

2024 ASPHALT INDUSTRY OUTLOOK

“MARKET CONDITIONS, TRENDS, AND NEW DEVELOPMENTS”

PROVIDED FOR CAPA MEMBERS & AGENCY PARTNERS

Thursday, January 11, 2024

Presented by
Tom Peterson, P.E.
Executive Director

Mike Skinner, P.E.
Director of Engineering

Tom Clayton, SET
Director of Technical Services



2024 ASPHALT INDUSTRY OUTLOOK & MARKET ANALYSIS



**WEBINAR
OUTLINE**



**CAPA
OVERVIEW**



**2023 - A LOOK
BACK**



**2024 - MARKET
CONITIONS**



**INDUSTRY
TRENDS**

Webinar Participants:

- producer/contractors
- suppliers
- consultants
- product/service providers
- agency personnel



**NEW
DEVELOPMENTS**



**RESOURCES
AND
PROFESSIONAL
DEVELOPMENT**



Membership

24 Producer/Suppliers
171 Associate & Affiliates
78 Local Agencies

272 TOTAL MEMBER
ORGANIZATIONS

Industry Partners



ASPHALT PAVEMENT MATERIALS (APM):

66 PRODUCTION FACILITIES 9 MILLION TONS

- A majority of producers operate sand, gravel, and quarry operations
- A majority of producers also are general contractors
- *Some producers are privately held, locally owned and operated and some are large, vertically integrated, publicly traded, and nationally/internationally owned.*







Ryan Yoch
Martin Marietta
CAPA President, 2024 - 2025

CAPA Executive Committee
2024 – 2025
December 8, 2023

President:	Ryan Yoch, Martin Marietta
Vice President:	Stu Ponting, CASI
Secretary:	Ken Coulson, Coulson Excavating
Treasurer:	Ed Wells, Connell Resources
1st Past President:	Mike McDonald, Kiewit Infrastructure
Officer:	Jeff Keller, APC Construction, a CRH Company
Officer:	John Paul Ary, A & S Construction

New Board of Directors:



Nate Amsinger
ESI



Chad Saunders
Elam Construction



Mikey Sasina
Metro Pavers



RMAC&ES, 1972 - 2022



LabCAT Certified Technician



LabCAT, 1996- 2021



"Best in Colorado" Asphalt Awards Program, 1994 - 2024

CAPA MISSION:
TO ADVANCE
THE USE AND
QUALITY OF
**ASPHALT
PAVEMENTS IN
COLORADO.**



All Types of Asphalt Pavements



Complete Service

- Best Practices
- Innovations
- New Technology
- Training & Education
- Marketing & Promotion
- Spec. Development
- Technical Assistance



Cradle to Grave

- Design
- Construction
- Maintenance
- *Asset Management*



Increased Funding for Streets and Roads



CAPA provided guidance and \$\$ support to a citizen led advocacy committee.



APPROVED!!
62% to 38%

- 1% Sales Tax
- "... repair, restore, and maintain streets"
- Increase program from \$500,000/yr. to \$2.0M





COLORADO RIDES ON US

Asphalt.

2023 – The Asphalt Market A Look Back

2023 Colorado Asphalt Pavement Materials Usage **PROJECTION**

<u>Construction Type</u>	<u>% Market</u>	<u>Volume of Work Change</u>
City/County:	39%	<i>estimated 10% increase in volume</i>
State DOT:	21%	<i>estimated 14% decrease in volume</i>
Commercial:	1/3 of 30%	<i>estimated 4% decrease in volume</i>
Residential:	2/3 of 30%	<i>estimated 8% decrease in volume</i>
Other:	10%	<i>estimated no change in volume</i>

(12 M tons – 2008; 7.0 M tons in 2015; 7.5 M tons in 2016; 8.8 M tons in 2018; 8.7 M tons in 2019; 9.9 M tons in 2020; 8.9 M tons in 2021; 9.25 M tons in 2022)

2023 Asphalt Quantity Projection - 9.0 Million tons

This represents an estimated **3% decrease** in overall market for asphalt materials as compared to 2022.

Colorado Asphalt Pavement - Key Market Issues 2023

#1 Wet, rainy start to the construction season.

#2 Several Large (Mega) CDOT Capital Projects Have Been Completed, CDOT tonnage down.

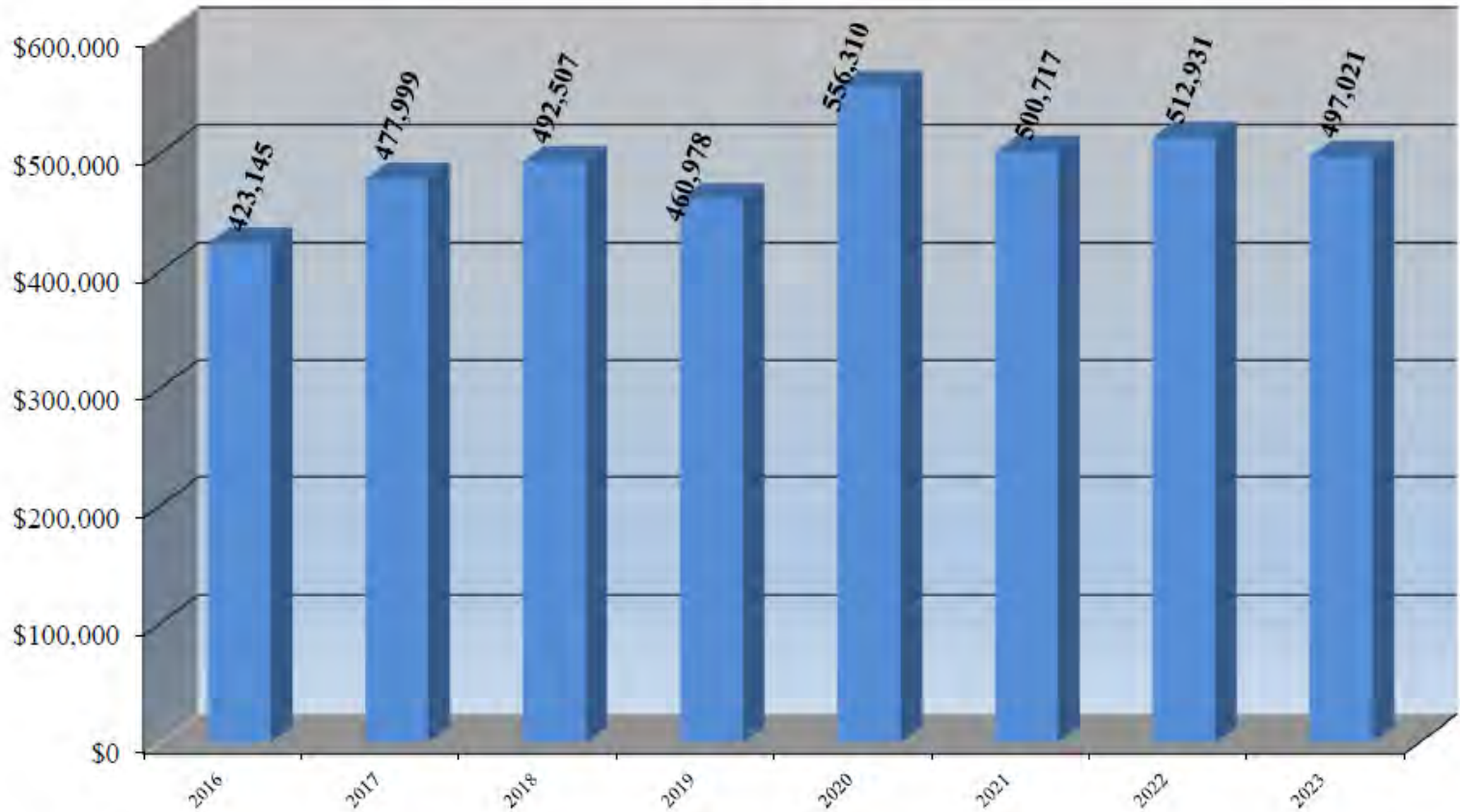
#3 Commercial/Residential Market Remained Steady

#4 Nice weather extended the paving season into the late fall

#5 Minimal disruption to the supply of asphalt binder



AIAP COLLECTIONS



YEARS' RATES: 2009 to 2012 \$0.95, 2006, 07 & 08 are at \$.89, 04 & 05 were at \$.95, 03 was at \$1.10, prior years were at \$1.23, \$1.25 for 2014 thru Present

■ "Actual"

The actual 2023 market of asphalt pavement in Colorado decreased by 3% as compared to 2022.



Colorado Asphalt Market - 2023

$\$497,021 / \$1.25 \text{ per liquid ton} =$
 $397,617 \text{ tons of AC}$

$397,617 \text{ tons of virgin AC} / 0.048 \text{ AC in}$
 $\text{ton of HMA} =$
 $8.3 \text{ M tons of HMA}$

$8,300,000 \text{ tons} + 700,000 \text{ tons} =$
 $=$

9.0 M tons of HMA

- Assume 15% RAP in all mixes, 4.8% virgin AC content per ton of HMA
- Assume non-member/non-reporting market total 700,000 tons

2023 Colorado Asphalt Materials Usage

ACTUAL

<u>Construction Type</u>	<u>% Market</u>	<u>Volume of Estimated Tonnage</u>
City/County:	40%	6% <i>increase</i>
State DOT:	17%	4% <i>decrease (1.9 M decrease to 1.4 M)</i>
Commercial	1/3 of 33%	2% <i>decrease (combined with residential)</i>
Residential:	2/3 of 33%	2% <i>decrease (combined w/ commercial)</i>
Other:	<u>10%</u>	0% <i>change</i>
	100%	

(12 M tons – 2008; 7.0 M tons in 2015; 7.5 M tons in 2016; 8.0 M tons in 2017; 8.8 M tons in 2018; 8.7 M tons in 2019; 9.9 M tons in 2020; 8.9 M tons in 2021, 9.25 M tons in 2022, 9.0 tons in 2023)

2023 Asphalt Quantity Actual – 9.0 Million tons

(3.0% decrease over 2022)



COLORADO RIDES ON US

Asphalt.

