



Memo

TO: Addressees
FROM: Mary Lacho
Estimates Engineer
DATE: June 24, 2014
SUBJECT: Cost Index – 2013 Fourth Quarter / Year End

Estimates Engineer – 4th Quarter 2013 Notes:

The 2013 Fourth Quarter Minnesota Highway Construction Composite Cost Index was not computed due the absence of the structural steel indicator item.

An indicator item that increased significantly compared to 4th Quarter 2012 was Structural Concrete. The primary contributor to this indicator is a single three and a half-year project that is scheduled to finish in 2017, the St. Croix River crossing project.

Fourth Quarter - 2013

The fourth quarter index was based on \$84.26 million of work considered from 13 Projects. Fourth quarter 2013 cost information is compared to fourth quarter 2012 below.

- The average Excavation cost was \$6.10/CY, up 1.96/CY from the fourth quarter of 2012. 4 projects were considered this quarter.
- The average Reinforcing Steel cost was \$1.25/LB, up \$0.11/LB from the fourth quarter of 2012. 6 projects were considered this quarter.
- The average Structural Steel indicator item was absent of data.
- The average Structural Concrete cost was \$634.10/CY, up \$232.20/CY from the fourth quarter of 2012. 7 projects were considered this quarter.
- The average Concrete Pavement cost was \$100.95/CY, down \$44.24/CY from the fourth quarter of 2012. 2 projects were considered this quarter.
- The average Plant Mixed Bituminous cost was \$56.90/TON, up \$3.54/TON from the fourth quarter of 2012. 8 projects were considered this quarter.

An Equal Opportunity Employer



Indicator Costs								
Fourth Quarter 2012					Fourth Quarter 2013			
Item	Quantity		Cost *	Unit Cost	Quantity		Cost *	Unit Cost
Excavation	3,072,328	CY	\$12.72	\$4.14	501,833	CY	\$3.06	\$6.10
Reinforcing Steel	23,224,170	LB	\$26.48	\$1.14	19,210,978	LB	\$23.92	\$1.25
Structural Steel	13,641,553	LB	\$21.44	\$1.57	**	LB	**	**
Structural Concrete	104,257	CY	\$41.90	\$401.90	45,833	CY	\$29.06	\$634.10
Concrete Pavement	59,222	CY	\$8.60	\$145.19	79,685	CY	\$8.04	\$100.95
Plant-Mixed Bituminous	401,938	TON	\$21.45	\$53.36	354,453	TON	\$20.17	\$56.90
Total			\$132.59				\$84.26	

* Millions of dollars

** Not computed due to the absence of data.

Project information and cost indices from the fourth quarter of 2013 are compared to the fourth quarter of 2012 below.

Minnesota Highway Construction Project Summary		
	2012 Q4	2013 Q4
Number of Projects Awarded	27	37
Awarded Amount (\$ million)	\$374.65	\$417.54
Total Number of Bidders	119	136
Average No. of Bidders	4.41	3.68
Number of Cost Index Projects	13	13
Cost Index Amount (\$ million)	\$132.59	\$84.26
Excavation Index	206.53	304.08
Structures Index	211.43	***
Surfacing Index	298.86	298.75
Composite Cost Index (CI)	258.54	***

*** Not computed due to the absence of data for associated indicator items.

The average number of bidders per project was 3.68 for the fourth quarter of 2013. In comparison, the average number of fourth quarter bidders in 2012 and 2011 were 4.41 and 4.83 respectively.

An Equal Opportunity Employer



Estimates Engineer – Year End 2013 Notes:

The 2013 Year End Minnesota Highway Construction Composite Cost Index was not computed due the absence of the structural steel indicator item.

The average Plant Mixed Bituminous was down from last year, the first time it dropped for the year since 2009. The structural concrete indicator increased significantly. As mentioned in the 4th quarter, the primary contributor to this indicator is a single three and a half-year project that is scheduled to finish in 2017, the St. Croix River crossing project. Another contributor to this increase was a metro project in the 2nd quarter. This was the TH 694 CPR and bridge repairs project from TH 100 to 35W.

Year End – 2013

The Year-End 2013 index was based on \$314.92 million of work considered from 106 Projects.

