

What Drives the Cost of Construction for Public Works?

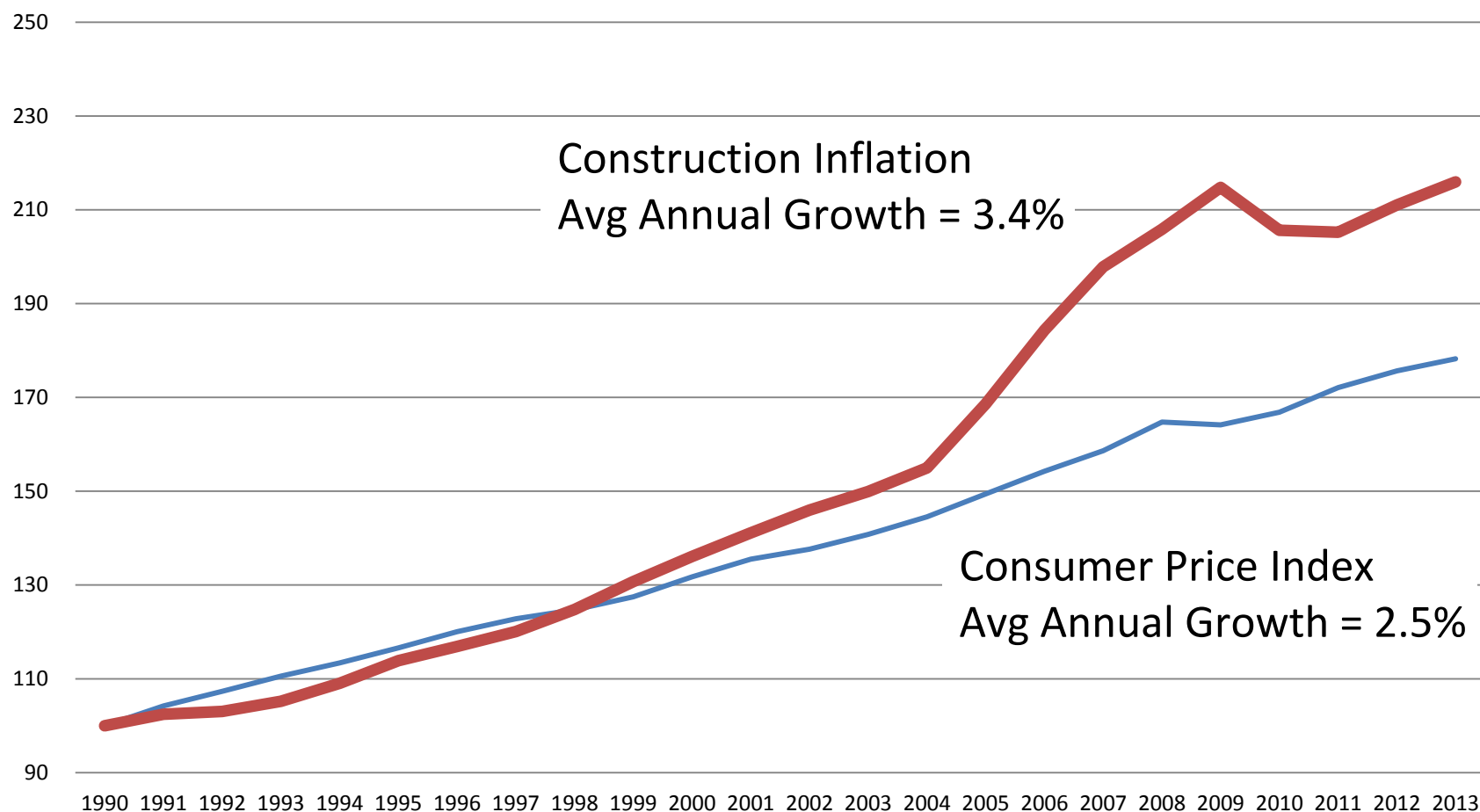
Senate Ways and Means

January 30, 2014

Some Construction Cost Drivers are Controlled by the State, Others are Not

- Construction inflation:
 - Construction labor and materials costs
 - Competitiveness in the market
- Scope and durability of the project
- Other requirements, for example:
 - Prevailing wage requirements
 - High performance building requirements
 - Capital budget cycle
 - Public procurement process
 - Building codes and standards