2024 Outlook: Market Conditions

2024 MARKET – THE WORD ON THE STREET!

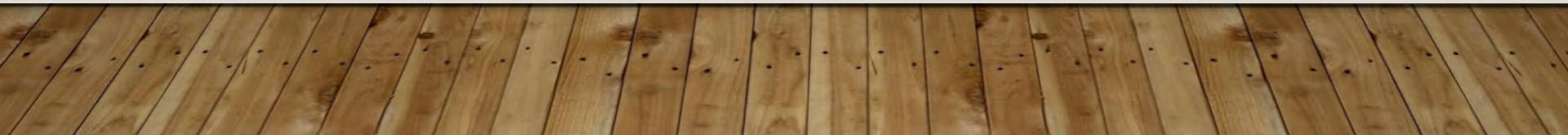
HEAVY EQUIPMENT SUPPLIER: “ON THE DEVELOPMENT SIDE, THERE IS WORK OUT THERE, BUT QUESTIONS OF WHETHER OR NOT IT WILL BE DELAYED OR ACTUALLY COMING OUT. THERE IS A GROWING MARKET FOR DEMOLITION OF OLD COMMERCIAL AREAS. NEW HOUSING CONSTRUCTION IS MOSTLY MULTI-FAMILY WITH A PARKING LOT AND NOT SINGLE FAMILY WITH STREETS.”

EMULSION SUPPLIER: ON THE AGENCY SIDE, IT IS A LITTLE TOO EARLY TO TELL. BUT WE ARE HOPING THE MARKET IS THE SAME OR BETTER AS LAST YEAR.

TRAFFIC CONTROL PROVIDER: A LOT OF PRIVATE WORK OUT THERE BUT WAITING FOR INTEREST RATES TO COME DOWN TO MOVE FORWARD. AGENCY WORK IS EQUAL OR UP FROM 2023.

SMALL EQUIPMENT SUPPLIER: MUNICIPAL MARKET IS STAYING STRONG, UTILITY TRENCHING EQUIPMENT PURCHASES IS STRONG. THERE IS A GROWING ELECTRIC VEHICLE MARKET

PAVING CONTRACTOR: MILITARY BASE INFRASTRUCTURE IS OUR CORE BUSINESS. OUR BACKLOG IS BIGGER THAN LAST YEAR. FOR EXAMPLE, FUNDING AT SHRIVER AFB IS UP \$150M THE NEXT 3 YEARS, BUCKLEY AFB FUNDING IS UP FOR ROADS.



COLORADO

**BUSINESS ECONOMIC
OUTLOOK**

2024



Leeds School of Business
UNIVERSITY OF COLORADO BOULDER

Nationally, the continued impacts of high interest rates could slow growth to estimated 1.1%.

The Colorado economy will stay competitive but slower growth in 2024.

Key economic issues – continued inflation, elevated interest rates, worker shortage, and slowing consumption.

CONSTRUCTION COST INDEX

(JANUARY 2009 = 100)



2012

National	104
Denver	101

■ National ■ Denver

2023 YTD

Denver	184
National	182

**National Increase
+75%**
**Denver Increase
+80%**

Tailwinds

Employment Growth
Consumption
Energy
Income Growth
Infrastructure Spending

Headwinds

Inflation
Real wage growth
Commercial Real Estate
Interest Rates
Worker Shortages
Fed Policy
Demographics
Debt Ceiling
Fiscal Cliff
Climate Change
War

Unknowns

AI
Labor Participation
Supply Chain Disruptions
Human Behavior
China
Remote Work
Consumption


“Managing inflation will continue to be a priority for the Federal Reserve, and the health of the economy will be linked with the Federal Funds interest rate.” Insurance LOTS of rate hikes in Colorado=VERY expensive and impacting the cost of doing business here.

COLORADO

BUSINESS ECONOMIC

OUTLOOK

2024

 Leeds School of Business
UNIVERSITY OF COLORADO BOULDER

RESIDENTIAL BUILDING PERMITS BY TYPE 2014-2024

Year	Single Family	Multifamily	Total Housing Units
2014	17,104	11,594	28,698
2015	20,025	11,846	31,871
2016	21,577	17,397	38,974
2017	24,338	16,335	40,673
2018	26,134	16,493	42,627
2019	24,756	13,877	38,633
2020	26,636	13,833	40,469
2021	30,246	26,278	56,524
2022 ^a	23,728	25,111	48,839
2023 ^b	18,500	20,200	38,700
2024 ^c	19,400	18,500	37,900

^aRevised. ^bEstimated. ^cForecast.

Sources: U.S. Census Bureau and the Colorado Business Economic Outlook Committee.

Residential Construction:

- Colorado's housing industry has slowed as demand for new construction is constrained by high interest rates.
- Single family permits were down 22% in 2023 versus 2022 and multi-family construction was down 20% from 2022.
- Historically, multi-family construction has accounted for 30% of residential construction, in 2024 it is expected to be around 50% of residential construction.



2024 Single-Family Permits –
8% increase

2024 Multi-Family Permits -
8% decrease

The amount of pavement (ie. asphalt tonnage) for multi-family construction is a small fraction (10%) of the amount used for single-family housing construction.



Housing construction –
(Residential) – up 6%.



Nonresidential construction (ie. **commercial** - remodeled offices, medical, schools, churches, retail, etc.) starts in 2023 are forecast to end the year at \$5.5 billion, an 18% decrease from the \$6.7% in 2022. Nonresidential construction starts are expected to remain at \$5.5 billion in 2024.

Commercial – 2024 **No Change**

VALUE OF CONSTRUCTION BY TYPE, 2014–2024
(In Millions of Dollars)

Year	Residential	Nonresidential	Total Building	Nonbuilding	Total Construction
2014	\$7,565.9	\$4,350.9	\$11,916.8	\$2,438.5	\$14,355.3
2015	8,659.0	4,990.8	13,649.8	3,036.3	16,686.0
2016	10,161.0	5,987.8	16,148.8	2,705.6	18,854.4
2017	10,361.8	6,154.9	16,516.7	2,975.8	19,492.5
2018	11,772.6	8,132.0	19,904.6	4,520.9	24,425.5
2019	10,851.0	5,161.5	16,012.5	3,158.9	19,171.4
2020	12,184.0	5,599.9	17,783.8	2,943.5	20,727.3
2021	15,001.4	5,681.5	20,682.9	3,518.8	24,201.7
2022 ^a	12,945.4	6,715.4	19,660.8	4,746.9	24,407.8
2023 ^b	10,373.7	5,500.0	15,873.7	5,000.0	20,873.7
2024 ^c	10,712.6	5,500.0	16,212.6	5,000.0	21,212.6

Construction: 2024 Forecast

- Residential: Up 6%, due to an expected 8% growth in single family.
- Commercial/Non-residential: Flat (no change) from 2023.
- Non-Building (roads, highways, water, dams, bridges): Flat (no change) from 2023.

ASPHALT BINDER SUPPLY & COST DYNAMICS

- **Crude Oil Availability**
(Pipelines - Keystone cancelled, Transmountain moving forward moving supply to western Canada/US)
- **Refinery Capacity** *(reduced throughput when lower petroleum fuel demand)*
- **Refinery reconfigurations, acquisitions, closures**
- **Refinery Startups & Upsets** *(ie. production problems)*
- **Demand vs. Supply** *(ie. asphalt production economics and fuels conversion economics)*
- **Transportation costs** *(truck and rail)*
- **Energy and terminal costs** *to heat and store asphalt*



2024 - LIQUID ASPHALT MARKET (COLORADO)

- Asphalt Supply on all typical binder products are available.
- Asphalt binder pricing has decreased over the last few months.





NEW DEVELOPMENT

“ECF Inc., Columbia, IL a design, build engineering firm specializing in heated products began construction of the new Hudson Asphalt Terminal (HAT) at the BNSF Industrial Park in Hudson, CO.

The HAT terminal is being constructed for use by Cenovus Energy that will bring asphalt in by rail or truck and will deliver asphalt cement into the market by truck. The terminal is expected to begin shipping product in August of 2024”.





