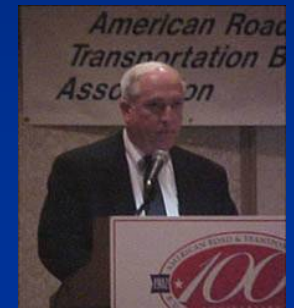


Status of Cost Adjustment Provisions for Highway Commodities

Rich Juliano
**ARTBA Vice President for
Federal and State Relations**



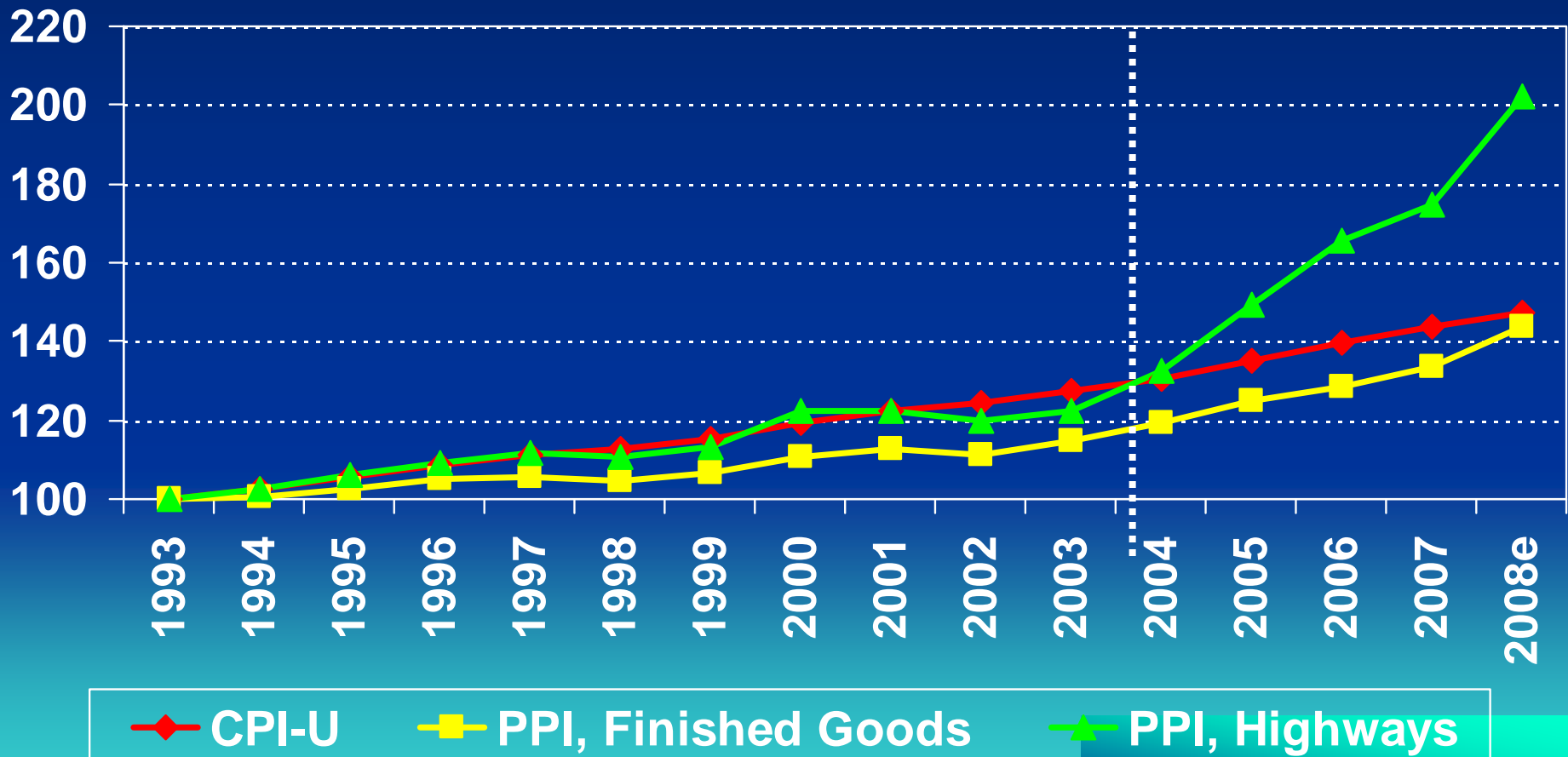
- Founded in 1902 **ARTBA** is a national federation of private firms, public agencies and associations.
- “**Consensus Voice**” focused exclusively on the transportation construction industry.
- 5,000 members from **all sectors of the US transportation industry** in all 50 states
- Represents the **\$200 billion** transportation construction industry and sustains 2.5 million American jobs



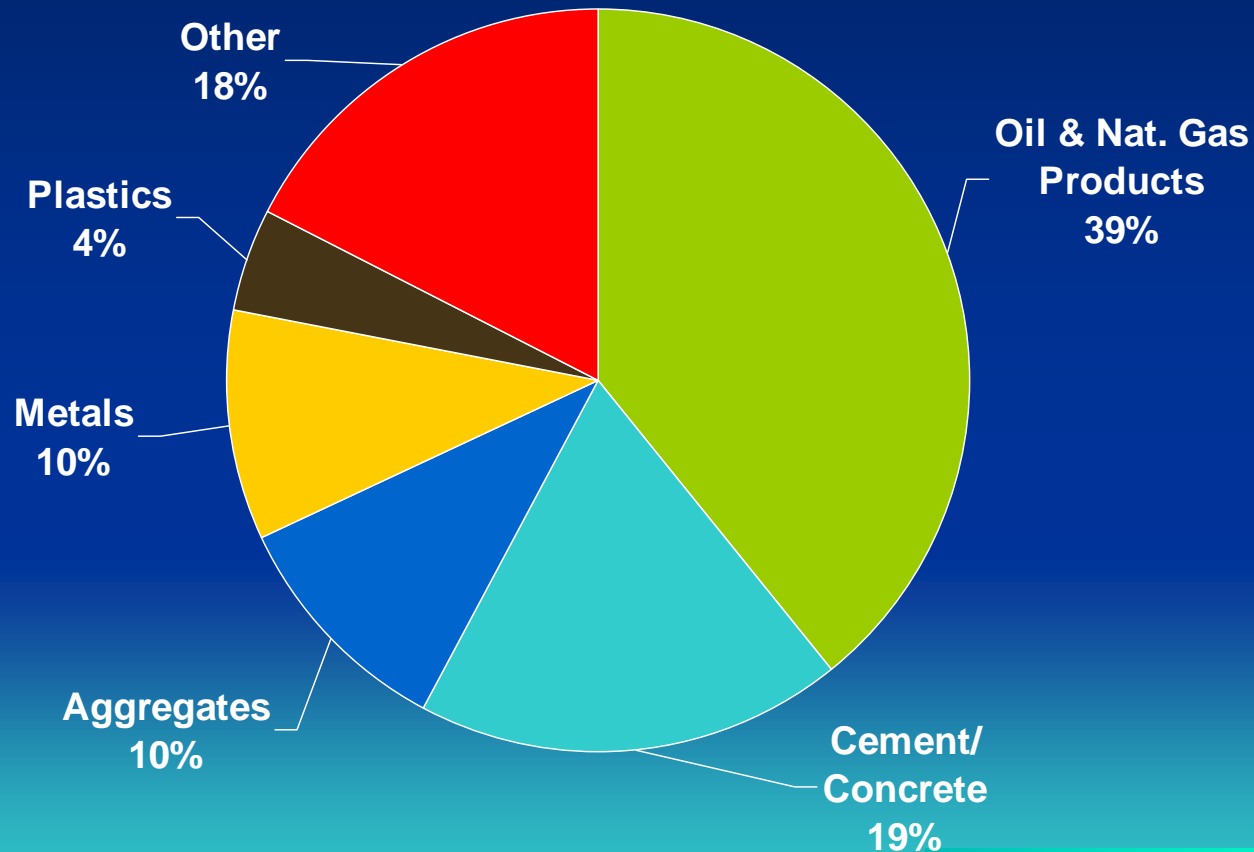
Material Prices

- Highway & street producer price index
- Asphalt
- Crushed stone
- Construction sand & gravel
- Cement
- Steel

After Decade of Modest Inflation, Highway Construction Costs Have Skyrocketed Since 2003

