

NEWSLETTER

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Project cost estimating data provided by the
Utah Department of Transportation, Central Preconstruction

We would like to welcome Steve Sussdorff who comes to the UDOT Estimate Support team with over 30 years of cost estimating and construction experience.

Asphalt Volatility In Remaining 2013 Construction Season

This is meant to inform you of an issue which could favorably impact the bids for your projects in the near term.

Over the past two months there has been a surplus of asphalt PG binder in the local market which has resulted in favorable bids for some UDOT paving projects. The extent and duration of this surplus is undetermined, so UDOT Estimate Support will continue to estimate projects based on non-discounted prices for asphalt PG binder.

We anticipate the asphalt PG binder market will be back to normal shortly and we will keep you apprised should the situation deviate from this expectation. Please let us know if you have any questions or concerns.

Project Risk and Mitigation

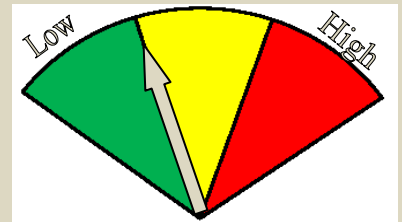
Contractors do not take risks, they price them. When there are risks in the advertised projects, UDOT pays for them in one way or another whether it is in the bid or in change orders. One way to avoid these costs is to mitigate them during the design.

Fred Doehring is the UDOT risk expert who can train your project teams how to identify and mitigate potentially costly risks. There are also a variety of tools available to project teams depending on the size and complexity of the project:

- Qualitative Risk Worksheet – *Ideal for the average project with a project value under \$20 million. Estimate Support will begin noting risks in this tool and providing them to project teams as part of routine estimate reviews.*
- Cost Risk Analysis workshop – *For larger and more complex projects with significant risks.*
- Cost Estimate Validation Process – *Generally for major projects with a project value over \$100 million.*

Fred is available to help with any training needs and to provide project specific risk workshops.

In addition to the support Fred provides, the UDOT Estimate Support team has over 85 years of combined construction/risk mitigation experience to assist with costs and risk mitigation strategies.



Prices through August

- ❖ Average low bid of engineer's estimate:
 - ❖ FY 2013: 93%
- ❖ Estimates below 110% of low bid in FY 2013 (goal of 95%):
 - ❖ FY2013: 89%
- ❖ Estimates within 10% of low bid for FY 2013 (goal of 50%):
 - ❖ FY2013: 39%

More Information and graphs of current economic conditions at:
<http://www.udot.utah.gov/main/uconowner.qf?n=9804510256831458>