By Falcon Aerial Imaging



COLORADO
Department of Transportation

CDOT Asphalt Pavement Program

1. Surface Treatment Program
2. Capital + Other Funding
3. Maintenance Supply





COLORADO

Department of Transportation

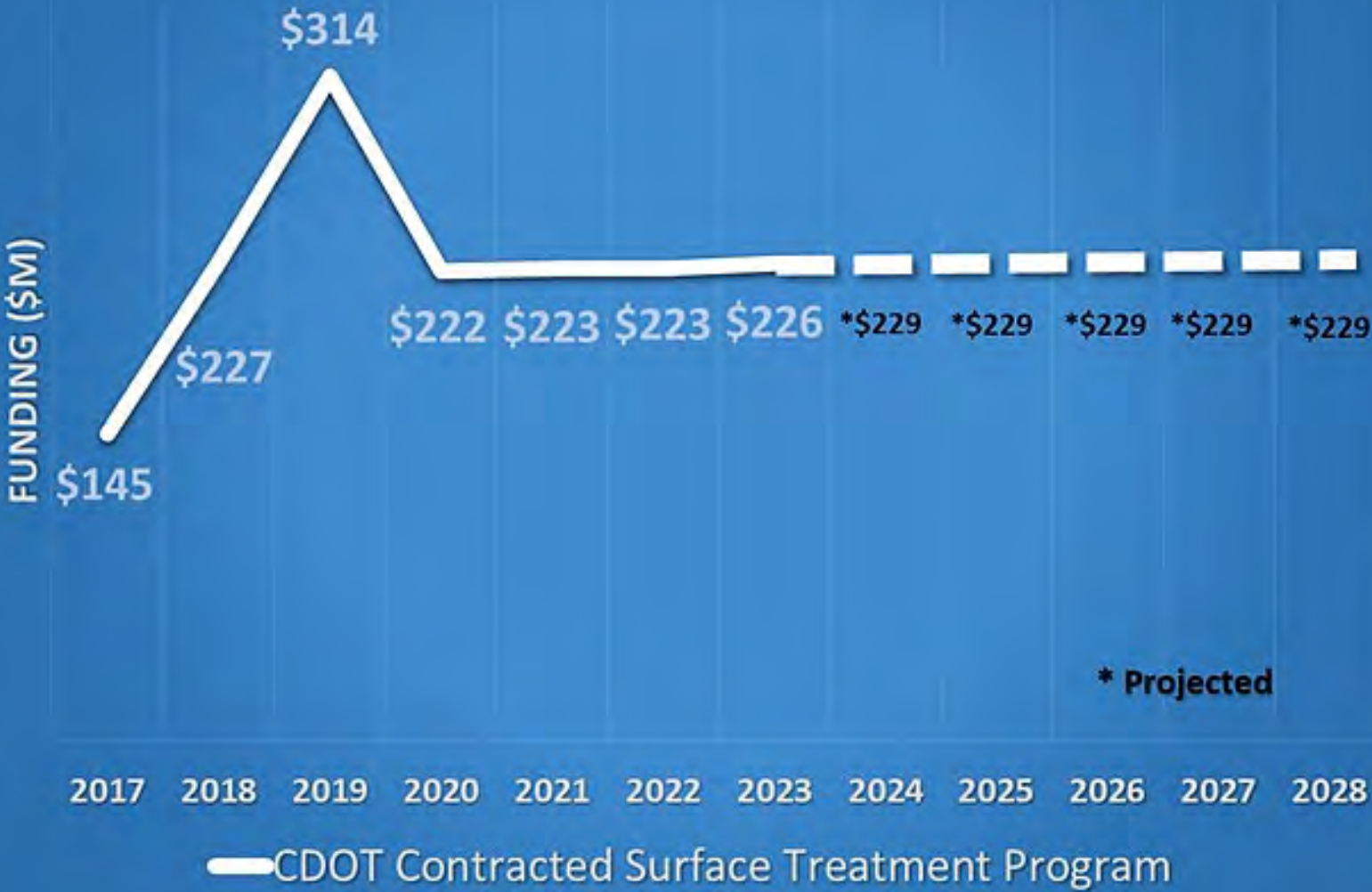
CDOT Historical Projected and Actual Data

Year	Projected Tons	Actual Tons	Percentage
2015	1,154,054	1,343,902	116%
2016	1,318,433	1,673,068	127%
2017	1,009,944	1,036,222	103%
2018	997,927	1,437,500	144%
2019	1,259,920	1,130,102	90%
2020	978,270	1,342,174	137%
2021	938,056	1,871,674	200%
2022	1,295,458	1,422,732	110%
2023 **	1,157,757		
2024 *	1,296,252		

Notes:

- ** Actual tons for 2023 are still being compiled.
- * The Projected tons are based on Region Estimates for Construction Season 2024, and may include tonnage from other FY budgets besides FY 2024.

Infrastructure Spending



2024 CDOT Capital Construction + Other Funded Projects:

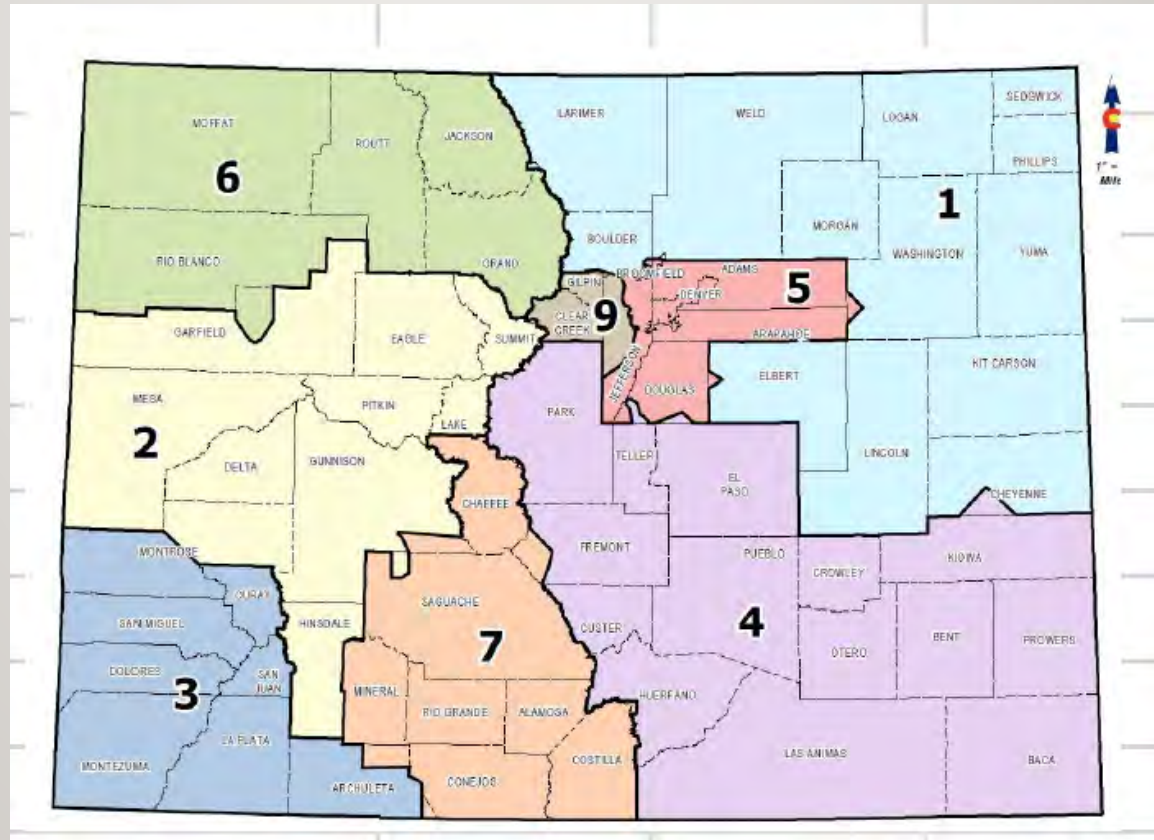
- **R1: US 85 (S. Santa Fe) Corridor Improvements**
 - Highlands Ranch Pkwy to County Line Rd. Douglas County
 - Two-year project: 40,000 tons of HMA
- **R1: Floyd Hill** - 30,000 tons
- **R2 SH 115 Carry Over** – 27,000 tons
- **R2: I-25 Fountain North CM/GC**
 - 8,000 tons
- **R3: I-70 Vail Pass CM/GC**
 - 10,000 tons
- **R4: I-25 North Express Lanes D/B**
 - 25,000 tons
- **R5: US 160/US 550 D/B** - 5,000 tons
- **R4: SH 71 Carry Over**
 - Cheyenne Wells North
 - 40,000 tons



**185,000 tons
of HMA**



CDOT Maintenance Asphalt Supply Quantities



Maintenance Approximate Quantities: { 8 Maintenance Sections }

November 1 – June 30

30,000 tons

July 1 – October 31

90,000 tons

120,000 tons

NEW DEVELOPMENT

CDOT Region 1
Maintenance Paving by Contract (ID/IQ)
Implemented in 2021, a GREAT success!
Continued and expanded in 2023.





