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Subject: UPDATE: Construction Inflation Adjustment for 2014-2023
Date: Wednesday, October 17, 2012 10:47:25 AM
Attachments: [2014-23 STIP-HIP Inflation Adjustment Factors -values-.xlsx](#)

(The following text is also included as part of the STIP Funding Guidance Memo, published in late December last year. Due to earlier approval of inflation expectations this year, I'm sending it out separately in advance of the larger memo.)

The Districts will adjust construction estimates to nominal (inflated) values. Steps are listed below to convert construction cost estimates to year-of-construction dollars. TPIC approved the forecast inflation rates on October 17th, 2012.

(Inflation table attached)

1. Estimate construction costs for all projects, in all years of the 2014-2017 STIP, in current (2013) dollars.
2. Many of the projects in FY 2014 will be let in calendar year 2014. Therefore, we are recommending an inflation factor be applied to the first year of the STIP (FY 2014). Multiply the current estimate by 1.04 for FY 2014 projects.
3. To adjust costs for projects in FY 2015, multiply the cost estimates from Step 1 by 1.08. Use the result as the inflation-adjusted cost estimate in FY 2015.
4. To adjust costs for projects in FY 2016, multiply the cost estimates from Step 1 by 1.14. Use the result as the inflation-adjusted cost estimate in FY 2016.
5. To adjust costs for projects in FY 2017, multiply the cost estimates from Step 1 by 1.19. Use the result as the inflation-adjusted cost estimate in FY 2017.

Please contact me with any questions.

John/

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