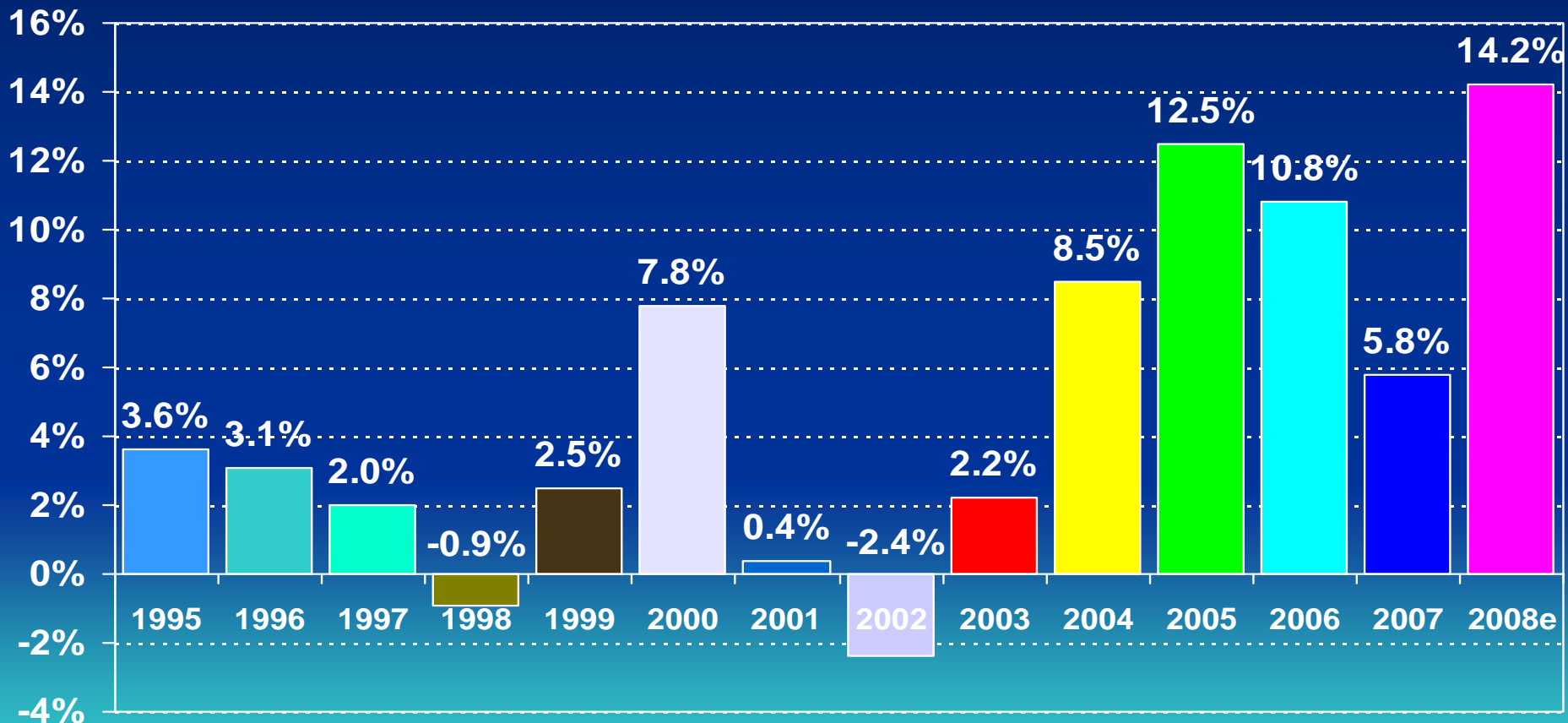


Components of the Highway & Street PPI



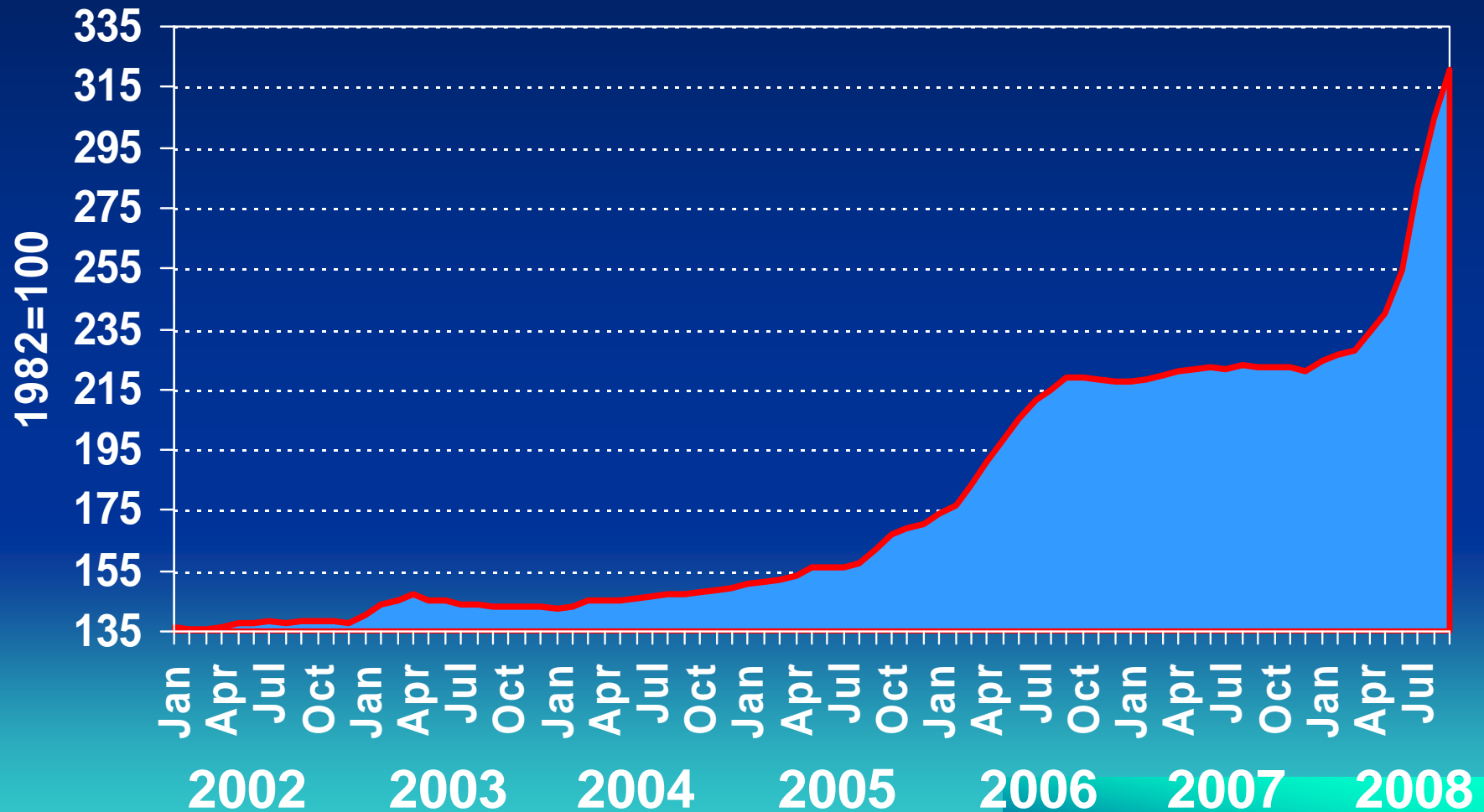
Source: BLS

2008 Was A Record Year for Prices of Highway Construction Materials



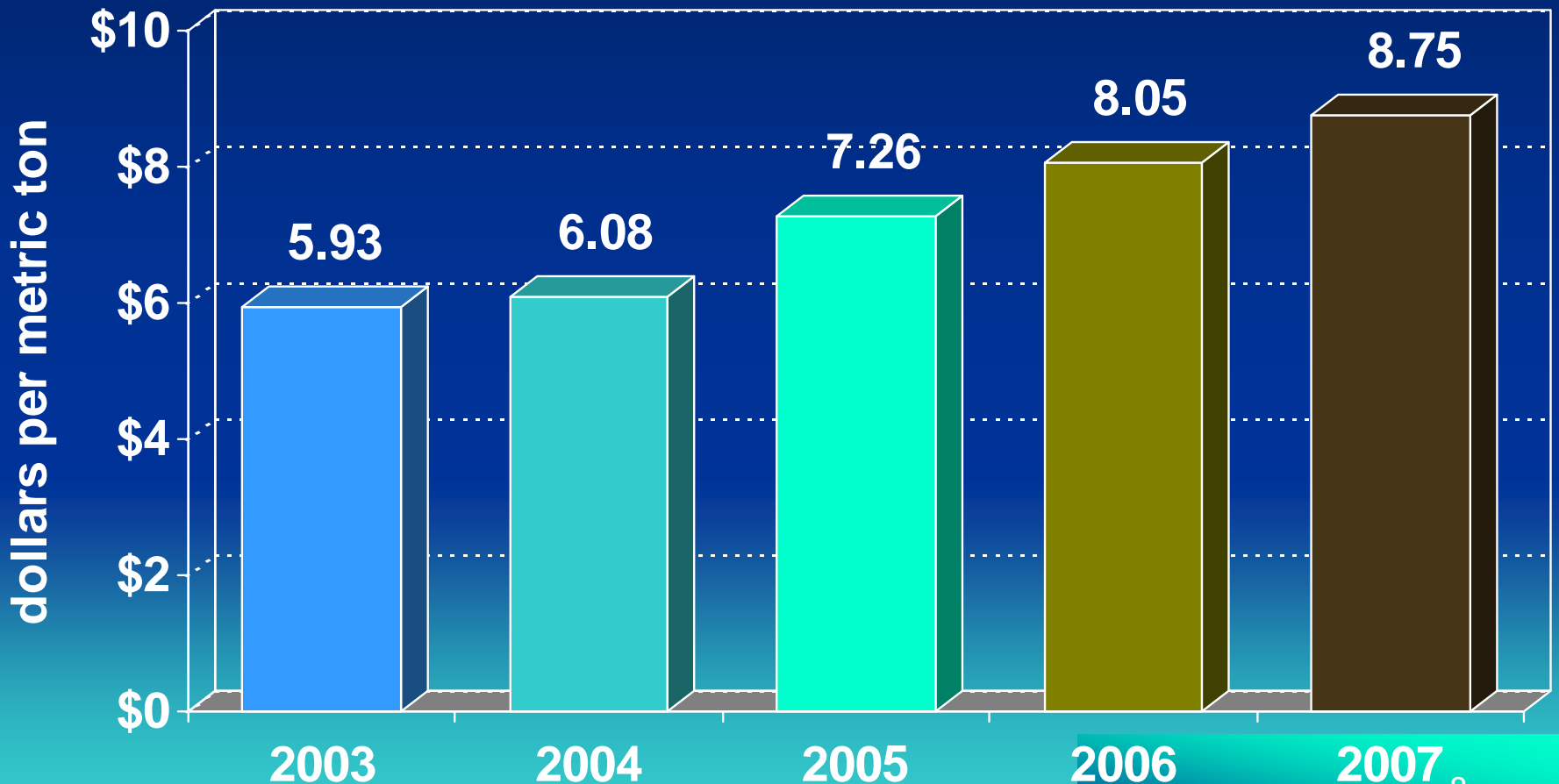
Source: Bureau of Labor Statistics. PPI for Highway and Street Construction

Asphalt Paving Mixtures