- The average Excavation cost was \$4.05/CY, down 2.4% (\$0.10/CY) from Year-End 2012. 27 projects were considered in 2013.
- The average Reinforcing Steel cost was \$1.22/LB, up 6.1% (\$0.07/LB) from Year-End 2012. 31 projects were considered in 2013.
- The average Structural Steel indicator item was absent of data.
- The average Structural Concrete cost was \$594.62/CY, up 42.1% (\$176.25/CY) from Year-End 2012. 31 projects were considered in 2013.
- The average Concrete Pavement cost was \$110.29/CY, up 8.4% (\$8.55/CY) from Year-End 2012. 9 projects were considered in 2013.
- The average Plant Mixed Bituminous cost was \$55.44/TON, down 0.5% (\$0.26/TON) from Year-End 2012. 86 projects were considered in 2013.

An Equal Opportunity Employer



Year 2013 cost information is compared to year 2012 below.

Indicator Costs								
Item	Year 2012				Year 2013			
	Quantity		Cost *	Unit Cost	Quantity		Cost *	Unit Cost
Excavation	7,200,910	CY	\$29.92	\$4.15	4,458,846	CY	\$18.05	\$4.05
Reinforcing Steel	26,322,016	LB	\$30.19	\$1.15	23,360,113	LB	\$28.41	\$1.22
Structural Steel	13,641,553	LB	\$21.44	\$1.57	0	LB	\$0.00	\$0.00
Structural Concrete	126,330	CY	\$52.85	\$418.37	75,170	CY	\$44.70	\$594.62
Concrete Pavement	533,039	CY	\$54.23	\$101.74	190,737	CY	\$21.04	\$110.29
Plant-Mixed Bit.	2,962,926	TON	\$165.05	\$55.70	3,656,409	TON	\$202.73	\$55.44
Total				\$353.67			\$314.92	

*Millions of dollars

The following tables summarize the quarterly and year-end project information and indices for 2013.

2013 Minnesota Highway Construction Project Summary					
	Q1	Q2	Q3	Q4	Year 2013
No. of Projects Awarded	76	145	18	37	276
Awarded Amount (\$ million)	\$307.05	\$354.15	\$108.32	\$417.54	\$1,187.06
Total No. of Bidders	283	446	48	136	913
Average No. of Bidders	3.7	3.1	2.7	3.7	3.3
No. of CI Projects	45	48	0	13	106
CI Amount (\$ million)	\$103.35	\$127.31	0	\$84.26	\$314.92
Excavation Index	192.74	185.76	**	304.08	201.96
Structures Index	**	**	**	***	***
Surfacing Index	281.70	310.83	**	298.75	295.51
Composite Cost Index	**	**	**	***	***

** Not computed due to the absence of data for associated indicator items.

An Equal Opportunity Employer



Project information and cost indices from 2013 are compared to 2012 below.

Minnesota Highway Construction Project Summary		
	Year 2012	Year 2013
No. of Projects Awarded	238	276
Awarded Amount (\$ million)	\$925.74	\$1,187.06
Total No. of Bidders	861	913
Average No. of Bidders	3.6	3.3
No. of CI Projects	100	106
CI Amount (\$ million)	\$353.67	\$314.92
Excavation Index	207.23	201.96
Structures Index	216.68	***
Surfacing Index	293.54	295.51
Composite Cost Index	257.36	***

The average number of bidders per project for the year 2013 was 3.3. In comparison, the average number of bidders in 2012 and 2011 were 3.6 and 4.0 respectively.

Attached is an explanation of the derivation of the Minnesota Cost index, charts of quarterly and annual Minnesota highway construction cost trends and a table and chart comparing the yearly Minnesota Composite Cost Index with the latest yearly FHWA index.