CDOT – Asphalt Pavement Projected 2023 vs. Actual 2023

REG		2023 ST Planned Tons	2023 ST Actual Tons	Change Tons
1	Denver	99,769	64,237	(- 35,532)
2	Pueblo	313,764	324,758	(+ 10,994)
3	Grand Jun.	307,560	289,827	(- 17,733)
4	Greeley	302,188	250,254	(- 51,934)
5	Durango	134,476	98,333	(- 36,143)
TOTAL:		1,157,757	1,027,409	(-130,348)

Capital: (Design/Build, CM/GC, Other Funds):

US 85 S. Santa Fe – 50,000 tons;

115 carry over – 57,000 tons;

I-25 Fountain N. – 30,000 tons;

I-70 Vail Pass – 25,000 tons;

US 385 carryover – 60,000 tons SH

US 160 carry over – 22,000 tons

I-25 N.Express Lanes – 20,000 tons

US 550/160 Connect – 50,000 tons

CDOT Capital Projects + carry over: 314,000 tons

CDOT Supply @ the Plant Maintenance 2023: 120,000 tons

CDOT Total Asphalt Pavement Materials 2023:

1,027,409 tons + 314,000 tons + 120,000 tons = 1,461,409 tons



CDOT – Asphalt Pavement 2024 Projected vs. 2023 Actual

REG		2023 ST Actual Tons	2024 ST Projected Tons	Change Tons
1	Denver	64,237	111,774	(+ 47,537)
2	Pueblo	324,758	426,134	(+ 101,376)
3	Grand Jun.	289,827	343,791	(+ 53,964)
4	Greeley	250,254	390,523	(+ 140,269)
5	Durango	98,333	23,030	(- 75,303)
TOTAL:		1,027,409	1,296,252	(+268,843)

Capital: (Design/Build, CM/GC)

US 85 S. Santa Fe – 40,000 tons; SH 115 – 27,000 tons;
 I-25 North Express Lanes – 25,000 tons; I-25 Fountain North, 8,000 tons;
 US 550/US 160 Durango – 5,000 tons. I-70 Vail West – 10,000 tons
 I-70 Floyd Hill – 30,000 tons SH 71 Carry Over – 40,000 tons

CDOT Capital + Other Funded 2023: 185,000 tons

CDOT Supply @ the Plant Maintenance 2021 – 120,000 tons

CDOT Total Asphalt Pavement Materials 2023 Projected:

1,296,252 tons + 185,000 tons + 120,000 tons = 1,601,252 tons



COLORADO

Department of Transportation

CDOT Actual 2022: **1,809,891 tons**

CDOT Actual 2023:

35 Surface Treatment Projects* 1,027,409 tons

8 D-B, CM/GC, and Other Projects 314,000 tons

CDOT Maintenance/Small Quantity projects 120,000 tons

2022 Actual Grand Total: 1,461,409 tons

* - 1 no bids, 5 deferred, 3 bids rejected

CDOT Projected 2024:

41 Surface Treatment Projects** 1,296,252 tons

7 D/B, CM/GC, and Other Projects 185,000 tons

CDOT Maintenance/Small Quantity Projects 120,000 tons

2023 Projected Grand Total: 1,601,252 tons

** - 1 bids rejected, 1 pending - Over Budget, Pending Review.

This represents an 4% projected increase in 2024 over 2023.



COLORADO

Department of Transportation

Summary:

2023 Actual CDOT Grand Total: 1.46 M tons

2023 Total Tons in Colorado: 9.00 M tons

$1.46/9.00 = 16.2\%$

CDOT represented 16% of the 2023 asphalt pavement market in Colorado.

2024 Projected CDOT Grand Total: 1.60 M tons*

** - Assumes ALL planned asphalt projects are bid and awarded.*

We are estimating 1.6 M tons of CDOT asphalt materials in 2024 versus 1.46 M tons in 2023. This represents a 4% increase in CDOT asphalt paving in 2024 vs. 2023. 1.6 M tons represents 17% of the projected Colorado total of 9.2 M tons.

10,600
miles

NORTH FRONT
RANGE MPO

28,500
miles

FRONT RANGE MPO

2,500
miles

GRAND VALLEY
MPO

LOCAL AGENCY ASPHALT

IN COLORADO

58,700 lane miles

7,300
miles

PIKES PEAK
REGION MPO

2,500
miles

ARKANSAS
VALLEY MPO

CDOT = 22,600 lane miles of asphalt

Local Agencies are responsible for funding and maintaining **72%** of the asphalt roads in Colorado.

Municipal Government

Looking toward 2024, Colorado Municipal League anticipates a slowing economy, resulting in flat or declining sales tax revenue, to be the greatest economic challenge for municipalities. Continuing challenges for cities and towns include affordable housing and homelessness, unfunded street and road maintenance, and unfunded water and wastewater improvements.

Unlike counties and special districts, most Colorado municipalities rely on sales and use tax as a primary source of revenue. Flat or declining sales tax revenue, including real estate sales, impacts municipalities on many levels. Less revenue availability means less money

While many municipalities experienced significant recovery in sales and use tax in 2022 driven by pandemic recovery and price inflation in goods and taxable services, 2023 paints a different picture. As inflation slows, many municipalities are seeing slower, or even negative growth in sales tax. Taxable sales of consumer goods, in particular, appear to be retreating from the strong growth experienced by many municipalities over much of 2022.



Street Improvement Ballot Initiatives



PASSED



Issue 2E (55/45)



Issue 2A (62/38)

Congratulations! Local Agencies Continue to See Strong Support from Their Citizens for Infrastructure and Increasing Local Street Funding Programs.




Colorado Asphalt
Pavement Association

Local Agency Roadway Condition/Funding Survey

Colorado Asphalt
Pavement Association

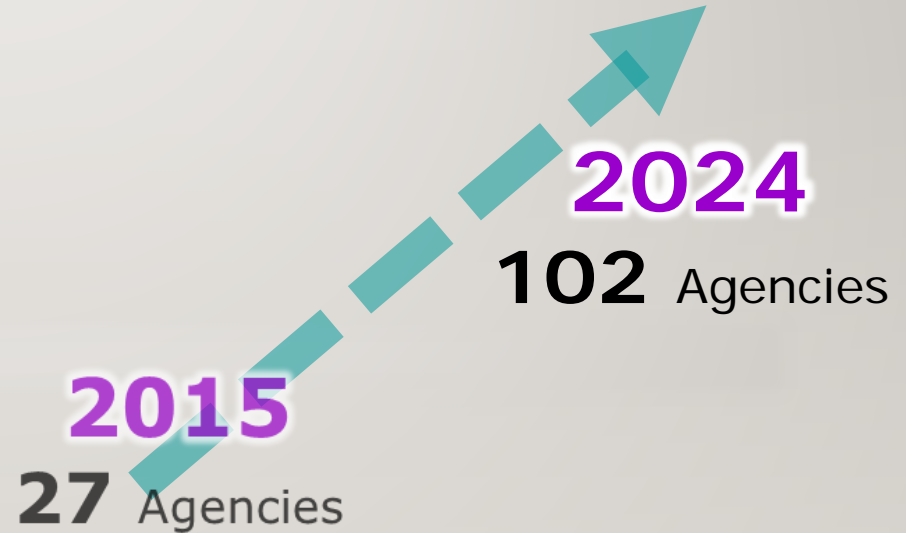
Pavement Condition

Funding and Performance of
Colorado  Local Agencies

NOW INCLUDES
100+
LOCAL AGENCIES

Colorado

2024



Representing +65,000 lane miles
(97% of local agency network)

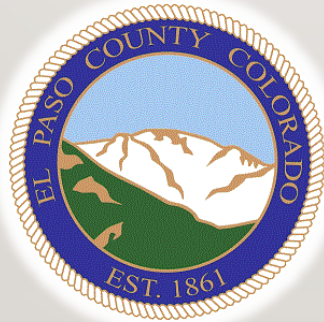
Local Agency	Paved Lane Miles	Year	Annual Asphalt Program		PCI	Public Works CIP
			Mill/Overlay + Preventive + Crack Seal	\$ / lane mile		
Adams County	1553	2023	\$10,000,000	\$6,439	69	\$15,000,000
Alamosa	118	2023	\$50,000	\$424	60	\$1,864,959
Alamosa County	430	2023	\$1,000,000	\$2,326		
Arapahoe County	1216	2024	\$7,475,400	\$6,148	64	
Arvada	1506	2024	\$10,000,000	\$6,640	44	
Aspen	72	2019	\$820,000	\$11,389		
Aurora	4522	2024	\$39,000,000	\$8,625	71	\$44,500,000
Avon	63	2023	\$4,357,000	\$69,159	83	
Basalt	43	2023	\$199,829	\$4,647	86	\$90,000
Boulder County	1049	2023	\$19,600,000	\$18,684	65	\$6,500,000
Boulder	628	2023	\$4,000,000	\$6,369	77	
Broomfield	750	2022	\$4,600,000	\$6,133	75	\$14,000,000
Breckenridge	120	2017	\$750,000	\$6,250	78	
Cañon City	194	2024	\$780,000	\$31,134	37	\$5,260,000
Castle Pines	110	2024	\$1,750,000	\$15,909	81	
Castle Rock	766	2024	\$20,800,000	\$27,154	81	\$7,300,000
Centennial	979	2017	\$7,700,000	\$7,865	79	
Cherry Hills Village	90	2024	\$65,000	\$722	83	\$250,000

PROGRAMS OF NOTE



JEFFERSON
COUNTY COLORADO

+ \$8.7M Grant



120,000 tons



DENVER
TRANSPORTATION &
INFRASTRUCTURE

- \$9.3M Street Budget (-30%)



+ 20% Street Budget



- \$11M Road Budget (-37%)