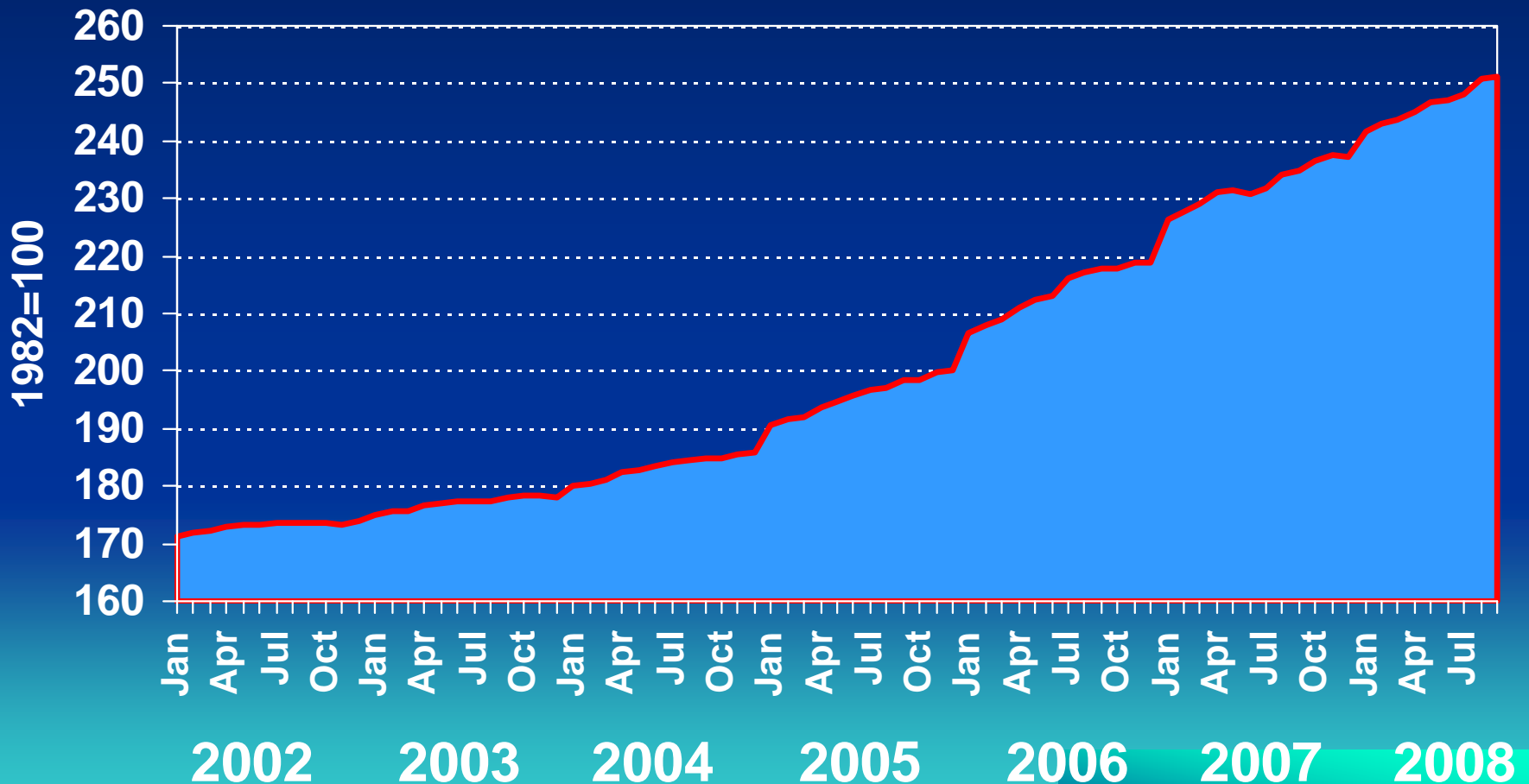
Source: Bureau of Labor Statistics, PPI for Asphalt Paving Mixtures & Blocks

U.S. Crushed Stone Average Prices



Source: U.S. Geological Survey

Construction Sand, Gravel & Crushed Stone



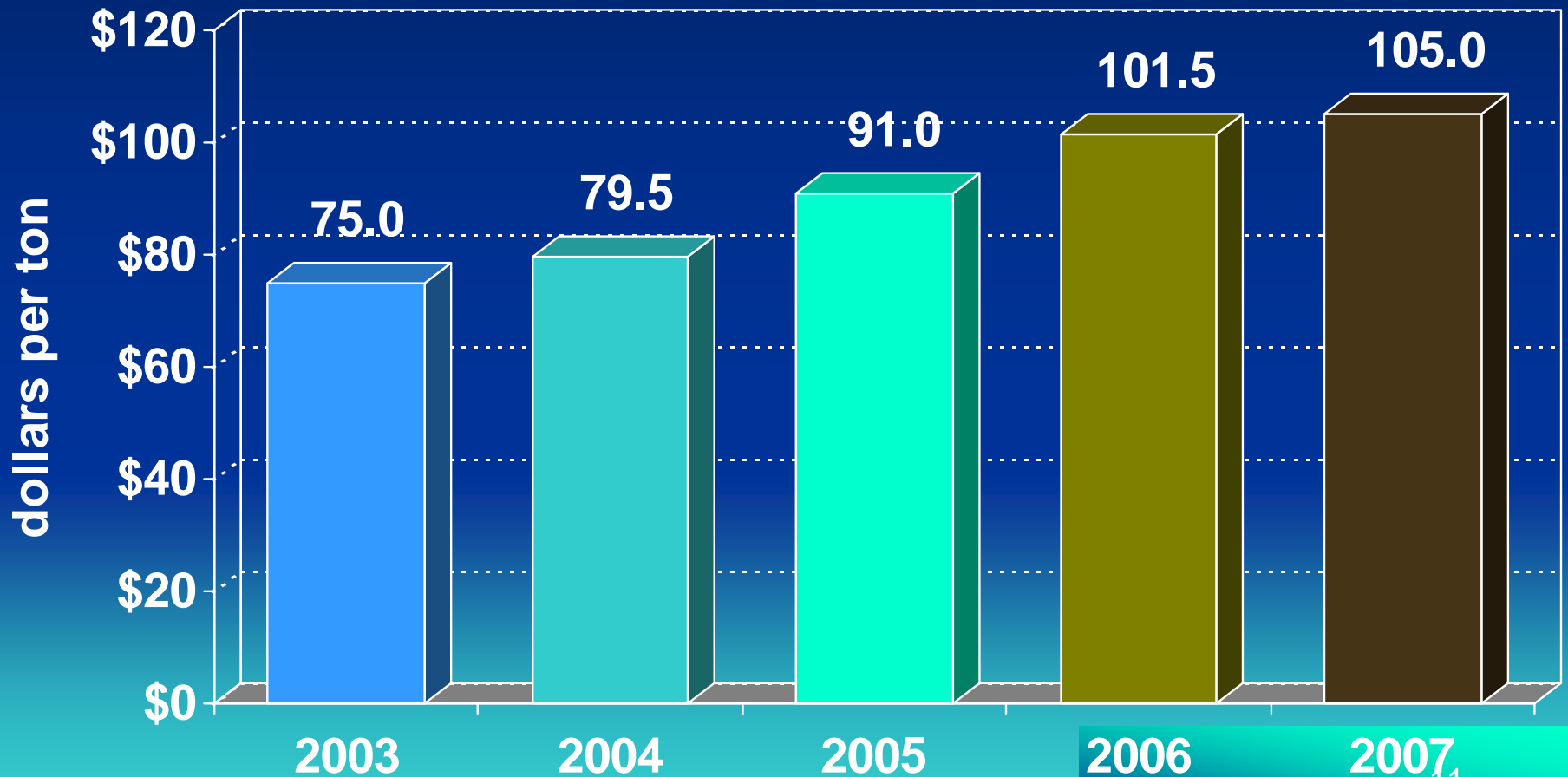
Source: Bureau of Labor Statistics, PPI for Construction Sand, Gravel and Crushed Stone