Attachments
 cc: File

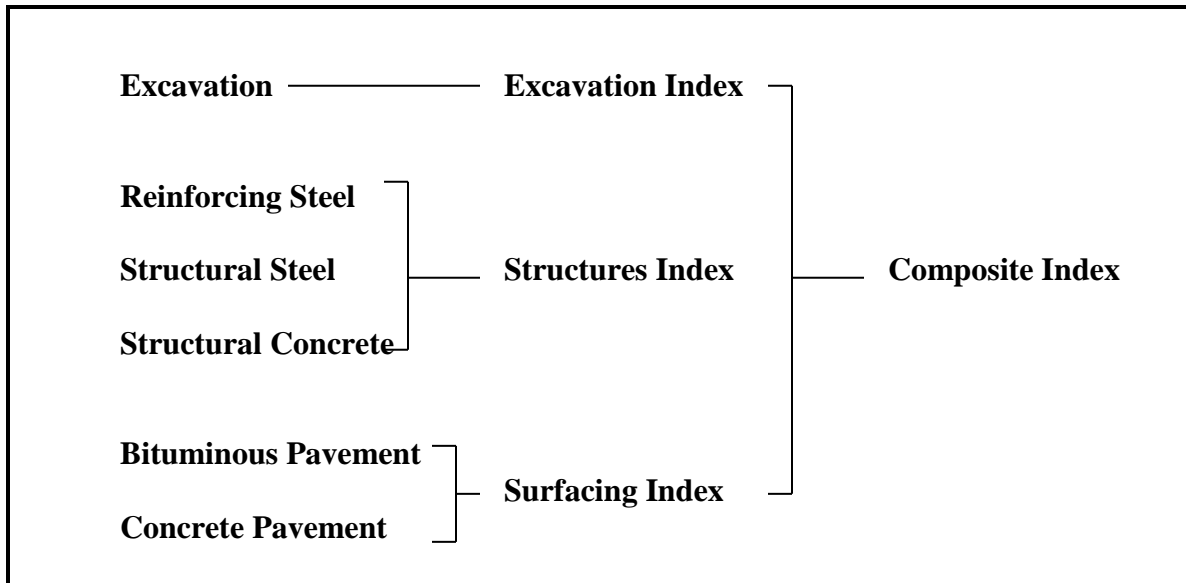
An Equal Opportunity Employer



Minnesota Construction Cost Index

The Minnesota Construction Cost Index is an indicator of price trends for highway construction.

It is composed of six indicator items: roadway excavation, to indicate the price trends for all roadway excavation; concrete pavement and plant-mixed bituminous, to indicate the price trend for all surfacing types; and reinforcing steel, structural steel, and structural concrete, to indicate the price trend for structures.

