

Aggregate Supply and Demand Summary

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The following are excerpts of a presentation by the State Geologist to the California Construction and Industrial Materials Association in Napa, California on March 22, 2007.

Key findings:

- ❖ Construction Aggregate is the Most Important Mineral Commodity produced in California.
 - It cannot be economically imported and distributed
 - It is used in all 58 CA counties and produced in all counties except San Francisco
 - It is the cheapest commodity produced per unit volume yet the highest overall value commodity mined in California
- ❖ Aggregate accounted for \$1.63 billion (44% of the value) of California's total 2005 non-fuel mineral production and is vital to maintain and expand the State's infrastructure and economy
- ❖ Annual consumption of aggregate in 2005 was 7.1 tons per person in California (36,100,000)
- ❖ Construction grade aggregates have their best value when they are consumed near their place of production due to low unit value and high bulk weight
- ❖ Lower cost aggregate means lower taxes -- 43 percent of the construction aggregate used in California is for public works projects
- ❖ Permitted aggregate resources decreased to 4.3 billion tons from 6.8 billion tons between 2002 and 2006; equivalent to ten years' worth of production at 2006 rates
- ❖ Projected aggregate demand increased to 13.5 billion tons from 12 billion tons in the same period
- ❖ Market regions have changed and aggregate is hauled longer distances as local sources are exhausted
- ❖ In the next 50 years, California is projected to need over 13.5 billion tons of aggregate. This figure does not account for accelerated construction programs as a result of major bond initiatives or earthquakes
- ❖ Permitted aggregate resources in 2006 total 4.3 billion tons, or about 16 year's supply at current rates of consumption
- ❖ Increasing demands for a dwindling supply of construction grade aggregates as California's population grows will result in higher market prices for aggregate commodities. This will result in higher project costs for all types of construction
- ❖ Current local lead agency permitting processes for mines often takes from 5 to 10 years to complete. Therefore, bringing timely new aggregate resources into play will be difficult under the present rules of engagement
- ❖ California's mines, regulatory agencies, and local governments must develop ways to increase the current amount of aggregate production, as well as to bring additional, already identified but not yet permitted mineral resources into production if they successfully are to meet the aggregate demands for the State's future projected development. The real bottom line -- more construction grade aggregate will be required to be delivered on a faster time frame to meet California's growth requirements.