U.S. Construction Sand and Gravel Average Prices



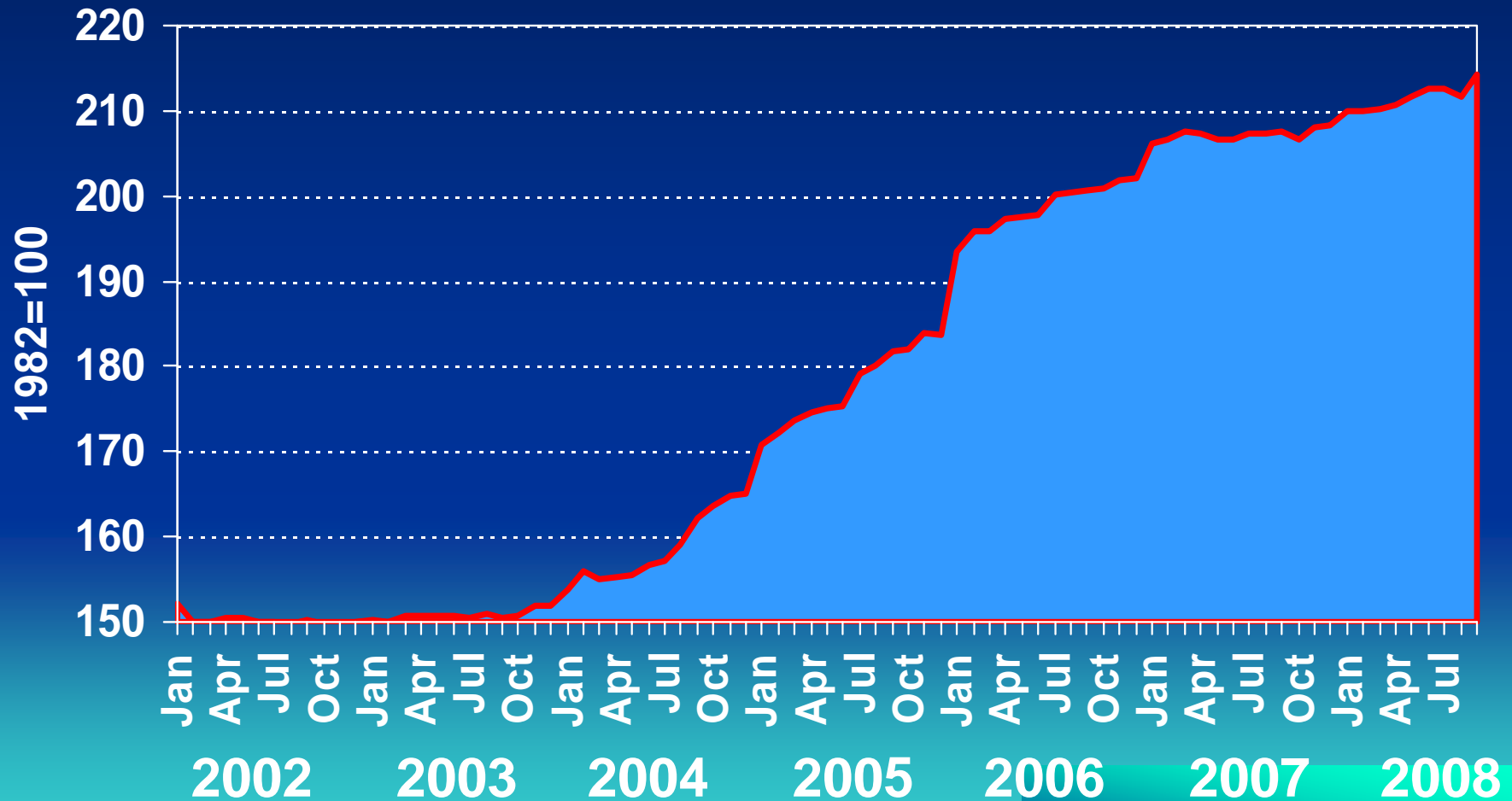
Source: U.S. Geological Survey

U.S. Cement Average Prices



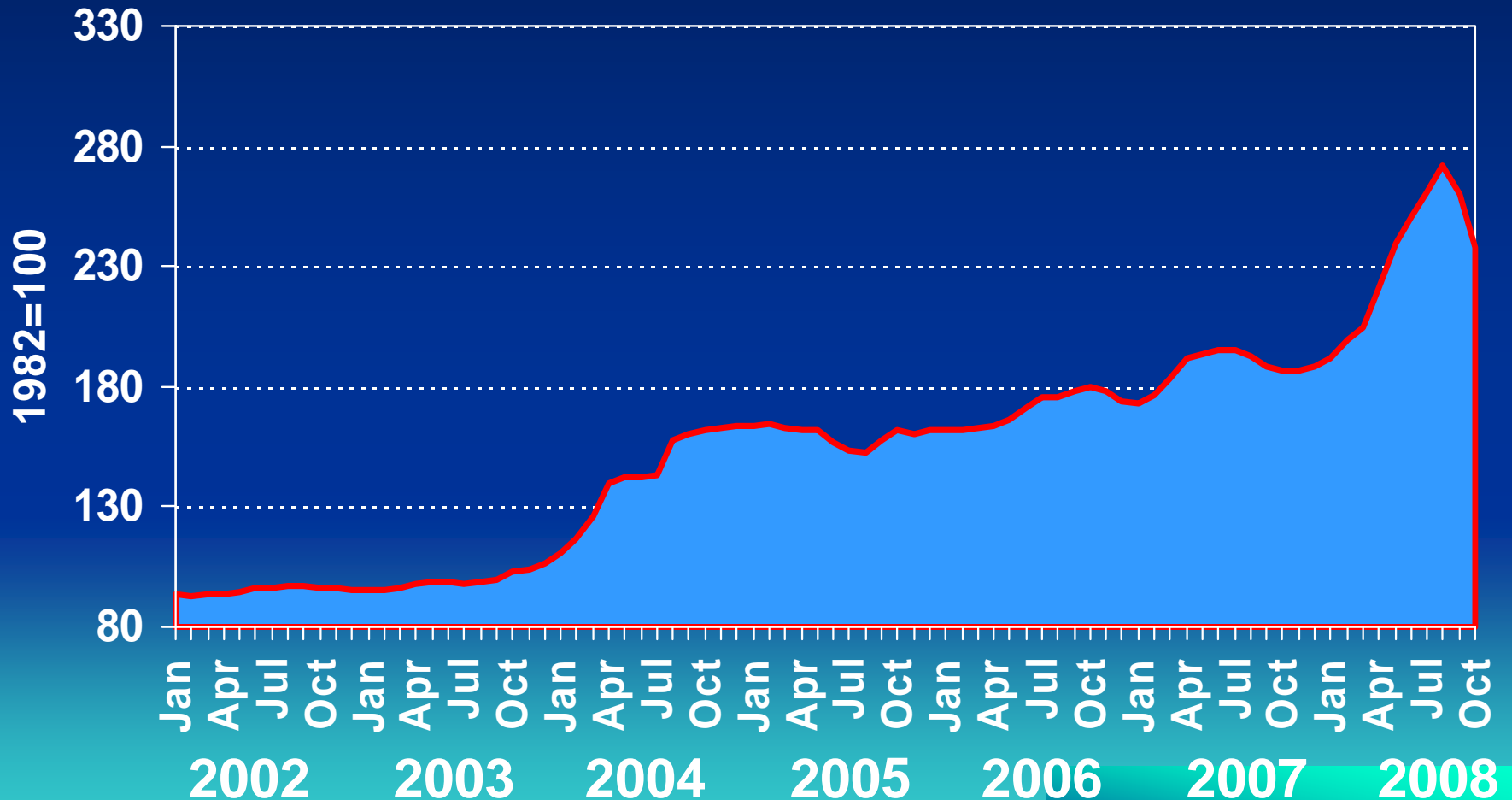
Source: U.S. Geological Survey

Ready-Mix Concrete