2024 Local Agency Market

\$430 M

Street/Road Maintenance

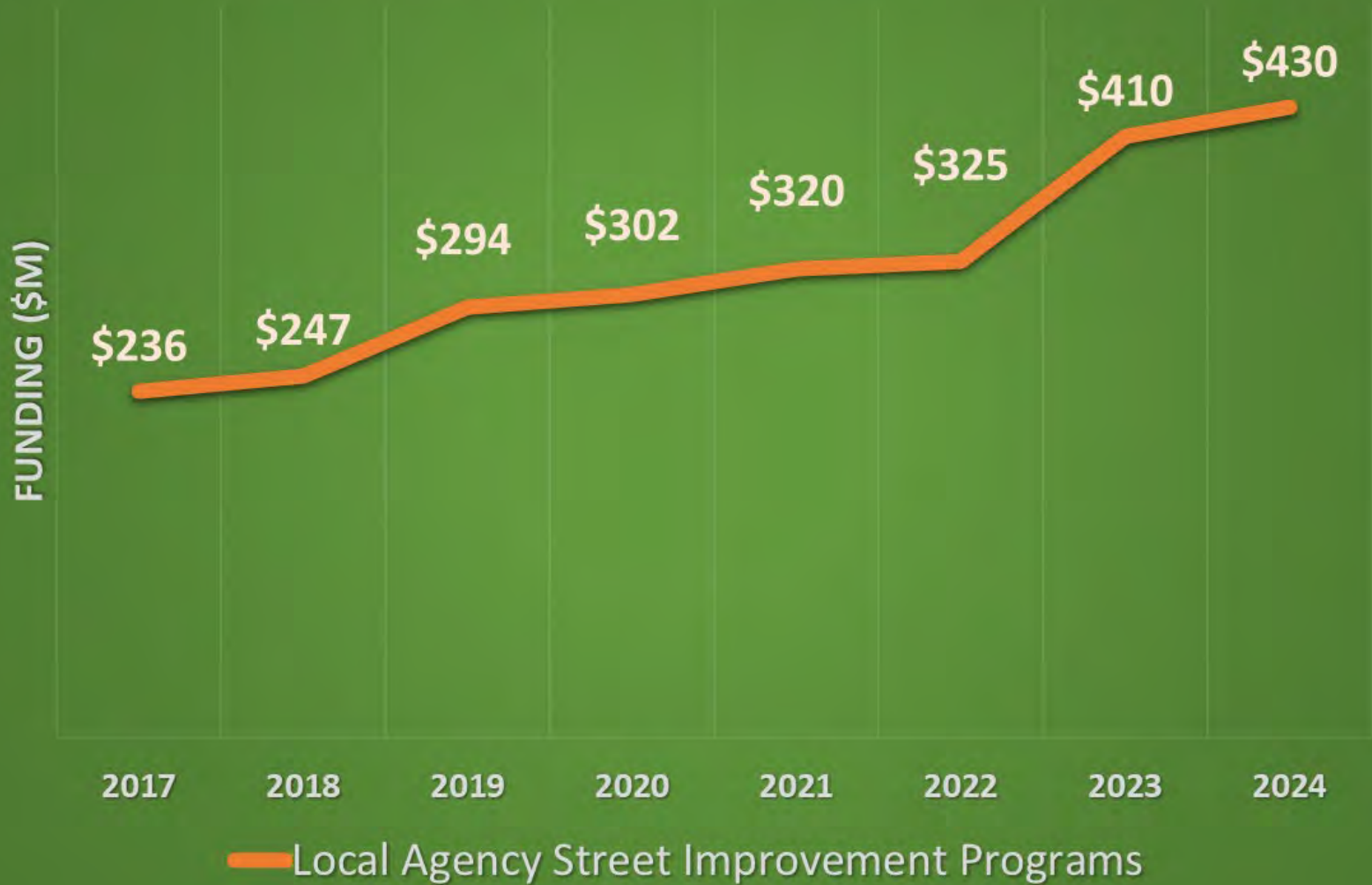
\$324 M

Public Works Capital Projects

\$754 M

Local Agency 2024 Projects

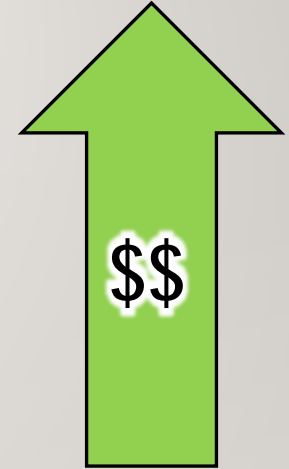
Infrastructure Spending



2024 Local Agency Trends

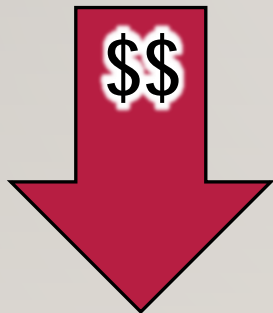
- \$3.6 M

Street/Road Maintenance



**12 Agencies
(66%)**

18
Agencies
2023 vs. 2024



**6 Agencies
(33%)**

Slowed Pace

2024 Local Agency Trends

18
Agencies
2023 vs. 2024

2023 **2024** **Δ 2024**

CIP	\$149.0	\$110.2	-26%
Mill & Overlay	\$128.8	\$127.5	-1%
Maintenance	\$43.6	\$39.4	-9.60%

Slowed Pace

2024 Local Agency Trends

Best Practices Asphalt Mixes

(gyrations, binders, % AC)



BUILDING BETTER COMMUNITIES
THROUGH SUSTAINABLE PRACTICES

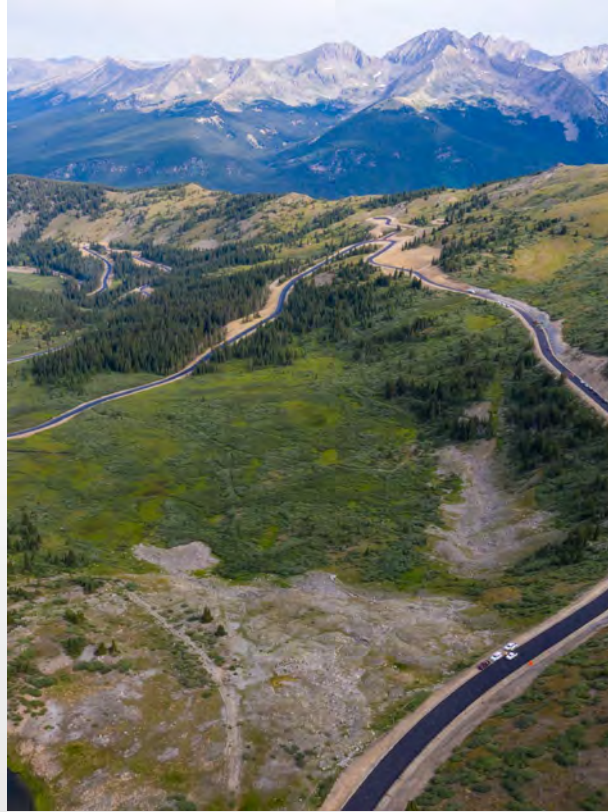
Expanding the use of
Green Asphalt in Colorado

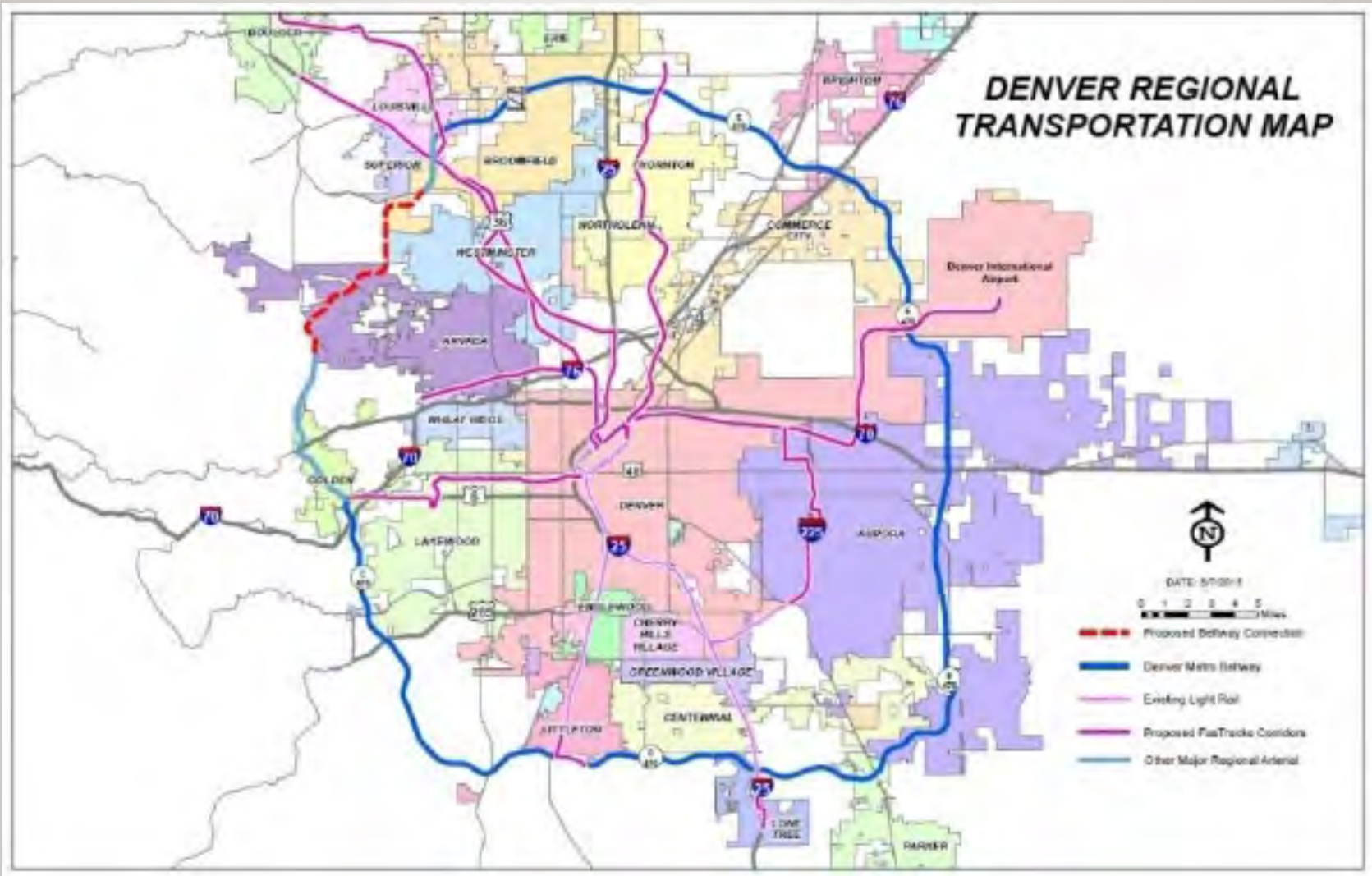
Balanced Mix Designs



OTHER

- Toll Roads
- Airport
- Highways on Federal Lands
- National Parks
- Military
- State Parks



