

# Aggregates Manager September 2006

## State & Province News

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### State Spotlight

#### California Construction Projects Feel the Pinch

Steep increases in construction materials costs may lead to longer drive times for California motorists. According to a report in The Press Enterprise, projects in San Bernardino County that were estimated to cost \$4.4 billion two years ago may now cost \$7.8 billion. That may lead to revised or downscaled construction plans.

According to the Bureau of Labor Statistics, the price of construction materials has increased by 15.9 percent during the last 12 months, compared to a 4.5-percent increase for all finished goods.

Those cost increases are causing local governments to re-evaluate their infrastructure investment priorities. For example, the San Bernardino Associated Governments is working on a strategy to deal the impact of inflation as it begins plans for projects to be funded through the 2010-40 Measure I plan. Projects such as the installation of a carpool lane along Interstate 10 from Ontario to Yucaipa, widening of Interstate 15 from Ontario to Devore, and installation of an additional lane on Highway 30 were part of the group's plan to alleviate traffic congestion.

While officials say they hope not to have to eliminate projects, they may seek alternatives to make up the cost increase. Transportation planners in both San Bernardino and Riverside Counties say they are eying a half-cent sales tax for roadwork, while those in San Bernardino County are also considering a container fee on shipped goods or a toll for a dedicated truck lane on I-15.

Ken Simonson, chief economist for the Associated General Contractors of America, told the newspaper that a shortage of aggregates production is a factor in higher construction materials costs. The combination of high demand and local inability to open new quarries has underscored the cost issue in California.

And, with an upcoming state transportation bond, California Department of Transportation (Caltrans) officials said they are concerned that aggregate production will not keep up with demand. A 2002 study by the California Department of Conservation predicts that the aggregate demand will soon outpace production. In addition, the study found that the state would be able to meet less than half of the unanticipated demand during the 50-year period.

However, a Caltrans spokesperson noted that the state has an advantage over regional transportation agencies because it has access to state-owned mining facilities, including two located in Redlands and Rialto. Five more sites are currently being proposed by the state.