



Illinois Department of Transportation

2300 South Dirksen Parkway / Springfield, Illinois / 62764

February 26, 2010

CIRCULAR LETTER 2010-02

SCHEDULE OF AVERAGE ANNUAL EQUIPMENT OWNERSHIP EXPENSE INDEX

COUNTY ENGINEERS/SUPERINTENDENTS OF HIGHWAYS
MUNICIPAL ENGINEERS/DIRECTORS OF PUBLIC WORKS/MAYORS
CONSULTING ENGINEERS

The Schedule of Average Annual Equipment Ownership Expense (SOAAEOE) booklet was last published by the Illinois Department of Transportation's (IDOT) Bureau of Construction on January 1, 2004. The department currently uses the Equipment Watch's Rental Rate Blue Book (www.equipmentwatch.com) for all force account work according to [Construction Memorandum 07-09](#).

Local highway agencies may use rates from the SOAAEOE or the Rental Rate Blue Book for force account work on their projects or for equipment rental on motor fuel tax funded day labor work, on federal disaster reimbursements, or on intergovernmental agreements. The Bureau of Local Roads is applying an index to the SOAAEOE in order to account for the significant increase in equipment costs since the issued date. The index is based on the American Road and Transportation Builders Association's (ARTBA) Highway Construction Producer Prices Construction Machinery and Equipment Manufacturing category published in February 2010. Local agencies should calculate the rental rate according to the schedule in the SOAAEOE and then multiply by the index factor.

For 2010, an index factor of 1.235 should be used.

If you have any questions regarding this Circular Letter, please contact the Local Policy and Technology Unit at (217) 785-5048 or DOT.LocalPolicy@illinois.gov.

Sincerely,

A handwritten signature in cursive script that reads "Darrell Lewis".

Darrell W. Lewis, P. E.
Acting Engineer of Local Roads and Streets

Attachment

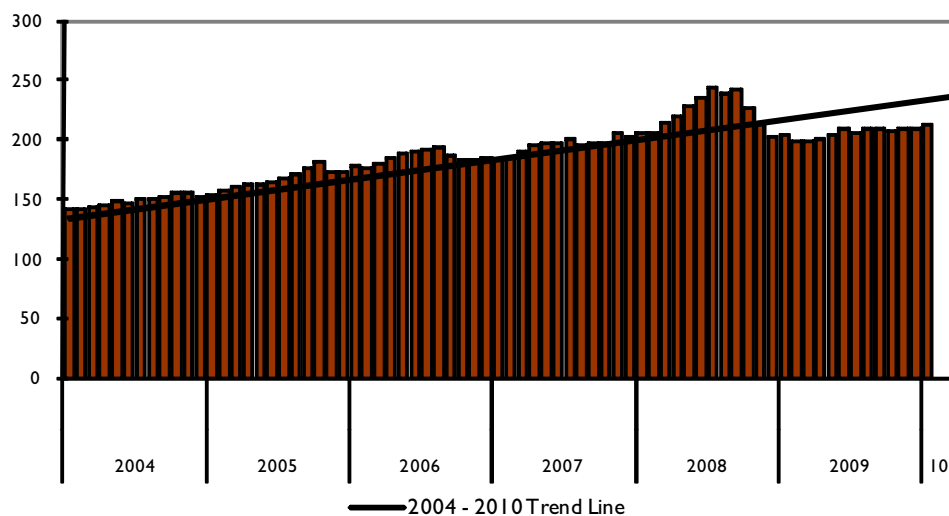


Increase in January Highway & Street Material Prices

The cost of highway and street construction materials was up 4.7 percent in January 2010 compared to the same month last year. During the same time period, inflation, as measured by the consumer price index, was 2.6 percent. Over the last five years, between 2005 and 2010, the price of highway and street construction materials has risen 37.7 percent. The italicized materials are components of Highway & Street Construction.

Highway & Bridge Construction Input Prices - Price Change From Same Month in Preceding Year						
	Jan 09 to Jan 10	Dec 08 to Dec 09	Nov 08 to Nov 09	Jan 08 to Jan 09	Jan 07 to Jan 08	Jan 06 to Jan 07
Highway & Street Construction	4.7%	3.9%	-1.4%	-0.9%	11.8%	3.2%
<i>Asphalt Paving & Block Mfg</i>	-3.1%	-7.0%	-13.0%	25.5%	3.7%	23.0%
<i>Cement</i>	-4.5%	-2.7%	-2.6%	1.0%	1.2%	7.4%
<i>Concrete Block & Brick</i>	-0.1%	0.2%	0.4%	4.0%	2.4%	5.4%
<i>Construction Sand, Gravel & Crushed Stone</i>	1.5%	2.3%	2.1%	6.2%	6.8%	9.5%
<i>Iron & Steel Scrap</i>	58.6%	51.7%	56.8%	-38.1%	40.9%	18.3%
<i>Ready Mix Concrete</i>	-4.0%	-1.2%	-1.2%	5.8%	1.8%	6.6%
Inflation/Consumer Price Index	2.6%	2.7%	1.8%	0.0%	4.3%	2.1%
Construction Machinery & Equip Mfg	0.5%	2.0%	1.5%	5.3%	2.1%	3.7%
General Construction Inputs	1.6%	0.4%	-2.3%	2.2%	5.5%	3.0%

Monthly Producer Price Index for Highways & Streets



Source: Bureau of Labor Statistics

The Producer Price Index measures the average change over time in the selling prices received by domestic producers for their output. Highway and Street Construction is comprised of petroleum products, cement/concrete, aggregates, metals, and plastics.