

**Number:** 25-80

**Proposed Title: Economic Utility of ODOT Aggregate Management for Project Delivery and Maintenance**

1. Concisely describe the **transportation issue** (including problems, improvements, or untested solutions) that Oregon needs to research.

Aggregate supply across Oregon is limited, adding pressure on local economy and increasing overall project costs. ODOT cannot fulfill its mission “to provide and maintain a safe and reliable multimodal transportation system that connects people and helps Oregon’s community and economy thrive” without a sustainable aggregate supply. ODOT is one of the few transportation agencies across the country who owns and manage a network of assets consisting of aggregate sources. Previous studies concluded that the number of bidders increased and the cost of aggregate lowered when ODOT offered their own aggregate source on a project. They also noted that industry consolidation was a concern for low prices. These studies were conducted between 1998 and 2005, were limited to a specific geographic area (Bend/Sisters/Redmond) or were solely analyzing paving contracts. In times of economic constraints and funding challenges, ODOT will benefit from a more comprehensive and up-to-date economic analysis of the aggregate industry in Oregon that measures the economic impact of that ODOT-owned aggregate sources have on project costs, the local economy, and on ODOT’s commitment to address climate change by reduction of greenhouse gases (GHG).

2. Document how this **transportation issue** is important to Oregon and will meet the [Oregon Research Advisory Committee Priorities](#)

**Cost reduction:** Previous studies conducted by ODOT concluded that a small number of contractors accounted for a majority of winning bids and contracts, and that industry consolidation was a concern for competition and low prices. However, the competition on construction contracts increased when an ODOT aggregate source was offered, saving an average of \$4.40/ton of aggregate (\$8.40 adjusted for inflation). What was the impact of ODOT aggregate sources on project costs for the last 20 years? What are the potential costs saving for the future?

**Equity:** Does ODOT support Disadvantaged Business Enterprise and Emerging Small Business by offering an ODOT-owned aggregate source on a project? Are ODOT-owned aggregate sources supporting disadvantaged and underserved communities?

**Climate:** What is the impact on CO2 emissions when an ODOT-owned aggregate sources is offered on a project. What is the impact on hauling distance? What are the other environmental impacts?

3. What **final product or information** needs to be produced to enable this research to be implemented?

This project proposes an analysis of the aggregate industry in Oregon and its impact on ODOT construction contracts over the last 20 years, based on previous studies and audits conducted by the agency. It aims to measure the impact ODOT-owned aggregate sources have when offered on a project. The data to evaluate includes operators and geographic distribution of high-quality rocks across Oregon, engineer’s estimates, submitted bids and construction contracts.

4. (Optional) Are there any individuals in Oregon who will be instrumental to the success of implementing any solution that is identified by this research? If so, please list them below.

Name	Title	Email	Phone
Romain Bauer			
Michelle Wright			
Susan Ortiz			
Climate Office			

5. Other comments:

In 1998, ODOT conducted an economic analysis of the aggregate industry for the Bend/Sisters/Redmond Area concluding that most of the high-quality aggregate sources were owned by a few private entities, which reduced competition on construction contract and increased overall construction costs. It also concluded that ODOT saved an average of \$4.40/ton of aggregate (\$8.40 adjusted for inflation) when we were able to offer a material source on a project. In 2002, ODOT audited paving contracts and identified areas where unusual or irregular bidding patterns were detected. They observed that a small number of contractors accounted for a majority of winning bids and contracts, and that more competition correlated with lower prices, and that industry consolidation was a concern for competition and low prices. In 2005, a follow-up audit report was conducted and concluded that the contracts with 2 or more bidders were below ODOT's estimate, while 7% of the paving contracts had only 1 bidder.

6. Corresponding Submitter's Contact Information:

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