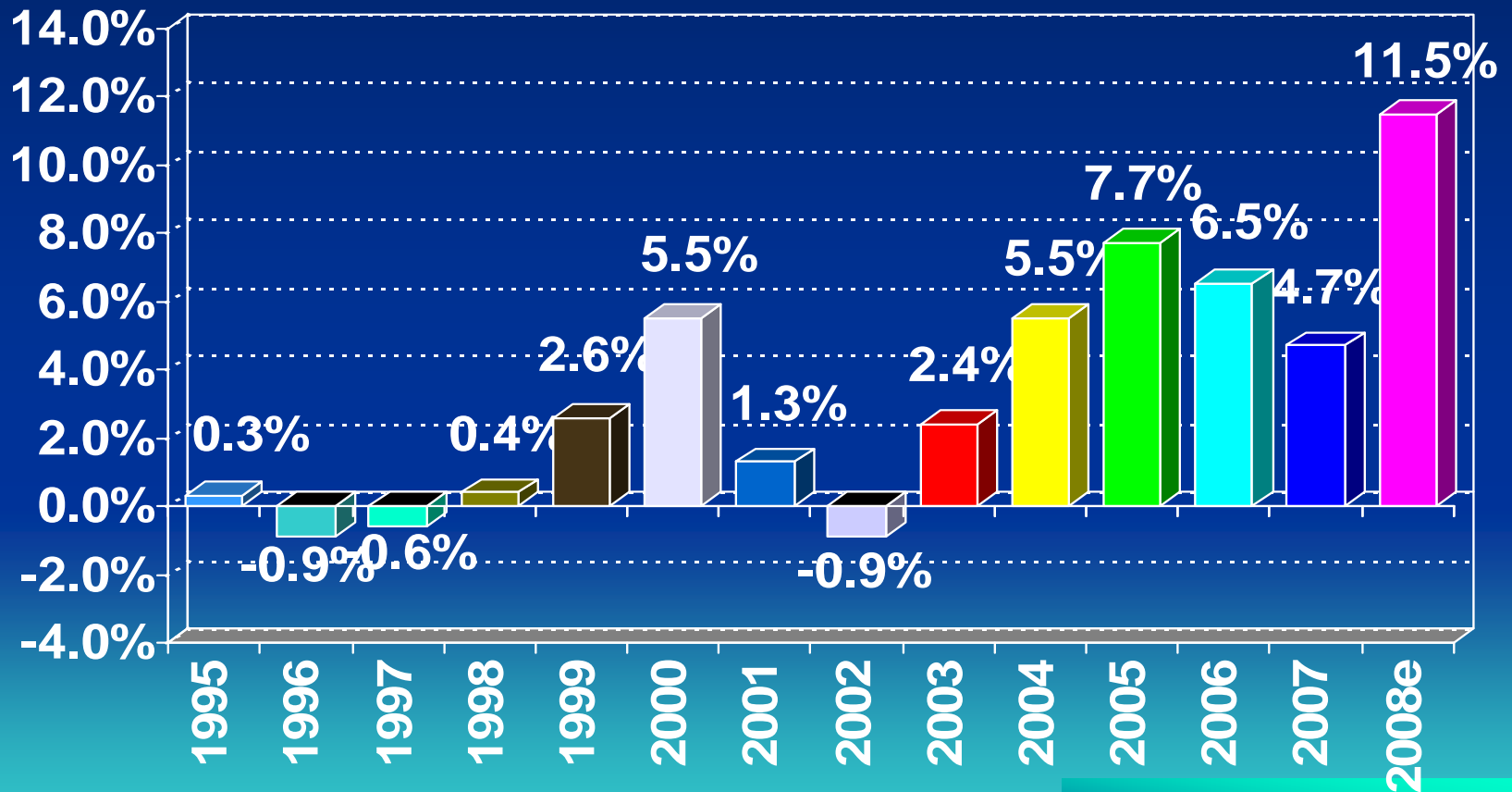
Source: Bureau of Labor Statistics, PPI for Ready-Mix Concrete

Hot Rolled Bars, Plates & Structural Steel



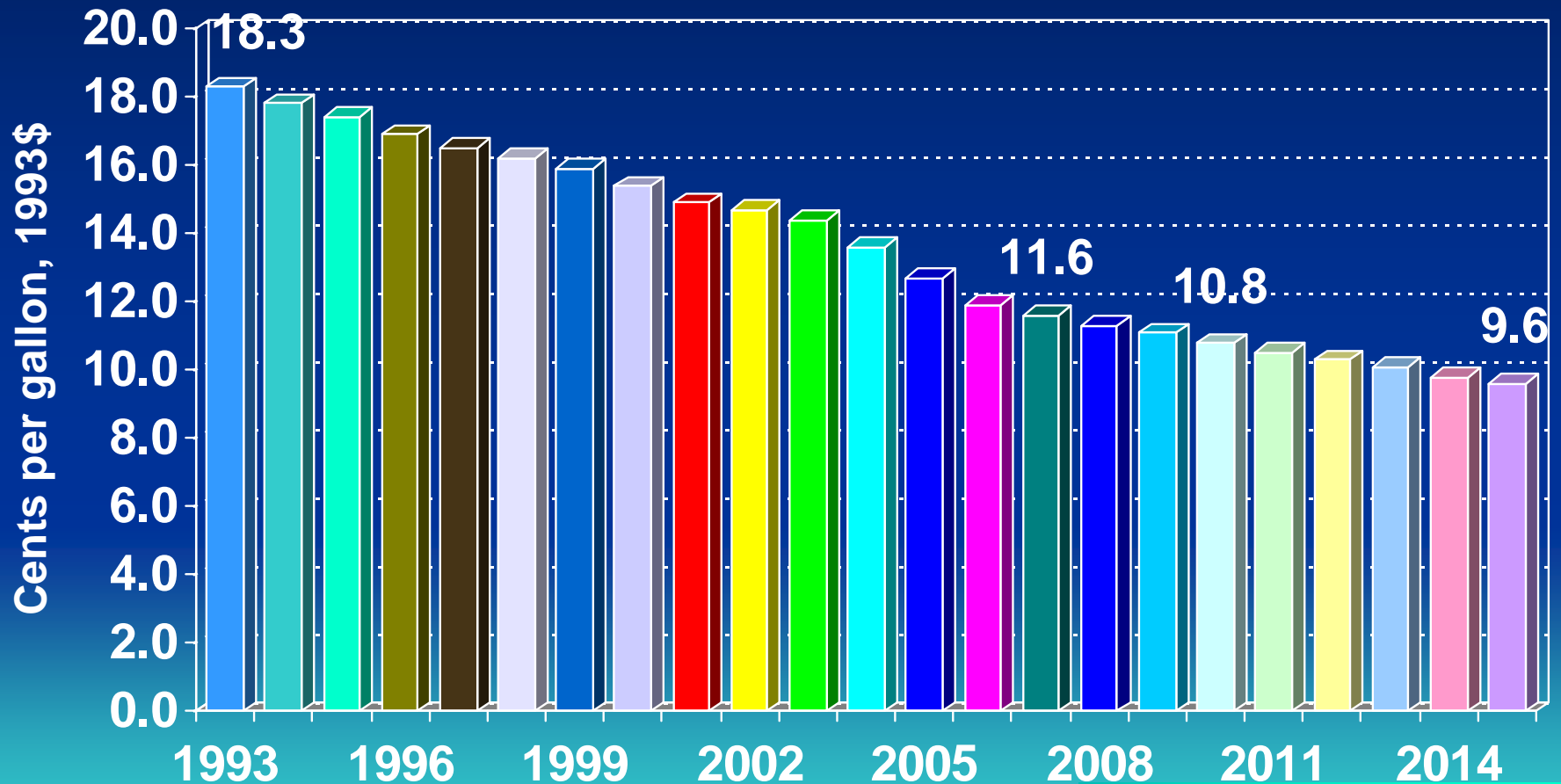
Source: Bureau of Labor Statistics, PPI for Hot Rolled Bars, Plates & Structural Steel