Construction Inflation has about 35% faster than General Inflation



Source: US Bureau of Labor Statistics & Global Insight, Construction Inflation is for commercial and hospital construction, 1990 = 100

State Prevailing Wage Calculations vs Estimates Based on Employment Security Department Wage Survey

<u>Seattle/King County SMSA</u>	Employment Security Wage Survey		Employment Security Survey + Est. Fringe ***		State Prevailing Wage (Includes Fringe Ben)		
	Average Wage	75th	Average Wage	75th	Wage + FB	% of Avg	% of 75th
Occupational title							
Carpenters	\$ 26.85	\$ 32.87	\$ 39.93	\$ 45.95	\$ 50.82	127%	111%
Cement Masons & Concrete Finishers	\$ 24.44	\$ 33.18	\$ 38.99	\$ 47.73	\$ 51.18	131%	107%
Drywall & Ceiling Tile Installers *	\$ 24.61	\$ 28.92	\$ 37.69	\$ 42.00	\$ 49.79	132%	119%
Electricians	\$ 32.59	\$ 39.96	\$ 49.83	\$ 57.20	\$ 59.85	120%	105%
Heating, Air Cond, Refrig Mechanics & Installers **	\$ 28.42	\$ 35.21	\$ 50.91	\$ 57.70	\$ 69.37	136%	120%
Plumbers, Pipefitters, & Steamfitters	\$ 33.02	\$ 39.64	\$ 53.80	\$ 60.42	\$ 72.69	135%	120%
Sheet Metal Wkrs	\$ 28.94	\$ 37.67	\$ 51.43	\$ 60.16	\$ 69.37	135%	115%

Sources:

Employment Security Department, 2013 Occupations Employment and Wage Report

Labor and Industries web site, current prevailing wages

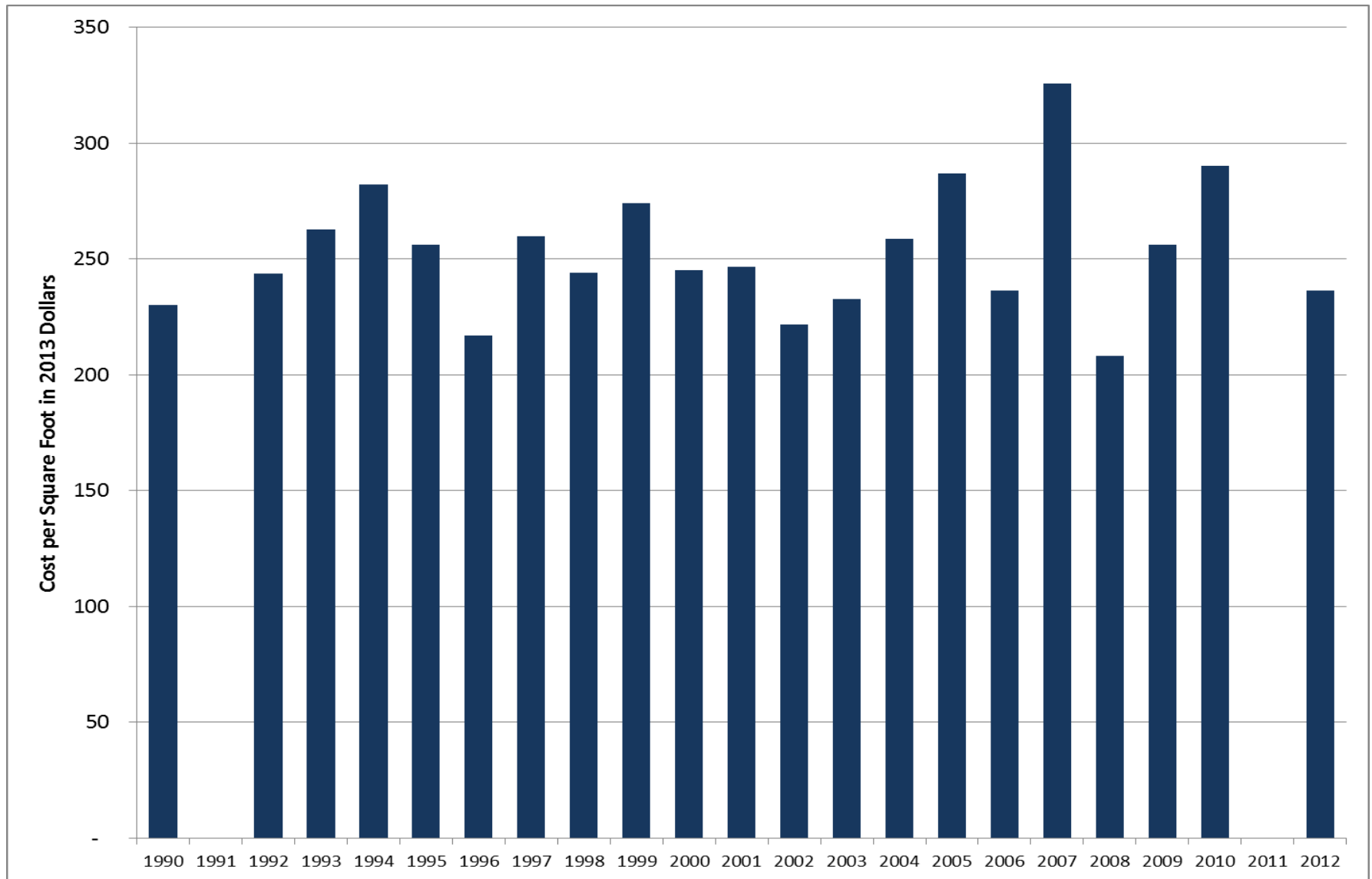
Notes:

Prevailing wage is for Drywall tapers. Drywall Installers are paid at a higher rate. ** Prevailing wage is for Heating

* Equipment Mechanic

*** Estimated fringe benefits are from Davis Bacon - King County

Real Cost per Square Foot for New High Schools has Remained Flat



Since the 2001-03 biennium, major construction costs at community and technical colleges have increased an average of 7% (adjusted for inflation). This would have been an average increase of 32% if the agency request had not been reduced.

2001-03 Biennium

	Sq Ft	MACC (\$ in 000s)	Cost/Sq Ft	Inflated Cost/Sq Ft
Clover Park - Transportation Trade- Construction:	73,875	\$12,298	\$166	\$263
Transportation trades (<i>New construction only</i>)				
Renton Tech: Technology Resource Center:				
Computer commons, open computer classrooms, basic studies classrooms, media center, faculty offices, and library	45,767	\$8,492	\$186	\$293
Lake Washington: Phase 3A N Bldg:				
20,000 sq ft Library Media Ctr; 9,000 sq ft of classrooms; 12,500 sq ft of vocational labs; and 3,500 sq ft of science labs.	61,000	\$11,868	\$195	\$307

2013-15 Biennium

	Sq Ft	MACC (\$ in 000s)	Cost/Sq Ft	% Change in Cost/Sq Ft
Green River: Trades and Industry Building:				
Automotive, auto body, carpentry, manufacturing, and welding programs	64,088	\$17,658	\$276	5%
Bates Tech: Mohler Comm Technology Building:				
Communications technology programs	51,959	\$17,231	\$332	13%
Clark: Health and Advanced Tech Building:				
High demand health, science, and advanced technology fields. Contains classrooms, science labs, computer labs, professional and tech training labs, and faculty offices.	69,925	\$22,521	\$322	5%