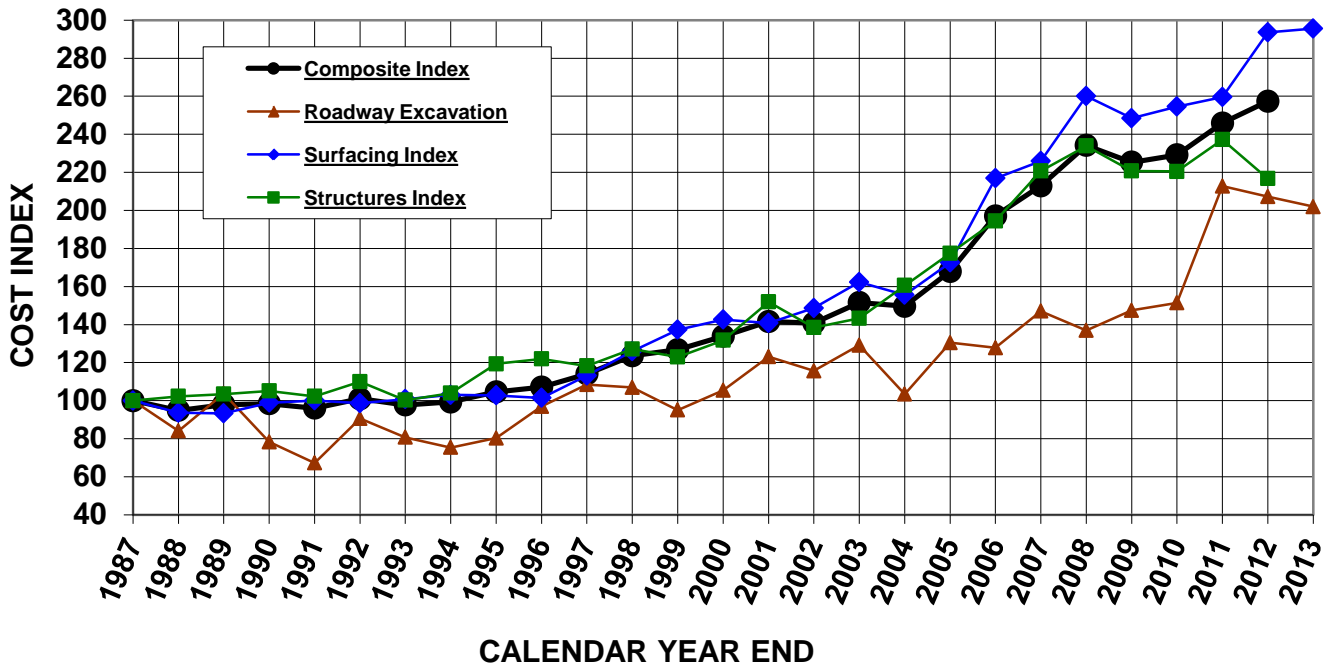


Each quarter, an average unit price is computed for each indicator item. The unit price is based upon the actual bids from projects **excluding Design Build projects**, costing more than \$100,000, and let during that quarter. These unit prices include the cost of material, labor, equipment, overhead and profit.

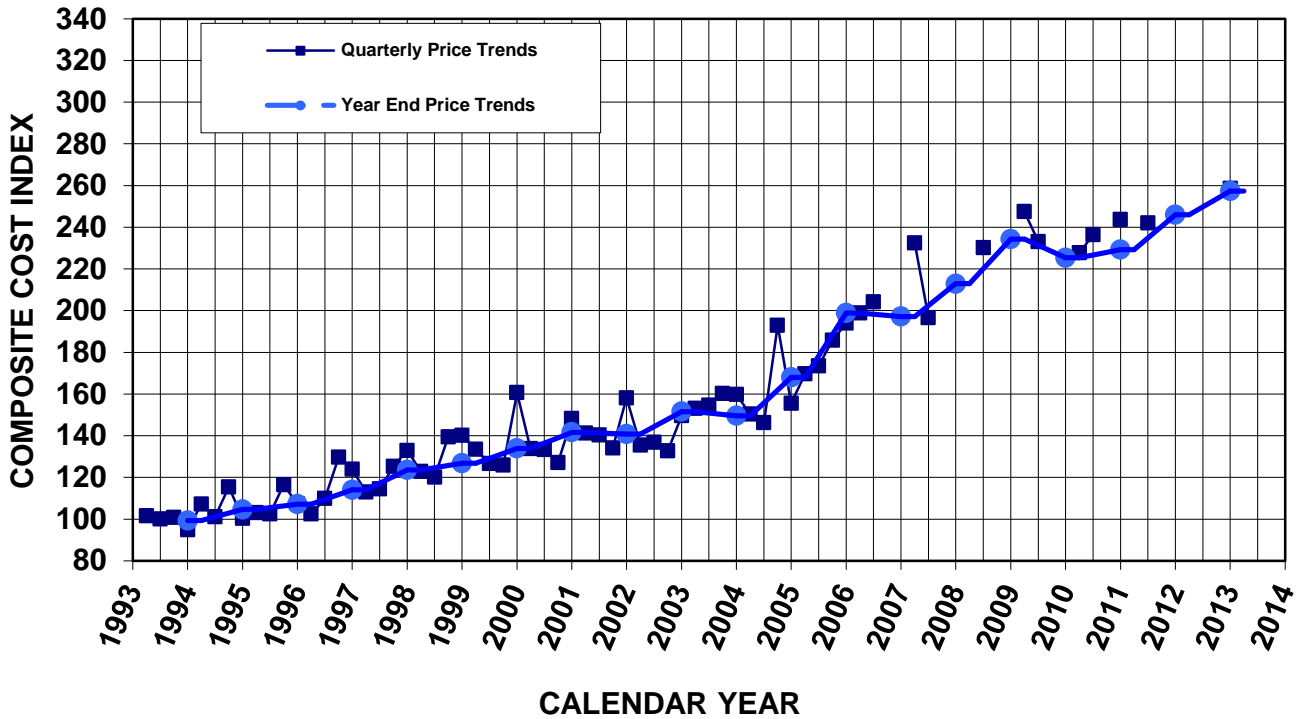
These unit prices along with the 1987 base unit prices and quantities are used to compute the Excavation, Surfacing, Structures and Composite Index.