Total Highway Construction Costs, inc. Labor and Overhead, Are Up 42 Percent Since 2003



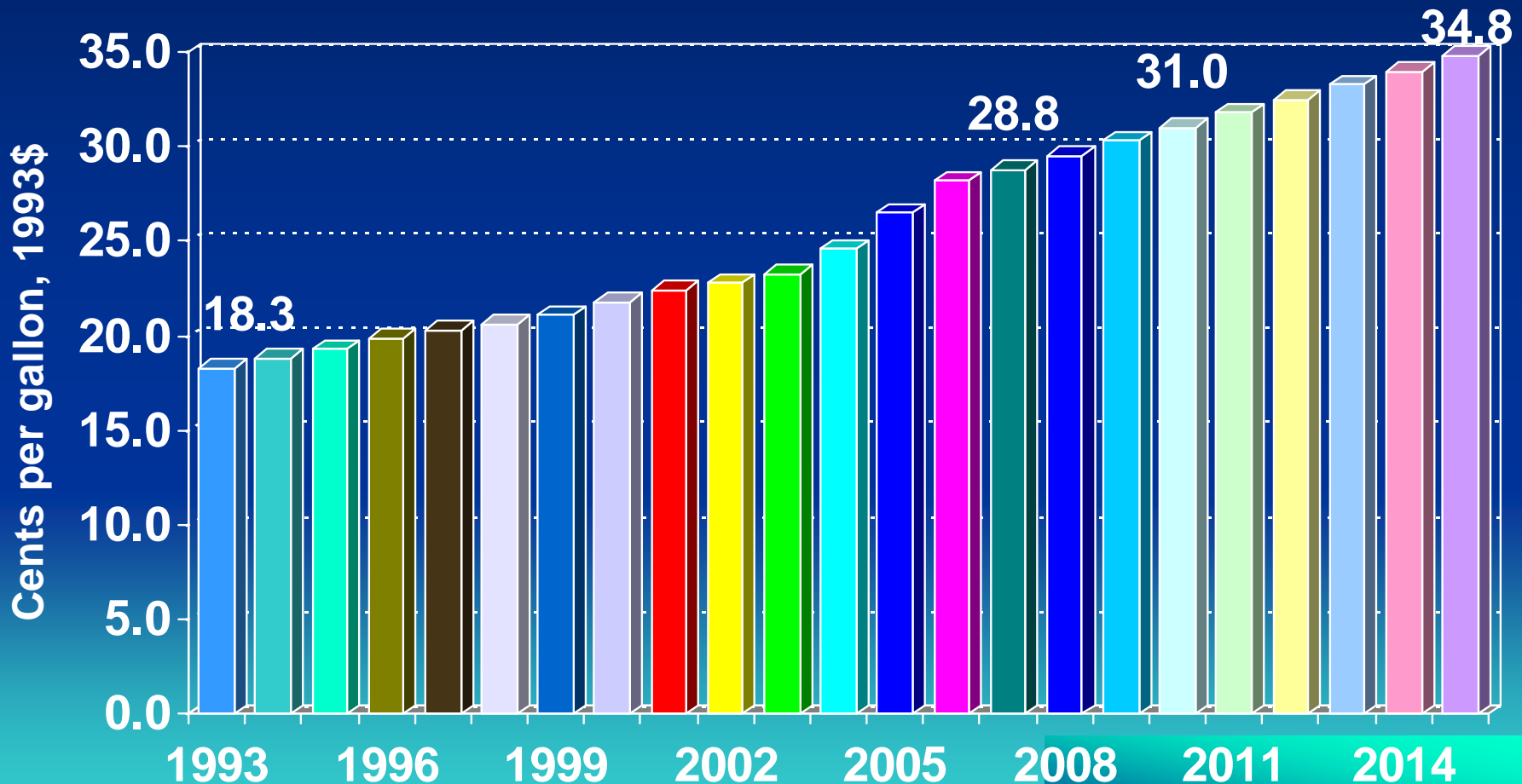
Source: Bureau of Labor Statistics. PPI for Highway and Street Construction

Rising Highway Construction Costs Have Reduced Purchasing Power of Federal Gas Tax



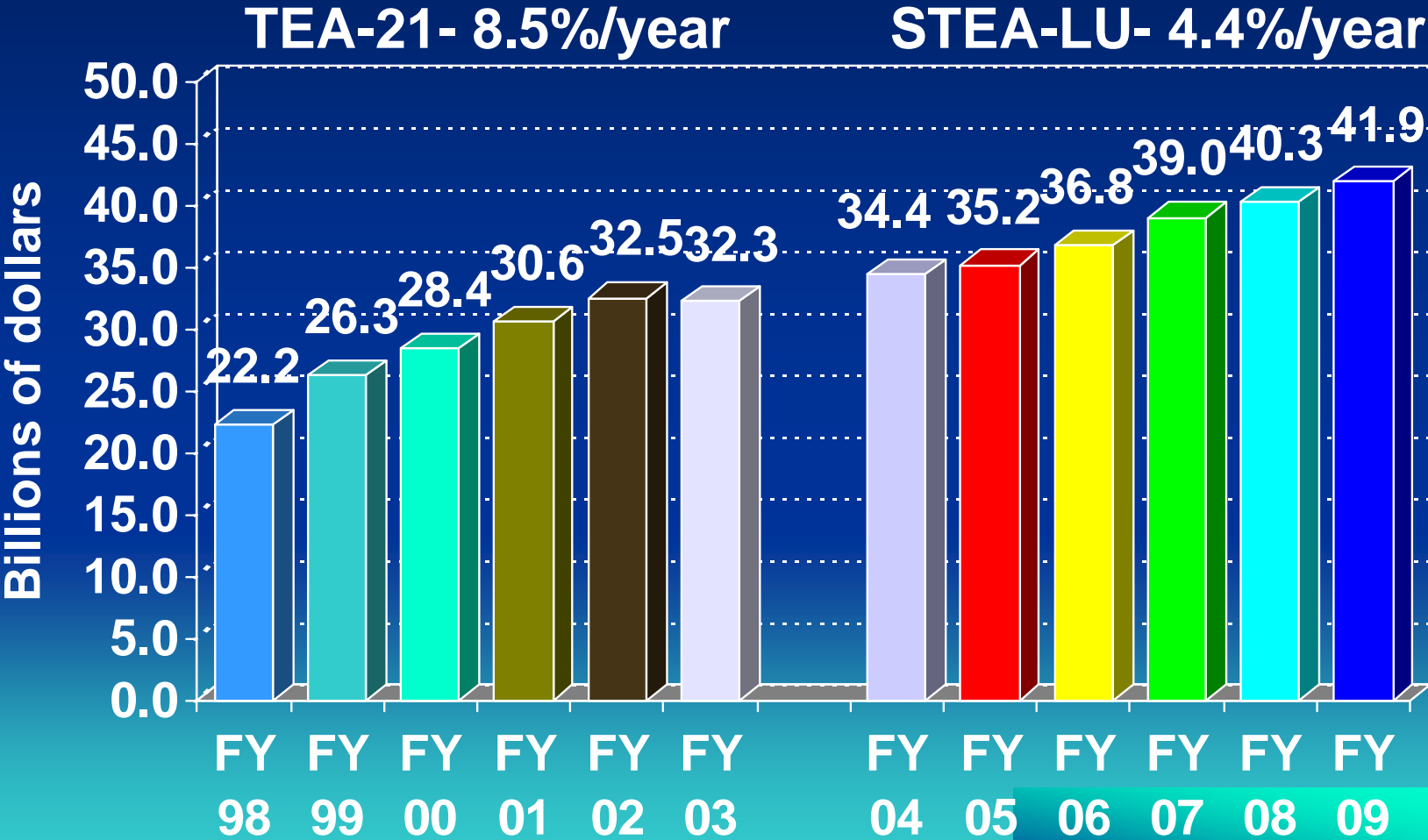
Source: ARTBA calculations from BLS data

Federal Gas Tax Would Have to Be 28.8 CpG in 2007 to Maintain 1993 Purchasing Power of 18.3 CpG