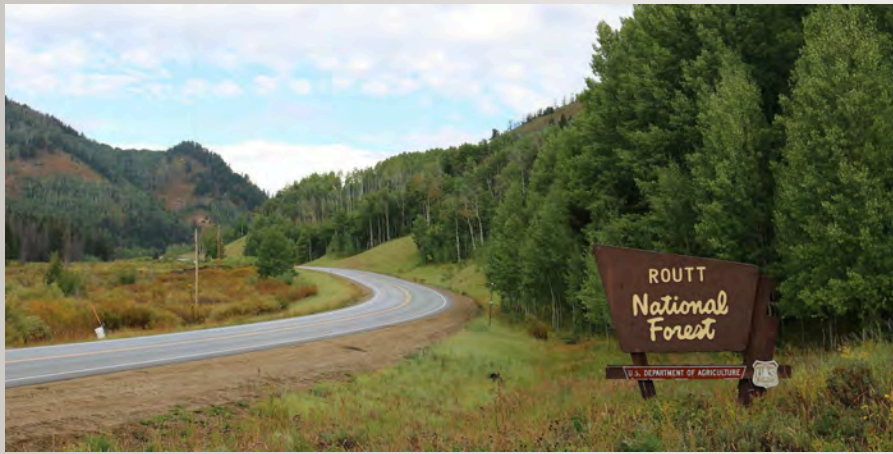


JEFFERSON
PARKWAY



E-470 Phase III Widening, I-70 to 104th Ave.
Widening to 3 lanes, 10 miles, \$150 M
180,000 tons of HMA expected in 2024
Kiewit Infrastructure, 2022 - 2024

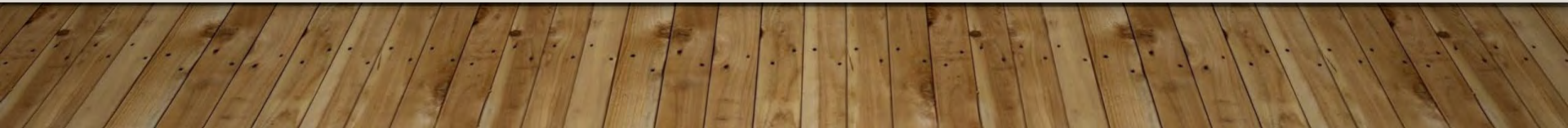


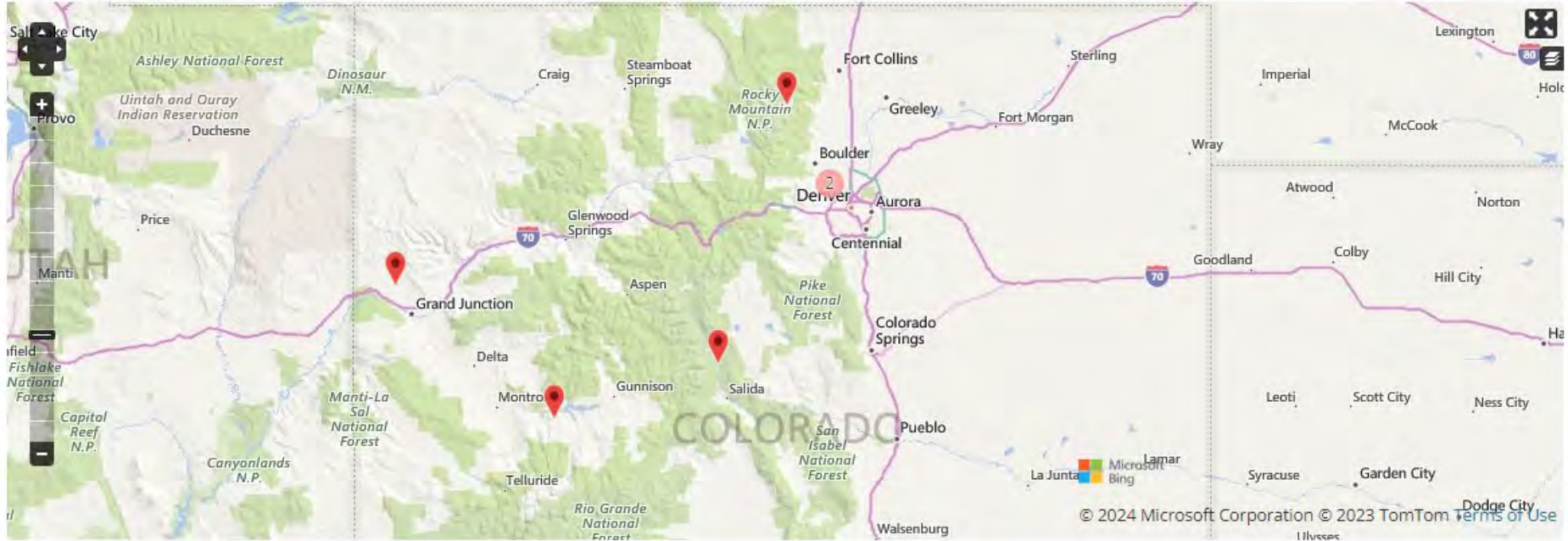


US FOREST SERVICE CONSTRUCTION OPPORTUNITIES

- Rio Grande NF – 11 projects worth \$2.4 M
- San Juan NF – 29 Projects worth \$11.1 M
- Grand Mesa-Uncompahgre-Gunnison NF 32 Projects worth \$27.3 M
- White River NF – 18 Projects worth \$19.9 M
- Medicine Bow-Routt NF & Thunder Basin NG – 20 Projects worth \$12.5 M

Information: <https://www.fs.usda.gov/managing-land/gaoa>





In Development

Project #	Project Name	Location
CO FLAP MES 18(1)	18 Road	Mesa County
CO FLAP CR300(1)	Browns Canyon National Monument Access Road	Chaffee County
CO FTFW ROFL Trails (1)	Rocky Flats National Wildlife Refuge Trails	Jefferson County
CO FLAP JEF 128(1)	Trail Crossing to Rocky Flats National Wildlife Refuge	Jefferson County

2024 Colorado Asphalt Pavement Materials Usage **PROJECTION**

<u>Construction Type</u>	<u>% Market</u>	<u>Volume of Work Change</u>
City/County:	40%	<i>estimated 10% increase in volume</i>
State DOT:	17%	<i>estimated 4% increase in volume</i>
Commercial:	1/3 of 33%	estimated no change in volume
Residential:	2/3 of 33%	<i>estimated 6% increase in volume</i>
Other:	10%	<i>estimated no change in volume</i>

(12 M tons – 2008; 7.0 M tons in 2015; 7.5 M tons in 2016; 8.8 M tons in 2018; 8.7 M tons in 2019; 9.9 M tons in 2020; 8.9 M tons in 2021; 9.25 M tons in 2022, 9.0 M tons in 2023)

2024 Asphalt Quantity Projection - 9.2 Million tons

This represents an estimated 2% increase in overall market for asphalt materials as compared to 2023.



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2024 Outlook: Trends & New Developments

DISCLAIMER: It is understood that any number of the issues and factors presented may change with or without notice and could result in significant impacts on the accuracy of this information.



PUBLIC POLICY ISSUES IMPACTING COLORADO BUSINESSES & THE CONSTRUCTION INDUSTRY

- *Energy (Oil and Gas Regulations)*
- *Health Care (Prescription Drug Costs, Public Option)*
- **Labor (Employee Benefits, Minimum Wages)**
- *Regulations (Consumer Protection Act)*
- *Environmental (Air Quality/Material Selection/Permits)*
- *Taxes (State Tax Reduction, Paid Family Leave)*
- **Transportation Funding (Fees)**
- **Green Construction Requirements**

Industry Trends (Environmental Justice)



Irvine's All American Asphalt plant closes for the last time today, ending years of debate over how to handle the facility.