Minnesota Highway Construction Cost Trends

ANNUAL PRICE TRENDS



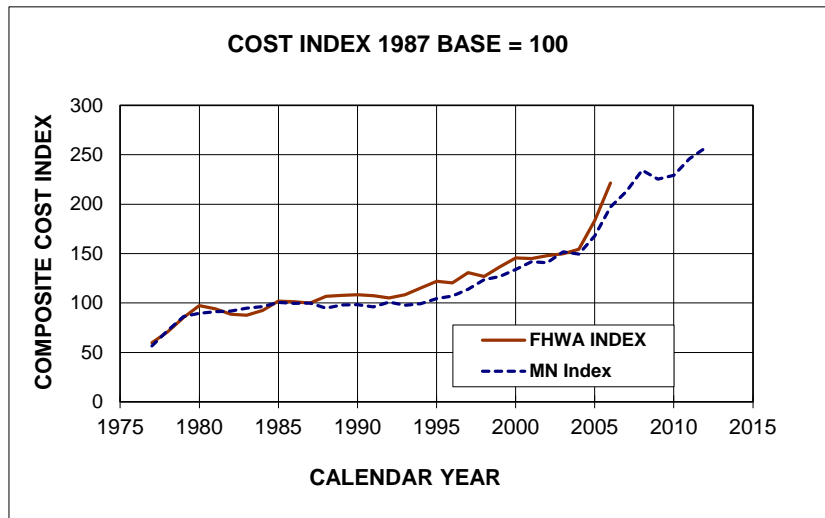
YEARLY & QUARTERLY PRICE TRENDS



**NOTE: In 2007, the FHWA stopped collecting Price Trend data,
and no longer provide the reports necessary to complete the comparison graphs.**

HIGHWAY CONSTRUCTION COST INDEX 1987 BASE-100

<u>Year End</u>	<u>FHWA Index</u>	<u>MN Index</u>
1975		
1976		
1977	59.80	56.40
1978	70.70	72.10
1979	85.50	86.30
1980	97.20	89.60
1981	94.20	91.20
1982	88.50	91.80
1983	87.60	94.80
1984	92.60	96.40
1985	102.00	100.70
1986	101.10	99.60
1987	100.00	100.00
1988	106.60	94.90
1989	107.70	97.90
1990	108.50	98.40
1991	107.50	96.00
1992	105.10	101.00
1993	108.30	97.70
1994	115.10	99.30
1995	121.90	104.60
1996	120.20	107.10
1997	130.60	114.00
1998	126.90	123.58
1999	136.50	126.75
2000	145.60	133.91
2001	144.80	141.61
2002	147.90	140.73
2003	149.80	151.60
2004	154.40	149.61
2005	183.60	167.97
2006	221.30	197.10
2007		212.88
2008		234.22
2009		225.32
2010		229.17
2011		245.95
2012		256.94
2013		
2014		
2015		



