

Memorandum

TO: Michael Liw
Deputy Director

FROM: Mathew Nguyen
Division Manager

SUBJECT: SEE BELOW

DATE: 12-19-17

SUBJECT: ANNUAL AUTOMATIC IN-LIEU FEE ADJUSTMENT

Ordinance No. 28596, Section 15.26.130, Part B, requires the base undergrounding utility fee to be adjusted annually by the Engineering News-Record Construction Cost Index, or its equivalent, effective on January 31 of every year.

The current Engineering News Records (ENR), City Cost Index-San Francisco, Construction Cost Index (CCI) percent change for 2018 is +3.5%. Therefore, we recommend the 2017 In-Lieu Fee for undergrounding utility to be adjusted by +3.5% from \$469 to \$485 per linear foot frontage.

The revised fee will be included in the Report on the Rule 20A and Rule 20B (In-Lieu Fee) Undergrounding Utility Program and the Five-Year Workplan in Spring 2018. Feel free to outreach to the Development Industry of the fee change prior to the effective date. Should you have any questions or need additional information, please contact Sal Kumar, of my staff at (408) 793-5307.



Mathew Nguyen
Division Manager
Transportation & Hydraulics Division

Month-Year	CCI	Calculated %change	ENR % change
Dec-17	12014.72	3.5%	3.5
Nov-17	12014.72	3.8%	3.8
Oct-17	12014.72	3.8%	3.8
Sep-17	12037.27	4.0%	4
Aug-17	12037.27	4.2%	4.2
Jul-17	11725.52	1.5%	1.5
Jun-17	11722.15	1.5%	1.5
May-17	11691.03	1.2%	1.2
Apr-17	11696.47	1.2%	1.2
Mar-17	11609.44	0.4%	0.5
Feb-17	11609.44	3.9%	3.9
Jan-17	11609.44	4.1%	4.1
Dec-16	11609.44	4.1%	4.1
Nov-16	11579.33	3.8%	3.8
Oct-16	11578.3	3.7%	3.8
Sep-16	11576.33	3.7%	3.7
Aug-16	11554.65	3.6%	3.6
Jul-16	11555.15	3.6%	3.6
Jun-16	11548.4	3.5%	3.5
May-16	11550.4	3.4%	3.4
Apr-16	11559.15	3.6%	3.5
Mar-16	11557.9	3.5%	3.5
Feb-16	11174.79	0.0%	0
Jan-16	11153.41	-0.2%	-0.2
Dec-15	11155.41	2.2%	2.2
Nov-15	11154.06	2.1%	2.1
Oct-15	11169.31	2.4%	2.4
Sep-15	11158.82	2.4%	2.4
Aug-15	11155.07	2.4%	2.36
Jul-15	11155.07	2.4%	2.36
Jun-15	11155.07	2.3%	2.34
May-15	11169.32	2.5%	2.47
Apr-15	11162.57	2.5%	2.5
Mar-15	11169.32	2.5%	2.6
Feb-15	11177.7	2.6%	2.6
Jan-15	11173.16	2.5%	2.5
Dec-14	10915.84	0.2%	5.0
Nov-14	10919.84	0.2%	5.0
Oct-14	10907.84	0.0%	5.0
Sep-14	10898.34	4.9%	4.9
Aug-14	10897.59	4.9%	4.9
Jul-14	10897.59	4.9%	4.9
Jun-14	10899.59	4.9%	4.9
May-14	10895.84	4.9%	4.9
Apr-14	10894.84	5.0%	5.0
Mar-14	10891.84	5.1%	5.1
Feb-14	10894.59	5.1%	5.1
Jan-14	10896.34	5.2%	5.2
Dec-13	10898.84	5.3%	5.3
Nov-13	10901.09	5.2%	5.2
Oct-13	10909.09	5.2%	5.2
Sep-13	10389.59	0.2%	0.2
Aug-13	10388.34	0.2%	0.2
Jul-13	10391.09	0.1%	0.1
Jun-13	10388.84	0.0%	0.0
May-13	10383.09	0.0%	0.0
Apr-13	10373.34	0.0%	0.0
Mar-13	10368.09	0.0%	0.0

calculation of % change= $\frac{\text{current year CCI} - \text{previous year CCI}}{\text{previous year CCI}}$

Highlight indicates error in calculation by I

CONSTRUCTION ECONOMICS

ENR's 20-city average cost indexes, wages and material prices. Historical data and details for ENR's 20 cities can be found at ENR.com/economics

Construction Cost Index

+3.3%
DEC. 2017

ANNUAL INFLATION RATE

1913=100	INDEX VALUE	MONTH	YEAR
CONSTRUCTION COST	10870.06	0.0%	+3.3%
COMMON LABOR	22992.91	0.0%	+2.7%
WAGE \$/HR.	44.11	0.0%	+2.7%

The Construction Cost Index's annual escalation rate fell to 3.3% from 4.1% last month, as the monthly labor cost component held steady.

