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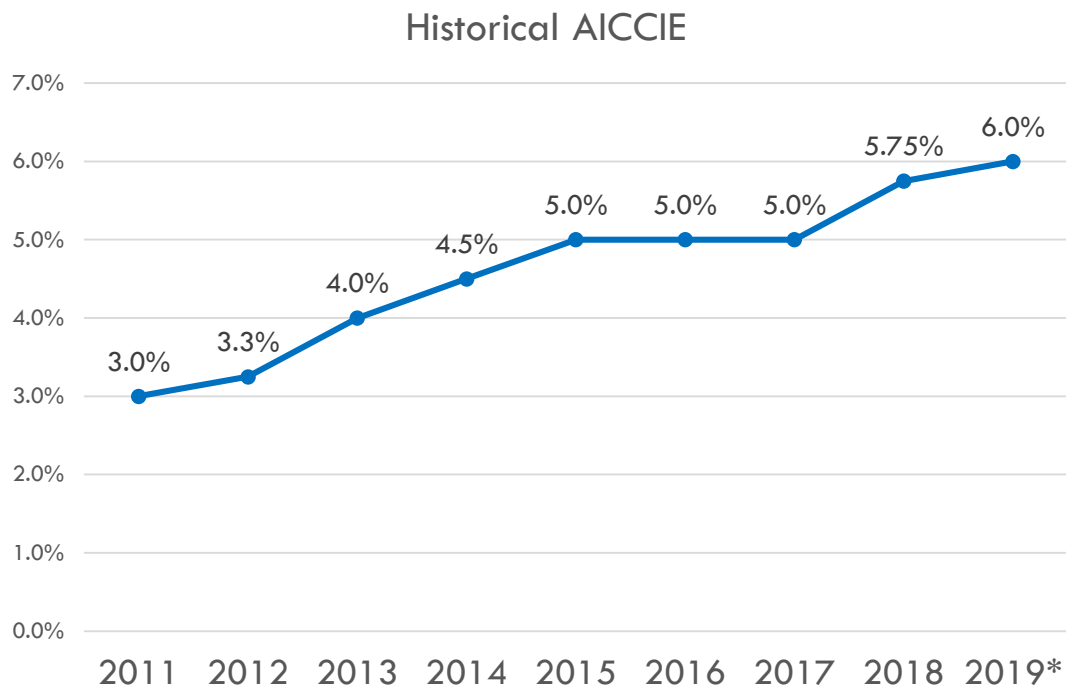
2019 Annual Infrastructure Construction Cost Inflation Estimate

November 5, 2018

AICCIE Recommendation CY2019

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- ORCP recommends an AICCIE of **6.0%** for CY 2019
- Construction still booming even as slowdown looms



*pending CPC acceptance

2019 SF Experts Projected Escalation

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Organization	2018 Estimate	2019 Estimate	2019 vs. 2018
Jacobs	7.6	8	+0.4
Clark	7	7.6	+0.6
Webcor	7	7.5	+0.5
TBD Construction Consultants	5.7	7.5	+1.8
M. Lee Corporation	6	7	+1.0
SFO		6.5	
SFPUC		6	
Pankow	4.7	6	+1.3
Cumming Construction	6	5.5	-0.5
Saylor Consulting Group	4.8	5	+0.2
UC Berkeley		5	
Sightlines (academic institutions)		4	
Average	6.1	6.3	+0.2

Industry experts are estimating SF 2019 escalation in the range of 4.0% to 8.0%

Historical Retrospective Escalation Indices

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Construction Index	Description	2012	2013	2014	2015	2016	2017	2018
Turner Building Cost Index	Change in costs of non-residential building construction nationwide	2.1%	4.1%	4.4%	4.5%	4.8%	4.2%	5.6%
BLS New Construction PPI	Change in output price of new non-residential construction	2.9%	1.9%	3.1%	1.7%	0.6%	3.5%	3.3%
BLS Maintenance Contractor PPI	Change in costs of price for work done to maintain and repair non-residential buildings	2.0%	1.6%	2.9%	2.0%	1.3%	3.1%	2.7%
BLS SF Metro CPI	Change in cost of local cost of consumer goods	2.8%	2.0%	3.0%	2.6%	3.1%	3.4%	4.3%
BLS SF Metro Employment Cost Index	Change in employment cost (averages Total Compensation and Wages/Salaries)	-	-	4.5%	2.2%	2.2%	5.8%	6.2%
ENR CCI – San Francisco	Change in SF <i>common</i> labor and materials	1.7%	5.3%	4.9%	2.4%	3.6%	4.2%	0.3%
ENR BCI – San Francisco	Change in SF <i>skilled</i> labor and materials	1.5%	3.7%	3.0%	2.6%	3.7%	4.8%	0.5%
TBD Consultants Bid Index	Change in construction bid cost for an indexed simple new construction project in SF	7.6%	6.4%	4.2%	12.5%	11.9%	2.7%	0.2%
AICCIE	City of SF estimate for escalation in the calendar year listed (prepared the previous October)		3.25%	4.0%	4.5%	5.0%	5.0%	5.75%

- 2018 average across all listed indices: 2.8% (3.9% in 2017)
- 2018 average across all local indices in shaded rows: 2.3% (4.2% in 2017)