1987 Base Year = 100
 FHWA Index includes projects > \$500,000
 Mn/DOT Index includes projects > \$100,000

MN/DOT COST INDEX

<u>Year</u>	<u>Roadway Excavation</u>	<u>Bituminous Surfacing</u>	<u>Concrete Surfacing</u>	<u>Surfacing Index</u>	<u>Reinforce Steel</u>	<u>Structural Steel</u>	<u>Structural Concrete</u>	<u>Structures Index</u>	<u>Composite Index</u>
1987	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
1988									
1st Quarter	66.35	92.87	76.99	89.60	108.25	113.11	91.18	98.44	88.98
2nd Quarter	111.84	96.02	107.04	98.29	107.22	103.87	95.60	99.37	100.58
3rd Quarter	87.81	94.14	104.76	96.33	110.27	110.57	110.45	110.43	99.46
4th Quarter	89.72	103.63		103.63	115.44	107.04	94.37	100.80	100.39
Year End	84.08	95.68	85.55	93.59	109.73	109.34	97.90	102.26	94.90
1989									
1st Quarter	121.34	88.57	92.72	89.42	120.87	141.72	101.41	112.36	101.11
137.56	70.45	90.06	87.63	89.56	108.73	102.24	98.24	101.04	90.35
3rd Quarter	137.56	107.54	135.39	113.28	116.66	107.48	94.73	101.34	113.09
4th Quarter		91.13		91.13	138.53	121.78	146.33	140.47	111.64
Year End	103.72	92.01	94.50	93.23	115.99	111.15	97.29	103.45	97.90
1990									
1st Quarter	75.54	100.19	81.67	96.37	115.62	140.73	102.05	111.55	98.06
2nd Quarter	67.71	96.79	104.57	98.39	122.11	105.43	110.57	111.97	98.17
3rd Quarter	97.07	122.17	102.13	118.04	117.17	112.70	92.03	100.67	109.65
4th Quarter	66.99	106.72	148.85	115.41	118.55	108.99	133.76	126.38	111.83
Year End	78.30	100.58	97.24	98.89	117.48	112.81	99.09	105.17	98.41
1991									
1st Quarter	86.48	103.02	111.23	104.71	115.23	123.22	91.37	101.72	101.16
2nd Quarter	67.72	96.75	105.58	98.57	110.99	128.81	103.22	109.27	97.43
3rd Quarter	105.04				122.95		110.48	113.49	110.44
4th Quarter	47.98	81.65	111.81	87.87	106.38	84.44	80.29	86.22	81.62
Year End	67.31	97.72	109.11	100.07	111.54	121.31	93.98	102.28	96.04
1992									
1st Quarter	134.20	110.24	90.36	106.14	106.10	96.66	92.71	96.07	107.07
2nd Quarter	84.69	95.94	103.65	97.53	119.25	109.95	112.93	113.67	100.67
3rd Quarter	90.06	102.36	92.40	100.31	99.53	108.35	131.75	121.22	105.29
4th Quarter	99.54	105.41		105.41	105.69		91.58	116.35	109.83
Year End	90.60	99.05	97.07	98.64	106.37	105.54	112.38	109.98	100.98
1993									
1st Quarter	81.02	104.73	87.06	101.08	118.06	139.75	102.08	111.88	101.53
2nd Quarter	81.51	101.97	101.79	101.93	109.83	128.78	97.52	105.46	100.08
3rd Quarter		117.01		117.01	97.06		65.66	73.25	100.83
4th Quarter	73.97	94.47	84.12	92.33	119.80	112.58	104.90	109.22	94.91
Year End	80.75	101.91	96.30	100.75	108.13	127.30	90.07	100.21	97.70