Source: ARTBA calculations from BLS data

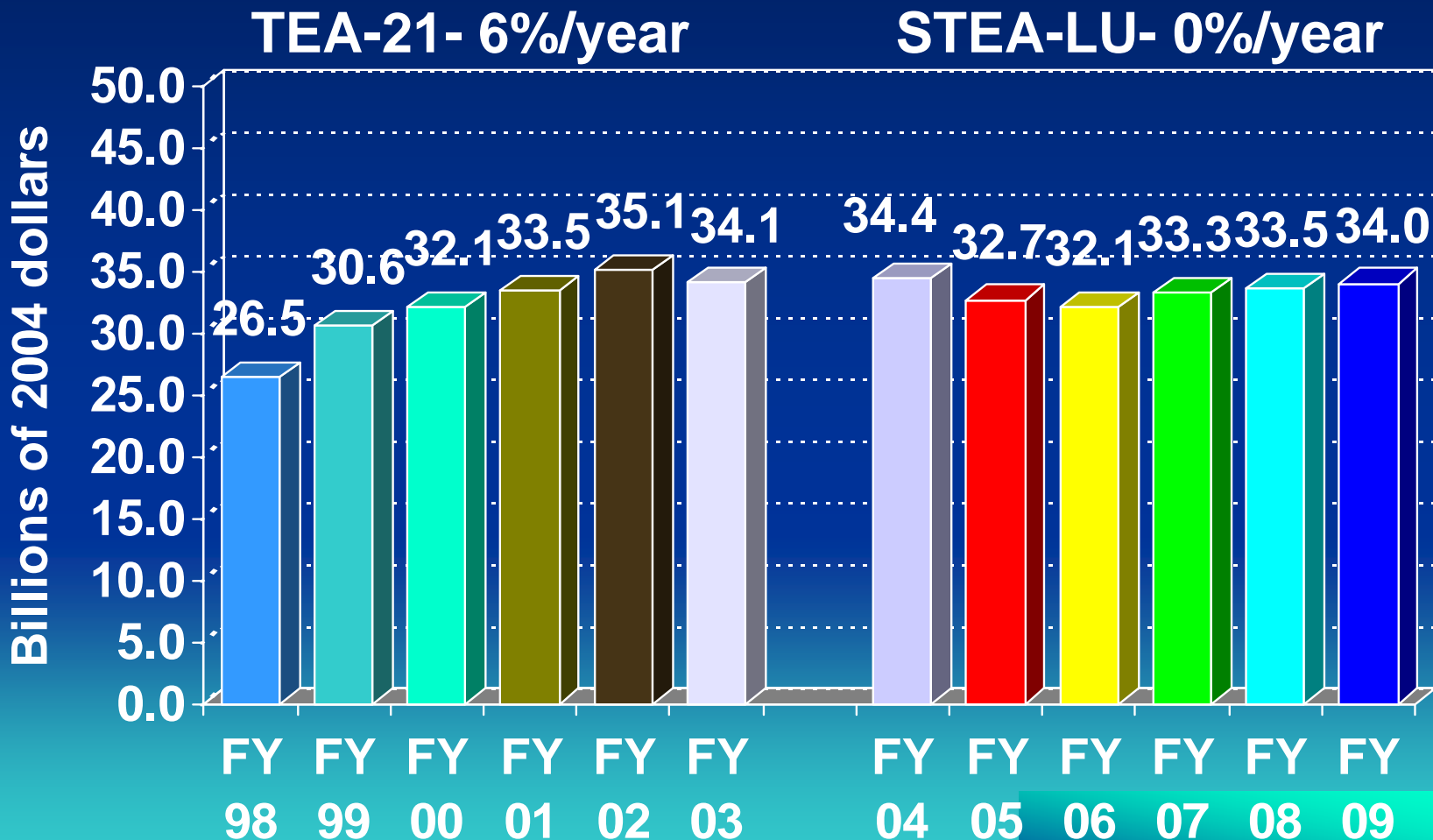
Guaranteed Funding for Highways Under TEA-21 and SAFETEA-LU



Source: Federal Highway Administration



Guaranteed Funding After Effects of Highway Cost Inflation



Source: ARTBA calculations from FHWA and BLS data

Highway Construction Cost Conference

- Co-hosts FHWA, AASHTO, AGC, ARTBA
- St. Louis, 9/11/07
- Various recommendations disseminated through host organizations



Highway Construction Cost Conference

Presentations Posted

Click on the following to see selected conference presentations:

- [Impact of Rising Construction Costs on State Highway Construction Programs](#) , Dr. Bill Buechner, ARTBA
- [Putting Construction Materials Demand in Context](#) , Ken Simonson, AGC
- [Asphalt Supply in a Volatile Oil World](#) , Bill Haverland, ConocoPhillips Company
- [Steel Bridge Update: Research, Availability, Choices & Costs](#) , Matthew F. Habenicht, ArcelorMittal USA
- [2007 Update of Survey on Construction Cost Increases and Competition](#) , Jim McDonnell, AASHTO
- [Rising Construction Costs - The Florida Story](#), Ananth Prasad, Florida DOT , and Bob Burleson, FTBA
- [Cost Control Texas](#) , Thomas Bohuslav, Texas DOT
- [Contractor Perspective on TxDOT Cost Control Strategies](#) , Bob Lanham, Williams Brothers Construction Co.
- [MoDOT's Approach to Program Management](#) , Kevin Keith, Missouri DOT

<http://www.fhwa.dot.gov/programadmin/contracts/2008aashto.cfm>

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 AASHTO Subcommittee - Fall 2008

AASHTO Subcommittee - Fall 2008

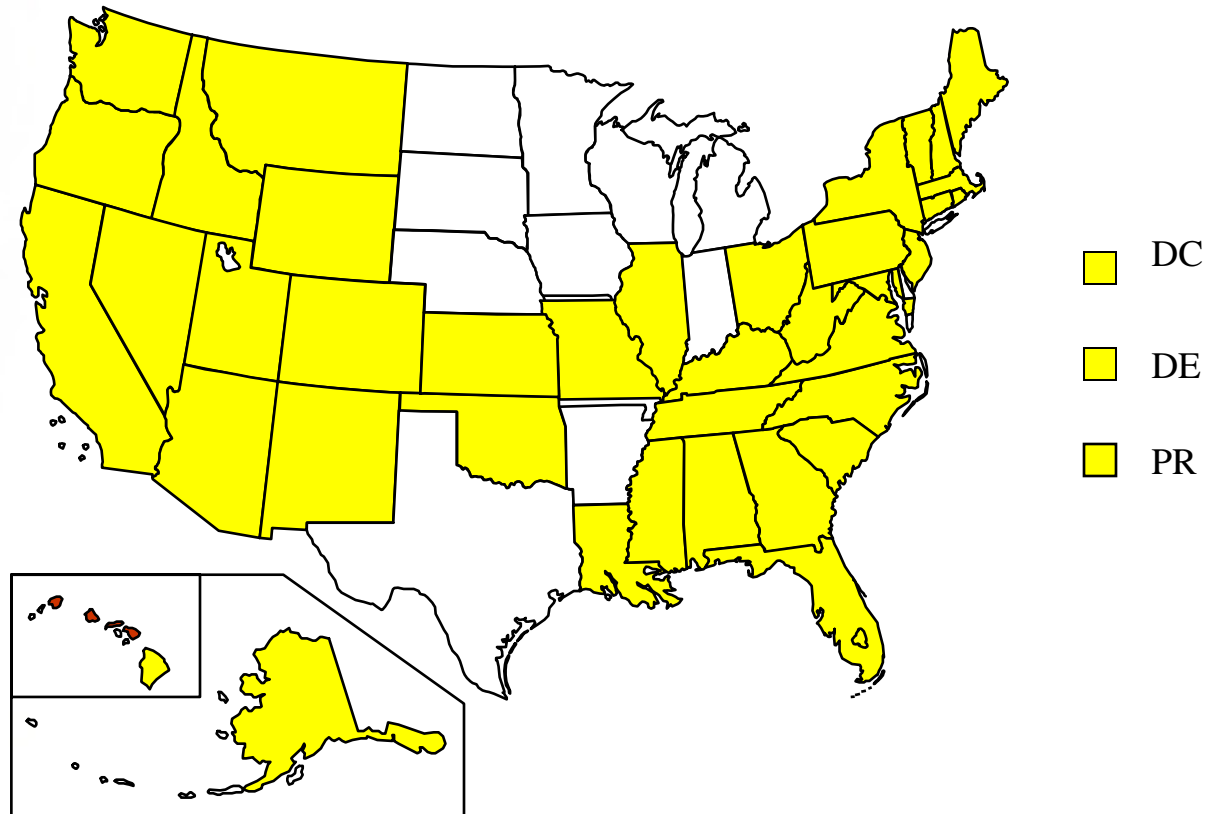
Subcommittee on Construction, Contract Administration Section, Survey on the Use of Price Adjustment Clauses

[Excel Version](#) (0.1 mb)