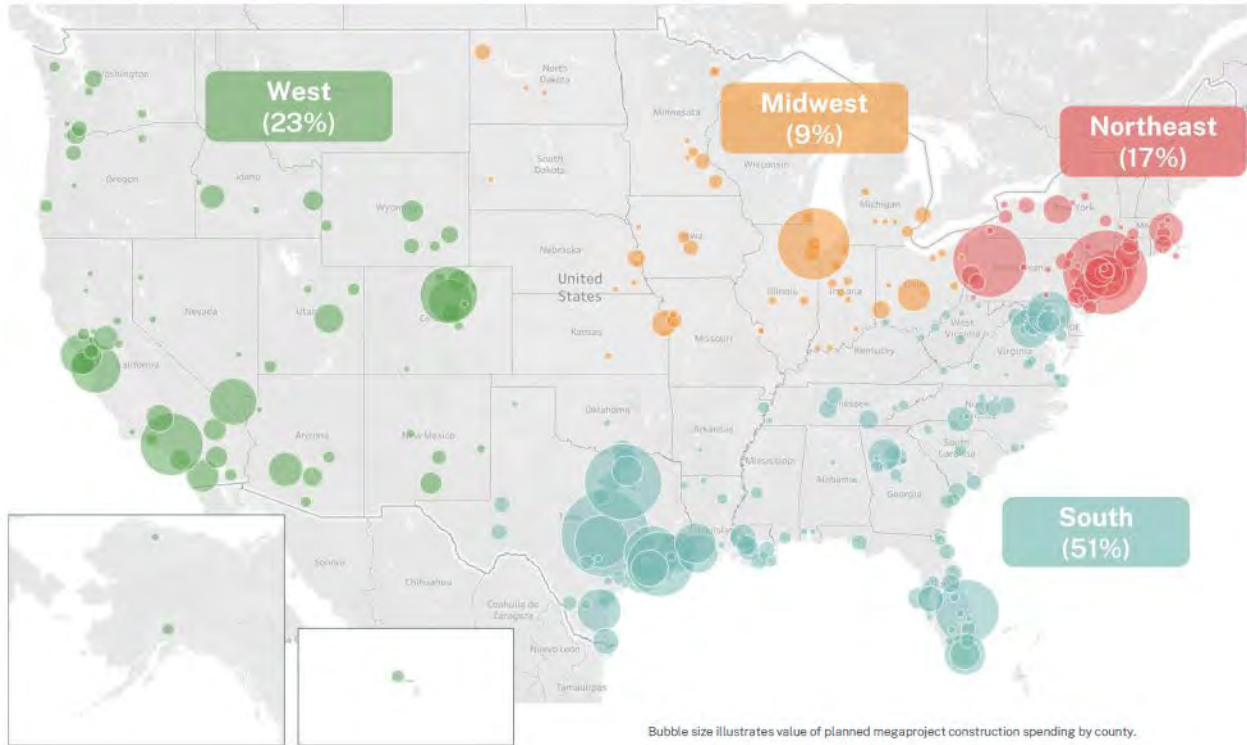
Asphalt Plants in OUR Community



 **COLORADO**
Department of Public
Health & Environment

SAFE
COALITION FOR
SAFE ASPHALT FOR EVERYONE

MEGAPROJECTS



Notable Megaprojects Underway in the U.S.

- Gordie Howe International Bridge
Detroit, MI
\$4.5 billion
- American Legion Bridge Replacement
Bethesda, MD
\$6 billion
- Related Santa Clara Development
Santa Clara, CA
\$8 billion
- Hudson Tunnel Project
New York City, NY
\$16 billion
- JFK Airport Expansion
New York City, NY
\$18 billion

Approximately 20% of construction spending in the US is on mega projects, ie. \$1 Billion or more.

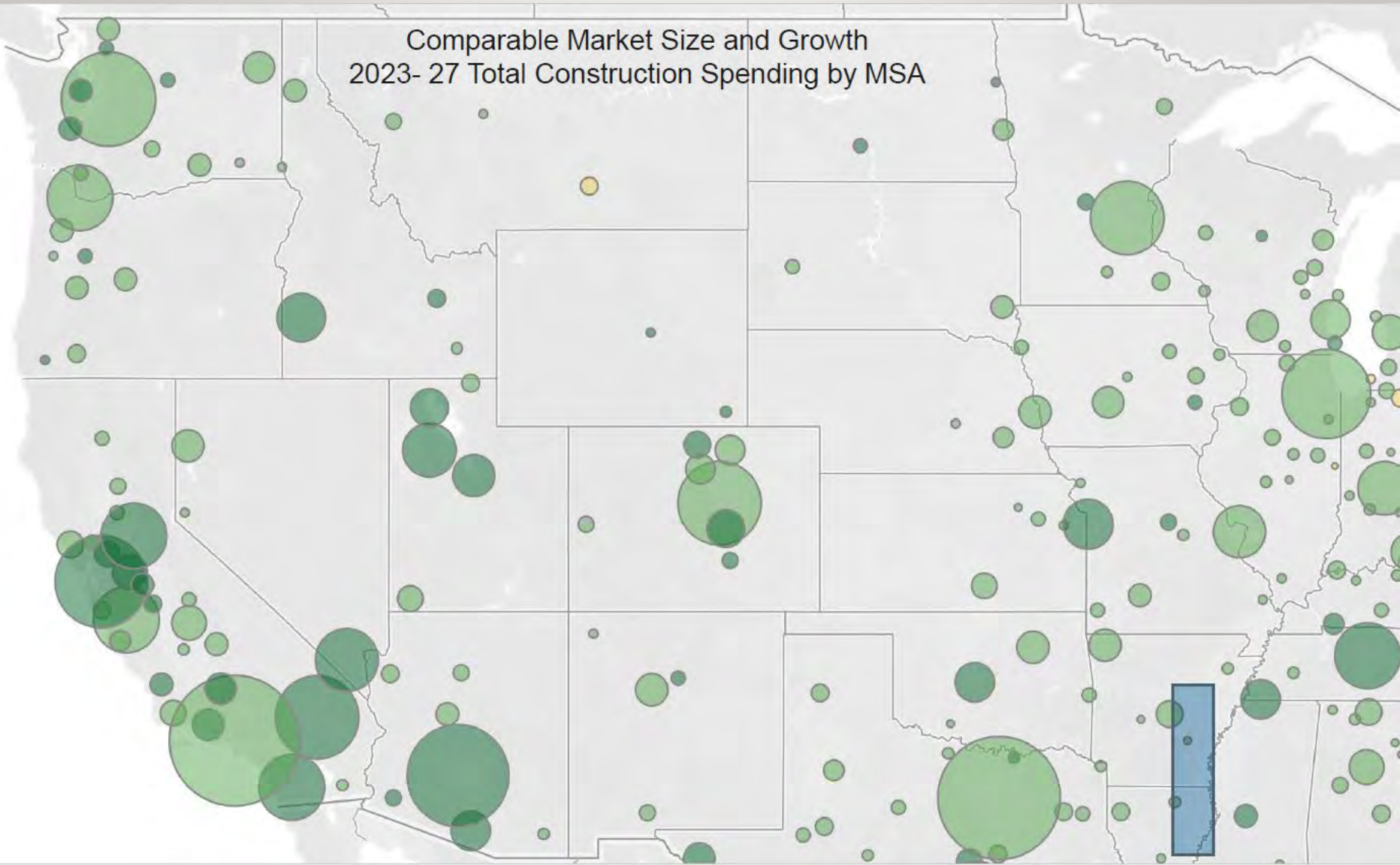
FMI Consulting, 12-2023

HALF OF ALL CONSTRUCTION CONCENTRATES IN DISTINCT REGIONS

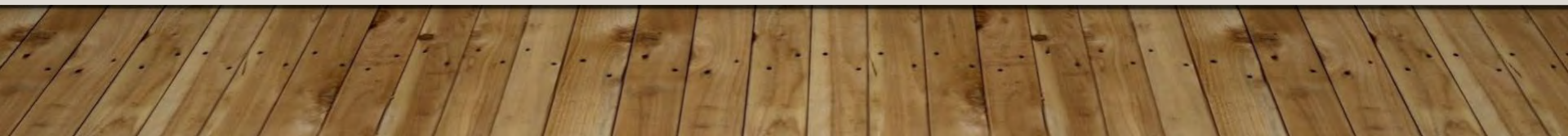


FMI Consulting, 12-2023






Comparable Market Size and Growth
2023- 27 Total Construction Spending by MSA



FMI, 12-2023



WHAT COULD BE...

Megatrend	Predictions	Impact on Contractors
 Technological advancements	<ul style="list-style-type: none">• AI could replace more than one third of architecture and engineering jobs• Design, BIM, estimating, scheduling and building product/ construction material procurement could combine into a single autonomous workflow	<ul style="list-style-type: none">• Staffing needs could diminish over time, beginning with clerical jobs• Bringing design in-house through AI could create new opportunities
 Remote and flexible work	<ul style="list-style-type: none">• The “gig” economy could extend to traditional workers that operate as temporary contractors (with few people being permanent employees of a company)• A 50% decline in office space could devastate several major U.S. cities	<ul style="list-style-type: none">• Agile business models could result in hiring teams for single jobs• Industry players may not be able to distinguish themselves based on having the “best” people
 E-commerce and digitization	<ul style="list-style-type: none">• Modular building and prefabrication could become part of the e-commerce world, starting with residential• A generation accustomed to “online” purchasing of products spills into professional services	<ul style="list-style-type: none">• Need to adopt greater modular and prefabrication capabilities• More competition with more non-traditional competitors• Connection to customers becomes increasingly impersonal unless new strategies are adopted
 Climate change and sustainability	<ul style="list-style-type: none">• Contractors could be required to achieve a minimum ESG score (or similar) to pursue certain project opportunities (e.g., similar to an EMR)• Contractors could be found liable for project impact to climate change	<ul style="list-style-type: none">• Fully electric job sites• Heightened need to monitor contract term evolutions
 Political polarization	<ul style="list-style-type: none">• Government deadlock could delay public funding for infrastructure construction• Having the “wrong” political view could blacklist people from market access	<ul style="list-style-type: none">• Public sector work could suffer• Staff could create problems with social media

A FEW PARTING THOUGHTS



Your success in life isn't based on your ability to simply change. It is based on your ability to change faster than your competition, customers and business.



