

Notes for March 15th, 2023 CCI Report

Since the January report, the forecasted average crude **OIL Price** for 2023 has remained basically the same at \$77.08 per barrel. Crude is forecast to take a slight decline to \$71.58 in 2024. Since October, contractors reported adding 5% fuel surcharges to most orders to account for fuel cost volatility, increasingly passing on costs to customers. Because our costs heavily depend on fuel prices, this oil price forecast indicates fuel as an input cost should be a neutral influence on FDOT costs through 2023.

The latest update to the **Monthly Costs Composition** chart shows that labor's share of FDOT costs remains consistent with previous months and are 50% higher than two years ago. Contractors continue to pay higher wages in an effort to recruit skilled workers, and those higher labor costs are likely baked into bids going forward. Aggregate and concrete costs were a smaller share than usual, which may change with updated data given recent price hikes for both materials. Producers continue to report issues with aggregate availability and delivery disruptions, whether from truck or rail.

FDOT binder prices continue to decline, however FDOT's **Asphalt Pavement** costs remain high due to demand. The aggregate issues are affecting asphalt producers' ability to reliably secure raw materials. The next few years could be challenging for the asphalt industry to keep up with demand.

The **asphalt unit prices versus quantity** chart is to emphasize to our districts that while making decisions to either bundle multiple projects in a proposal, or to remove a project from a multi-project proposal in order to advance it - *quantity affects the unit price*. Be aware that there will be a change in the estimate when a late decision is made to break a larger project into smaller projects. Doing so often results in smaller projects exceeding the anticipated budget amount. The sooner the estimator is made aware of these decisions, they can adjust the estimate and your work program managers will have the timely information they need to make informed budget-balancing decisions.

Higher cement prices were reflected in January and February awarded bid prices for **Structural Concrete**. Currently all concrete supply chain variables (cement, aggregate, fly ash, rail, trucking, labor, and competition) are exerting negative influence on FDOT's costs for concrete.

Earthwork costs had more than doubled between the first quarter of 2021 and that of 2022 and so far in 2023, they have increased another 52% and are not expected to decline this year. Competition for truck drivers continues to be a constraint statewide, causing longer lead times and higher costs. Additional truck drivers will be needed to adequately staff construction projects as state and federal funds are injected into the industry over the next few years.

With the addition of January and February bid price data, the cost of building a **New 4-Lane Divided Typical Section** has increased 15% since last fiscal year. Drainage, stabilization+base, and clearing & grubbing prices are driving most of the cost increase between '22 and '23.

The cost of **Resurfacing** that typical section has risen 22% since last year to over a million dollars, or \$273,420 per lane mile. Asphalt prices make up most of the cost increase between this year and last.

The **Florida Producer Input Price Index vs Bid Prices** shows input prices have remained about 26% higher since tracking began, and since December, winning bid prices are slightly exceeding input prices. The average of all FDOT bids is about 30% higher.

First quarter **Competition** for FDOT construction contracts is practically the same as it was a year ago at 3.5 bids per contract, and the number of contracts with two bidders or less is at 35.2%.