1994									
1st Quarter	115.56	97.54	95.57	97.13	115.00	95.98	123.67	120.83	107.11
2nd Quarter	75.92	102.90	104.22	103.17	114.87		109.55	110.84	101.09
3rd Quarter	152.37	109.02	136.56	114.70	99.78	111.66	96.09	99.56	115.44
4th Quarter	65.52	110.42	103.89	109.08	109.23	98.51	98.97	100.93	100.29
Year End	75.38	102.48	104.96	102.99	105.52	110.88	101.55	103.98	99.32
1995									
1st Quarter	85.69	95.53	115.74	99.70	120.72	122.37	114.68	117.23	103.10
2nd Quarter	71.02	99.49		99.49	121.32	132.48	117.95	121.17	102.42
3rd Quarter	77.42	113.46	111.29	113.02	151.42		144.16	145.92	116.46
4th Quarter	92.70	107.55	109.43	107.93	121.52		111.82	114.16	107.29
Year End		99.81	113.94	102.73	121.47	126.83	116.53	119.32	104.63
1996									
1st Quarter	83.05	92.20	123.35	98.62	118.80	178.06	100.96	118.05	102.38
2nd Quarter	119.58	95.01	113.11	98.74	130.48		127.59	128.29	109.88
3rd Quarter	124.27	131.87	150.79	135.77	120.96		119.41	119.79	129.72
4th Quarter	95.12	124.66	113.40	122.34	141.02		144.36	143.55	123.91
Year End	97.01	97.12	117.89	101.40	120.85	178.06	106.59	121.98	107.13
1997									
1st Quarter	117.41	107.57	112.89	108.66	117.44	93.82	125.60	118.39	112.93
2nd Quarter	96.00	107.53	153.26	116.96	129.60	107.48	117.89	118.40	114.38
3rd Quarter	122.35	130.99		130.99	124.92	119.62	116.28	118.59	125.27
4th Quarter	127.75	134.59	0.00	134.59					132.88
Year End	108.51	109.84	125.63	113.10	122.08	99.44	122.32	118.25	114.03
1998									
1st Quarter	100.29	124.56	135.20	126.75	130.86		125.58	126.86	122.75
2nd Quarter	104.63	122.21	133.04	124.44	123.71		118.20	119.53	120.10
3rd Quarter	135.95	150.01	129.84	145.85	133.21		126.04	127.51	139.40
4th Quarter		155.16		155.16	122.66	146.08	110.58	119.22	140.22
Year End	106.99	124.06	132.22	125.95	127.70	146.08	121.58	127.10	123.58
1999									
1st Quarter	90.59	130.95	210.30	147.31	133.64		126.39	128.14	133.51
2nd Quarter	92.34	137.50	139.09	137.83	121.34		121.92	121.78	126.58
3rd Quarter	85.22	135.66		135.66	125.58	168.87	121.78	130.81	125.78
4th Quarter	182.25	143.08	202.56	155.34	132.10	107.12	183.75	160.00	160.66
Year End	95.07	135.87	142.46	137.23	124.73	114.64	124.72	122.95	126.75
2000									
1st Quarter	96.35	141.29	153.08	143.73	142.36	151.96	125.61	133.57	133.77
2nd Quarter	111.93	138.88	158.17	142.86	137.49	136.03	120.21	126.43	133.33
3rd Quarter	102.18	128.03		128.03	137.29		140.48	139.71	127.13
4th Quarter	115.61	136.47	170.73	143.53	149.27		185.41	176.66	148.21
Year End	105.38	138.87	157.19	142.65	139.49	137.59	127.59	131.71	133.91

