

Offset rising costs

## Construction industry urges development of county materials plants

By **ERIK PISOR**, The Daily Transcript

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Recent price increases for construction materials, right-of-way acquisition labor and other factors have resulted in increased costs for large capital transportation improvement projects throughout the region, according to a San Diego Association of Governments (SANDAG) Transportation Committee overview. Transportation project costs have been increasing at a rate of 7.25 percent for the last three years, while the historical increase rate is 2.61 percent.

The increase in construction material costs (concrete, oil, asphalt and sand) was the focus of a transportation committee meeting Friday, in which representatives from construction companies and associations urged the committee to build new asphalt and rock plants in San Diego County.

"What we have here is a true pending crisis that will affect not only North County but, because of supply and demand, will impact prices and availability (of construction material) in South County and East County as well," said Dan Fauchier, consultant to the Engineering and General Contractors Association, who added that San Diego is at the forefront of this problem in California.

Currently, prices for asphalt are 30 percent higher than average, according to George Weir of Escondido-based **Weir Asphalt Construction Inc.**

"We're seeing a dramatic price increase in material, coupled with the transportation costs. ... We need to have a local source," Weir said.

Right now construction materials are being imported from distant places like Vancouver and Mexico, which shouldn't be necessary and is not a good solution, Fauchier said.

"A lot of specifications for bedding materials and base materials are requirements for non-native materials, and that's an interesting cost," Fauchier added. "It doesn't sacrifice quality to specify a more native material."

But when supply plants close, importing construction materials is a necessity, he said. In January 2005, the Pala plant in North County closed, and the county lost 300,000 tons of asphalt and 1.5 million tons of rock and sand. When the San Marcos plant closes two years from now, the county will lose 350,000 tons of asphalt, ready-mixed concrete, rock and sand.

"So all of North County will be without an asphalt plant. We just have to plan now for how we're going to meet the demand," Fauchier said.

After the San Marcos plant closes, North County will be served by Miramar, 30 miles away, and Corona, 65 miles away. Without any new facilities, the asphalt production capabilities of the county will be 750,000 tons less in 2008 than in 2004. This represents 27 percent of today's demand.

In 2010, Caroll Canyon -- the largest plant in San Diego -- will close, taking away 500,000 tons of asphalt production.

"That's a huge supply...one-sixth of all the supply," Fauchier said.

In five years, although there will be a more than 3-million-ton demand, the county's production capability will be down 1.25 million tons from current production. That means production capabilities will be able to cover only half of the demand for the asphalt in the county.

Potential spots for new plants are along the State Route 78 corridor, where the problem is currently the largest. But it takes at least two years to permit, construct and start an asphalt plant once the location is secured, according to the EGCA.

Fauchier noted, however, that the key to solving the lack of material plants in the county is to work together and

view this as a countywide problem.

"We can get away as individual cities and entities with NIMBYism (not in my backyard) when we have blinders on, but at the 30,000-foot SANDAG level ... we can't look to somebody else to solve these problems," he said. "The SANDAG board wisely said 'We need to work together among all the different cities in the county to begin to identify sites that would be appropriate and put several sites around these locations.'"

Other opportunities to keep transportation project cost increases in check are optimizing the property acquisition process, requiring developers to propose nontransportation use adjacent to planned transportation facilities, and making widespread more creative contracting techniques.

One project that will be affected by the increased costs is the TransNet Early Action Program, a program that includes improvements on Interstates 5 and 805, State Routes 52 and 76, and the Mid-Coast corridor.

The transportation committee, which canceled its Aug. 5 meeting, agreed to further consider opportunities to decrease transportation project costs.