Building Cost Index

+3.3%
DEC. 2017

ANNUAL INFLATION RATE

1913=100	INDEX VALUE	MONTH	YEAR
BUILDING COST	5913.81	+0.2%	+3.3%
SKILLED LABOR	10216.38	+0.2%	+2.1%
WAGE \$/HR.	56.53	+0.2%	+2.1%

The Building Cost Index's annual escalation rate rose to 3.3%, while the monthly component increased to 0.2%.

Material Cost Index

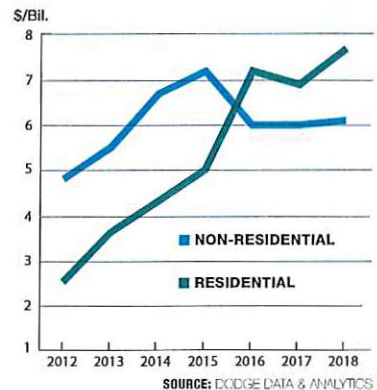
+0.2%
DEC. 2017

MONTHLY INFLATION RATE

1913=100	INDEX VALUE	MONTH	YEAR
MATERIALS COST	3271.16	+0.2%	+3.7%
CEMENT \$/TON	114.04	0.0%	+4.6%
STEEL \$/CWT	51.54	0.0%	+3.3%
LUMBER \$/MBF	582.27	+1.2%	+11.4%

The MCI increased 0.2% this month, with an annual escalation rate of 3.7%.

Construction starts in the Chicago metro area are estimated to drop 2.3%, to \$12.9 billion, in 2017, according to Dodge Data & Analytics. Non-residential construction has remained roughly the same, while residential construction has declined, Dodge says. The firm expects 2018 construction starts to rise 6.4%, to \$13.8 billion, overall. Residential work is expected to rebound, particularly in the single-family market.



ENR's Cost Indexes by City

	CONSTRUCTION COST		BUILDING COST		COMMON LABOR		SKILLED LABOR		MATERIALS	
	DEC. '17: 1913	% CHG. YEAR	DEC. '17: 1913	% CHG. YEAR	DEC. '17: 1967	% CHG. YEAR	DEC. '17: 1967	% CHG. YEAR	DEC. '17: 1967	% CHG. YEAR
ATLANTA	6555.35	+2.7	4371.46	+4.0	825.83	0.0	697.30	0.0	767.06	+8.9
BALTIMORE	8287.91	+14.7	5169.69	+7.2	1090.86	+14.4	848.44	+1.8	760.40	+15.5
BIRMINGHAM	7252.95	+0.4	4424.77	+1.4	978.68	0.0	806.18	+1.2	667.09	+1.7
BOSTON	13829.87	+2.2	7333.60	+3.5	1500.64	+1.6	1362.01	+2.6	686.16	+5.4
CHICAGO	15414.90	+1.2	7467.50	+5.0	1531.38	0.0	1321.90	+3.3	624.21	+9.5
CINCINNATI	10081.77	+6.7	5305.75	+9.1	1009.23	+4.9	864.50	+6.2	754.19	+13.6
CLEVELAND	12287.09	+0.4	5744.66	+0.8	1094.27	0.0	922.89	0.0	655.00	+2.4
DALLAS	5856.51	+2.7	4465.89	3.6	742.23	0.0	738.08	0.0	697.82	+7.7
DENVER	7412.32	+0.6	4689.22	1.5	818.18	0.0	762.06	+0.9	678.67	+2.4
DETROIT	11330.44	+0.5	6113.34	1.3	995.81	0.0	973.19	+0.7	635.87	+2.8
KANSAS CITY	11152.83	-1.2	5837.48	-2.0	1297.51	0.0	1212.61	+0.3	569.98	-6.9
LOS ANGELES	11935.82	+3.3	6269.90	+3.4	1111.66	+3.2	1063.02	+3.1	682.35	+3.9
MINNEAPOLIS	12984.26	+5.1	6370.64	+8.7	1315.19	+2.4	1152.11	+3.2	747.56	+19.9
NEW ORLEANS	5907.67	+0.4	4020.17	+1.1	725.09	0.0	652.58	+1.1	675.13	+1.2
NEW YORK CITY	18515.53	+7.9	9017.80	+3.0	1469.64	+8.2	1351.41	+2.3	729.73	+5.7
PHILADELPHIA	12976.46	+3.4	6974.37	+3.6	1459.73	+3.3	1247.70	+3.5	734.63	+3.8
PITTSBURGH	10168.37	+2.9	5831.86	+4.7	1039.46	+1.6	933.23	+2.8	637.58	+8.1
ST. LOUIS	12063.55	-0.1	5879.27	-0.1	1096.32	0.0	991.98	0.0	681.40	-0.4
SAN FRANCISCO	12014.72	+3.5	6921.42	+3.6	1025.93	+3.2	1091.49	+3.0	688.74	+5.0
SEATTLE	11442.97	+7.7	6067.46	+3.5	1079.66	+8.3	1078.59	+2.8	791.83	+4.8