MN/DOT COST INDEX

(CONTINUED)

<u>Year</u>	<u>Roadway Excavation</u>	<u>Bituminous Surfacing</u>	<u>Concrete Surfacing</u>	<u>Surfacing Index</u>	<u>Reinforce. Steel</u>	<u>Structural Steel</u>	<u>Structural Concrete</u>	<u>Structures Index</u>	<u>Composite Index</u>
2001									
1st Quarter	91.27	131.58	133.42	131.96	166.65		196.86	189.55	141.28
2nd Quarter	116.05	135.28	149.20	138.15	135.53	219.62	144.03	155.60	140.36
3rd Quarter	109.17	130.04	154.51	135.09	140.67	166.76	138.68	144.01	134.11
4th Quarter	157.83	160.90	185.56	165.98	149.31	86.82	158.62	144.16	158.06
Year End	123.17	137.25	153.92	140.69	142.53	171.70	149.25	151.85	141.61
2002									
1st Quarter	123.44	147.14	119.78	141.50	151.68	143.03	120.19	130.48	135.49
2nd Quarter	148.48	149.69	140.07	147.71	150.31	165.23	85.03	112.13	136.82
3rd Quarter		132.77		132.77					132.77
4th Quarter	95.26	157.12	161.93	158.12	167.64	154.74	158.85	159.88	149.61
Year End	115.64	150.27	142.16	148.60	159.74	157.32	126.43	138.49	140.73
2003									
1st Quarter	119.16	168.38	149.65	164.51	165.32	124.83	149.85	148.55	153.05
2nd Quarter	149.11	166.29	171.88	167.44	168.38	109.25	130.53	134.34	154.57
3rd Quarter	126.34	162.12	190.96	168.07	166.04		161.37	162.50	160.21
4th Quarter	142.18	144.11		144.11	162.08	139.53	213.05	189.98	159.77
Year End	129.12	163.83	156.17	162.25	166.37	116.91	143.23	143.23	151.60
2004									
1st Quarter	89.34	157.99	145.67	155.45	184.40	166.06	166.16	169.78	150.36
2nd Quarter	101.93	156.99	153.21	156.21	193.40		135.92	149.83	146.23
3rd Quarter	156.87	173.66	220.06	183.23	231.70	126.15	253.80	226.99	192.95
4th Quarter	171.37	153.88	126.70	148.28	175.45	195.43	146.69	160.98	155.53
Year End	103.48	159.35	141.15	155.60	191.19	162.96	150.02	160.50	149.61
2005									
1st Quarter	91.95	159.35	221.30	172.12	206.72	281.37	176.99	201.24	169.57
2nd Quarter	152.75	163.52	230.40	177.31	206.89	201.87	159.27	176.24	173.44
3rd Quarter	135.85	214.40	173.97	206.06	195.34	199.90	158.17	172.91	185.71
4th Quarter	131.93	211.41		211.41	199.49		192.75	199.22	193.94
Year End	130.43	169.66	183.55	172.53	202.26	201.13	162.78	177.39	167.97
2006									
1st Quarter	179.64	216.37	168.40	206.48	209.17	167.23	196.99	194.19	198.82
2nd Quarter	137.70	241.00	191.38	230.77	192.81	194.21	184.52	187.87	204.11
3rd Quarter	137.17	217.53	*	**	257.26	*	230.67	**	**
4th Quarter	95.01	228.13	*	**	247.81	*	212.00	**	**
Year End	127.80	228.04	173.91	216.88	205.99	183.53	193.74	194.39	197.10
2007									
1st Quarter	190.17	255.61	222.49	248.78	236.81	283.08	202.21	223.31	232.47
2nd Quarter	114.76	224.06	155.14	209.85	221.84	187.19	214.66	211.27	196.60
3rd Quarter	*/**	213.40	*	**	*	*	*	**	**
4th Quarter	117.03	209.36	*	**	*	*	*	**	**
Year End	147.02	232.91	198.59	225.84	233.69	262.24	204.79	220.64	212.88
2008									
1st Quarter	143.43	235.23	361.90	261.34	409.19	*	189.70	**	**
2nd Quarter	134.37	278.48	170.51	256.22	286.47	267.39	199.61	228.83	230.20
3rd Quarter	*/**	314.60	*	**	295.44	215.32	196.42	219.48	**
4th Quarter	217.71	350.82	*	**	242.71	*	187.20	**	**
Year End	136.85	282.00	175.62	260.06	349.63	239.92	195.24	233.87	234.22
2009									
1st Quarter	130.35	267.53	179.27	249.34	212.65	703.64	212.26	298.60	247.42
2nd Quarter	205.07	254.33	210.92	245.38	220.70	249.11	218.60	224.37	233.08
3rd Quarter	*/**	293.20	*	**	*	*	*	**	**
4th Quarter	255.96	266.65	174.42	247.63	202.59	*	211.65	**	**
Year End	147.46	265.08	184.33	248.43	213.94	252.12	214.03	220.70	225.32
2010									
1st Quarter	118.81	297.94	155.03	268.47	215.46	171.69	212.82	206.13	227.65
2nd Quarter	207.89	271.58	181.95	253.10	226.17	253.31	208.48	219.88	236.32
3rd Quarter	266.22	268.87	*	**	*	*	*	**	**
4th Quarter	263.08	260.16	186.16	244.90	222.91	197.32	245.20	232.35	243.64
Year End	151.35	277.15	167.66	254.58	222.32	197.81	226.24	220.47	229.17
2011									
1st Quarter	282.29	277.18	138.12	248.51	267.60	*	233.93	**	**
2nd Quarter	187.26	289.19	147.37	259.95	249.70	216.82	236.44	235.64	241.97
3rd Quarter	206.87	306.20	130.31	269.94	*	*	*	**	**
4th Quarter	290.62	311.17	161.76	280.36	253.69	*	261.73	**	**
Year End	212.74	289.32	145.22	259.61	254.49	216.82	237.48	237.25	245.95
2012									
1st Quarter	168.12	330.92	164.11	296.53	282.92	*	274.47	**	**
2nd Quarter	251.04	318.01	191.58	291.94	267.40	*	218.35	**	**
3rd Quarter	220.88	351.69	154.88	311.11	228.22	*	*	**	**
4th Quarter	206.53	308.84	260.42	298.86	260.22	221.19	193.13	211.43	258.54
Year End	207.23	322.38	182.48	293.54	261.73	221.19	201.04	216.68	257.36
2013									
1st Quarter	192.74	299.93	211.51	281.70	237.57	*	236.42	**	**
2nd Quarter	185.76	337.29	208.92	310.83	259.80	*	294.45	**	**
3rd Quarter	*	*	*	**	*	*	*	**	**
4th Quarter	304.08	329.32	181.06	298.75	284.22	*	304.71	**	**
Year End	201.96	320.88	197.83	295.51	277.52	*	285.73	**	**

* No information available

**Not computed due to the absence of data for indicator item(s).