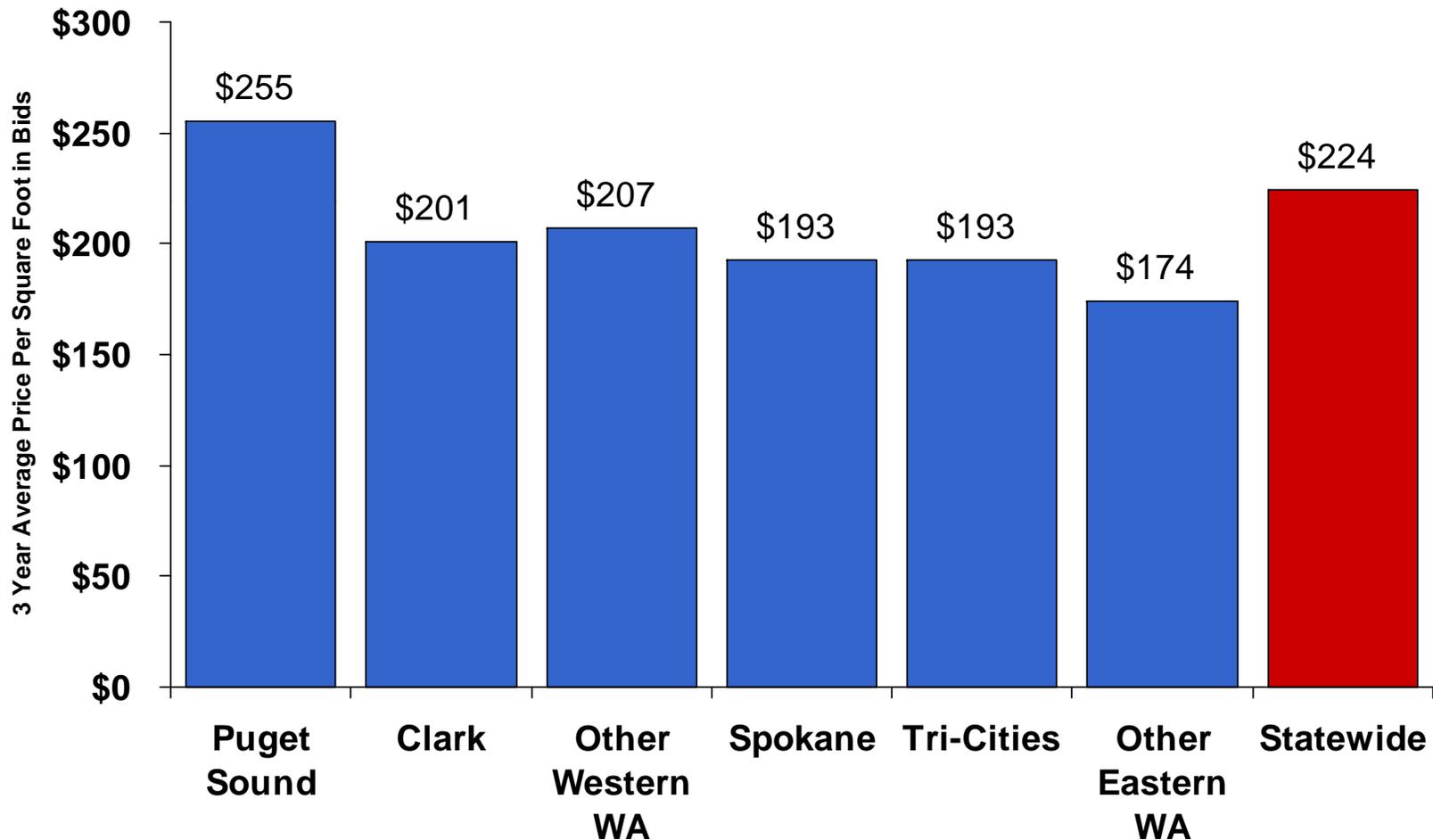
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## General construction inflation measures seem to indicate that all regions of the state experience similar rates of construction inflation



\* The Boeckh index has costs for 115 elements in each location—19 building trades, 89 materials and seven tax and insurance elements. Boeckh researches both union and merit shop wage rates, and the indexes utilize the prevailing wage for a specific location.

**It appears that school construction costs might be higher in certain parts of the state, but we can't say for sure because of data limitations**



\* The average bid price may include items not part of state funding formulas. This is the average reported new construction bids from January 2005 until December 2007.



## Key Questions for the Panel

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- *What factors would cause school construction to be more expensive than other types of construction?*
- *What could the state or school districts do to make school projects more attractive to bid on and lower costs (e.g. funding availability, bid or construction schedule changes, better owner representation, etc)?*
- *Besides inflation, what causes school construction bids to increase?*
- *Based on your assessment and current market conditions, what can the state and school districts expect in terms of school construction inflation and price increases in the coming years?*
- *Why would school constructions costs be higher in the Puget Sound region than other parts of the state?*
- *Is this all related to contractor/labor availability or are there differences in the quality of school being built, such as better finishes?*