STATE	FUEL	ASPHALT CEMENT
Alabama	Yes Index: Platt's Oilgram Price Report Trigger value: any change Opt-in Clause: Yes - Contractor may elect not to bid Const Fuel item by including fuel costs in other pay items. Web reference: http://csiis5/C8/Construction/Document%20Library/2008_ALDOT_Spec_Book.pdf Comments: Published monthly. See Section 698 in Standard Specifications (link shown above)	Yes Index: Average of quotes from major suppliers Trigger value: any change Opt-in Clause: No Web reference: http://csiis5/C8/Construction/Document%20Library/2008_ALDOT_Spec_Book.pdf Comments: Published monthly. See Subarticle 109.03(e) in Standard Specifications
Alaska	None	Yes, SS 401-5.02 (5/1/2007); Index: Alaska Asphalt Material Price Index - weighted average of spot prices Trigger value: 7.5% Opt-in Clause: no Web reference: http://www.dot.state.ak.us/stwddes/dospubs/assets/pdf/directives/attach/std_mods.pdf
Arizona	Yes, for diesel fuel; Index: OPIS (Oil Price Information Service) Trigger Value: 15% Opt-in clause: No Web reference: http://www.azdot.gov/Highways/CNS/bitmat.asp Comments: updated 10/11/08	Yes, for bituminous material; Index: Asphalt Weekly Monitor, a publication of Poten & Partners Trigger Value: 0 % Opt-in clause: No Web reference: http://www.azdot.gov/Highways/CNS/bitmat.asp Comments:

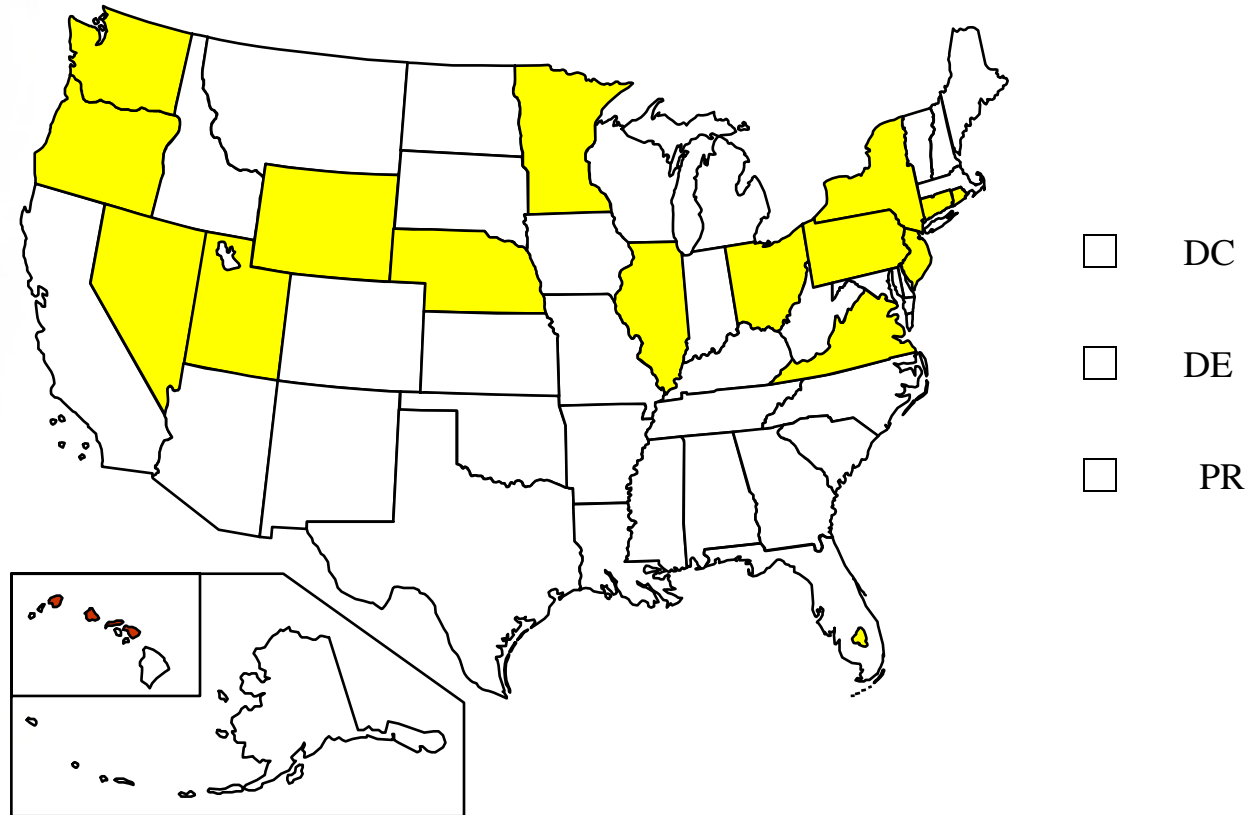
Use of Asphalt Cement Price Adjustment Clauses

based on 2008 AASHTO SOC member email responses
(revised 10/8/2008)



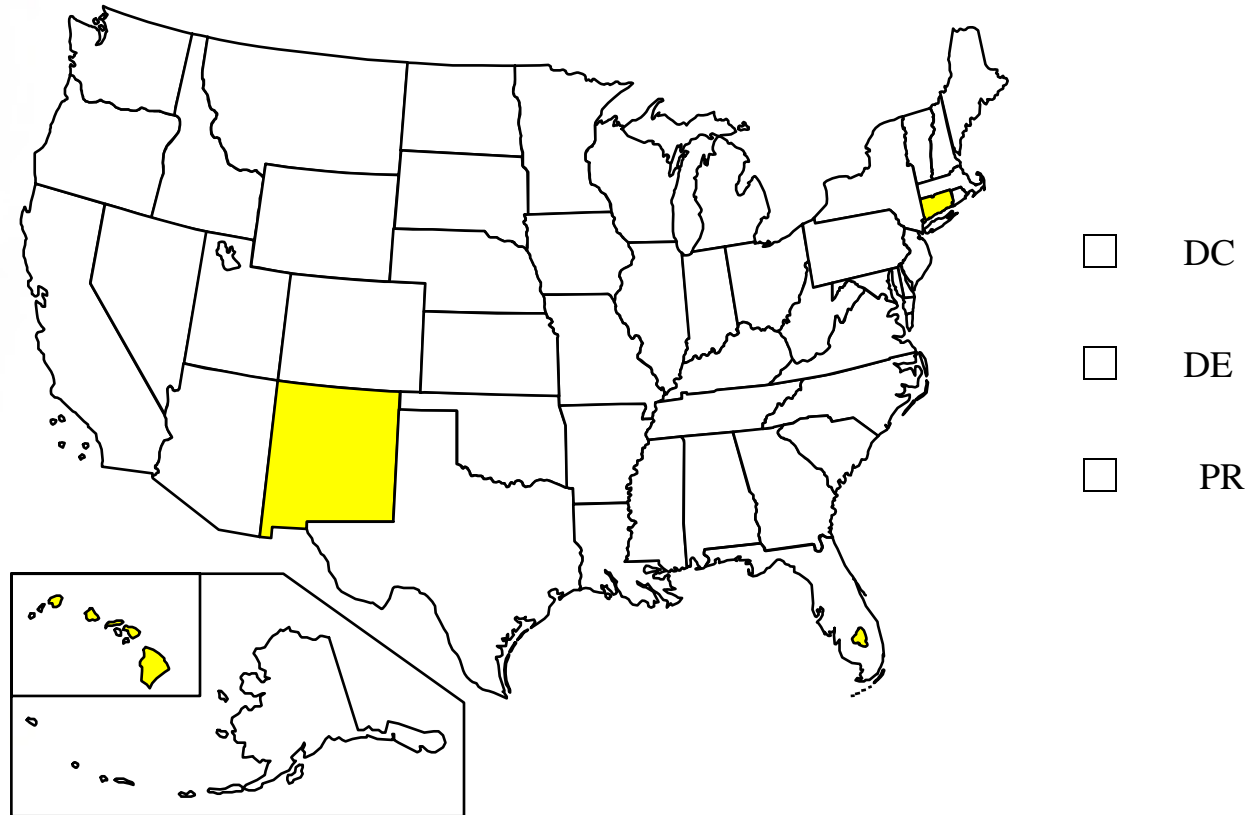
Use of Steel Price Adjustment Clauses

based on 2008 AASHTO SOC member email responses
(revised 10/8/2008)



Use of Portland Cement Adjustment Clauses

based on 2008 AASHTO SOC member email responses
(revised 10/8/2008)



Status of Cost Adjustment Provisions for Highway Commodities

Rich Juliano
**ARTBA Vice President for
Federal and State Relations**