Build your network. All data and information have a shelf life.

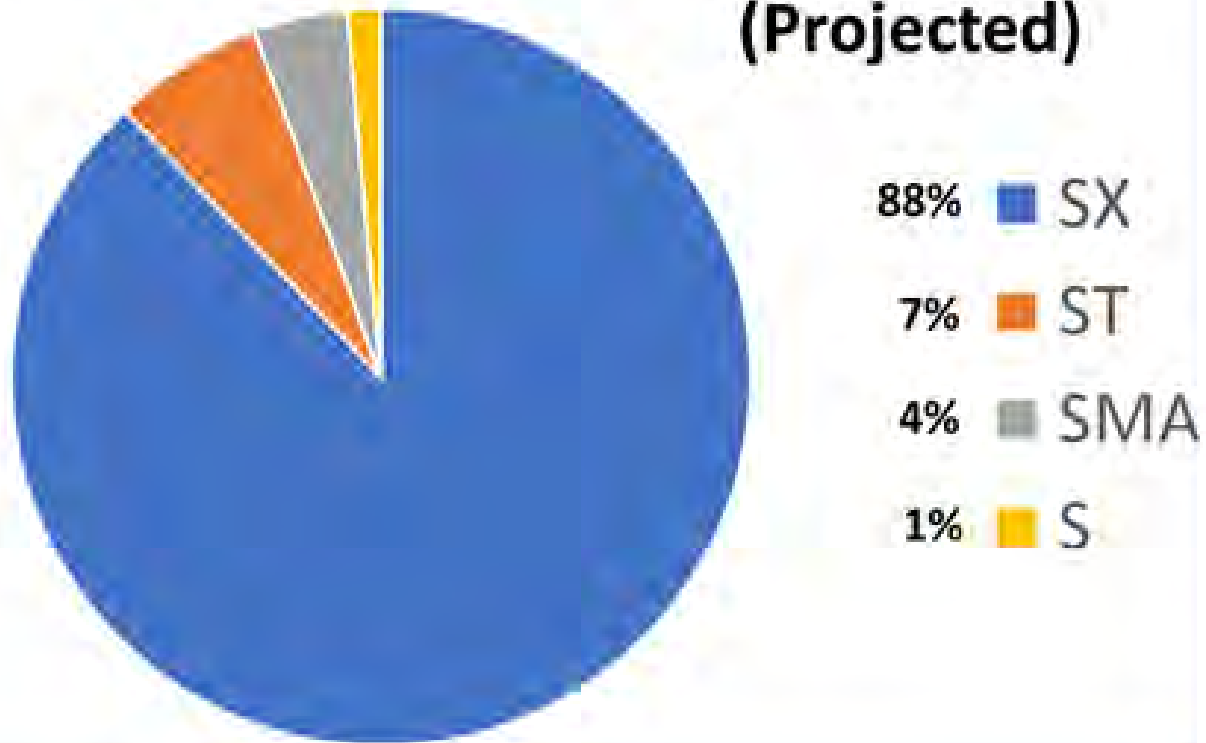


Remember what's not going change in the next five to 10 years.

Not Going To Change in 10 Years:

- More than 90% of all pavements will be asphalt.
- The need for surface treatment (maintenance, overlay, rehabilitation) will continue.
- The focus on environmental sustainability will continue.

CDOT 2024 Asphalt Mix Usage (Projected)



Recycled Products:

- rubber
- shingles
- **plastic**
- glass
- **coal**



Issues with Recycled Materials in Asphalt Pavement

- availability
- cost
- performance
- quality control
- allowed vs. mandated
- engineered specifications
- proprietary vs. generic requirements

Asphalt May Be A New Market For Struggling Wyoming Coal Industry

The state and Peabody Energy Corp. are among those investing millions of dollars into a demonstration project to show Wyoming coal can be made into asphalt for roads and parking lots.

Cowboy  StateDaily

January 8, 2024



Asphalt pavements are designed and engineered for quality and performance. Material components need to be evaluated with respect to the cost/benefit. We cannot consider our pavements as linear landfills.



Aggregates:

In 2020, Colorado produced and consumed approximately 53 million tons of aggregate (sand, gravel, crushed stone). This was approximately equal to 2019.

Forecasts for 2022 suggest similar levels of production in Colorado, as all regions of the state show continued strong construction levels.



Local zoning regulations and land-development alternatives continue to have an expanding negative impact on surface mining. These issues are expected to continue and to cause new crushed stone quarries and sand and gravel deposits to locate further away from large population centers, where the material is needed. If this were to be the case, material transportation costs to the high usage centers will increase, and the opportunity to minimize the carbon impact will be increasingly difficult.

Source: CSSGA, January 5, 2022

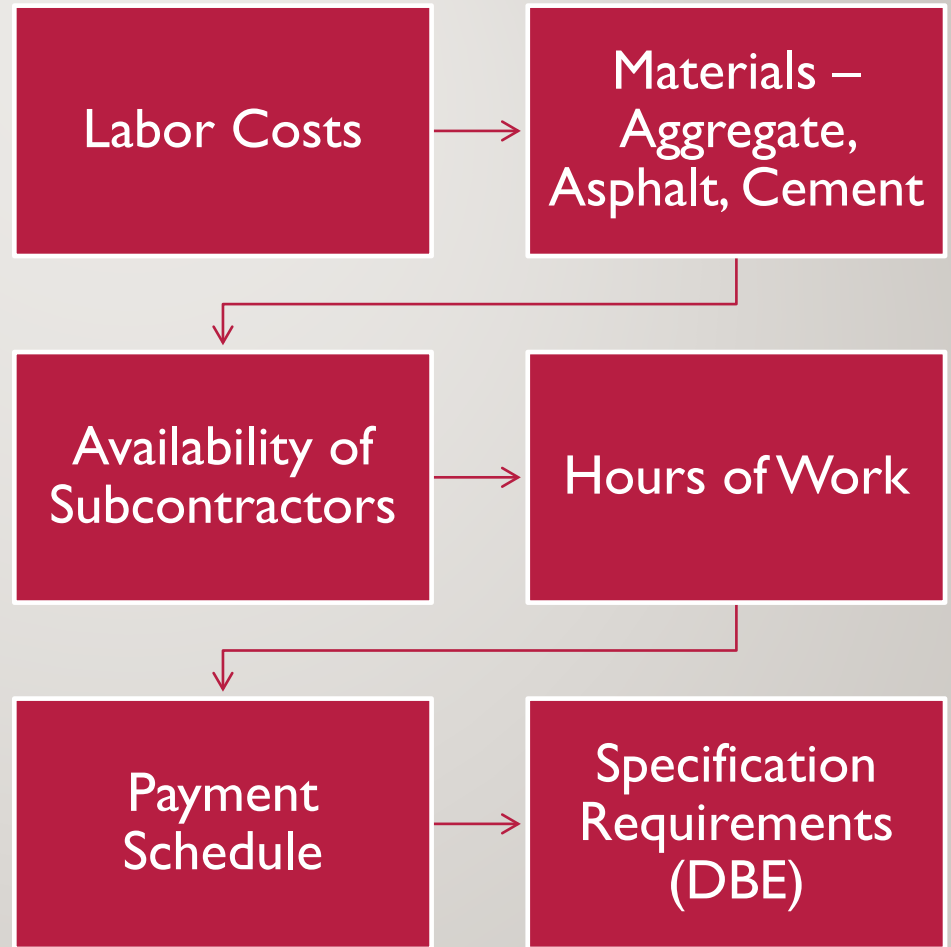
NIMBY – Not In My Back Yard

BANANA – Build Absolutely Nothing Anywhere Near Anything



***How much does asphalt cost? What is the cost of asphalt? We need to clarify cost:
Project – Mix/Material – Liquid Asphalt***

WHAT FACTORS IMPACT PROJECT COST?



IMPACTS TO COST: wages, materials, Covid compliance and worker safety, employee benefits (paid family medical leave), regulatory and enforcement fees, permitting costs of equipment and material sources.

How Can You Maximize Your Limited Street/Road Improvement Funds?

Get the Work Out Early! The single most effective way to maximize the limited road improvement funds is to advertise and bid projects as early as possible.

Utilize Recycled Asphalt Pavement (RAP): Increasing the amount of RAP used is considered one of the effective ways to reduce the cost of asphalt materials. Most agencies currently specify *20% - 25% RAP* on all lifts (including top lift).

Uniformity and Consistency in Material Requirements: Minor variations in material requirements from agency to agency can lead to increased costs without increased value. The most common asphalt material specifications in Colorado are for *SX 50 or 75 gyrations, PG 64-22 or 58-28, 20% RAP*.

Maximize Work Hours & Project Schedule: Shorter work hours and restrictive traffic handling requirements result in lower production, longer projects, and increased costs.

Accurate Engineer's Estimate: Additional costs are incurred by both the contractor and the agency when projects must be re-bid. Understand what factors should be considered as the engineer's estimate is established.



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2024 Outlook: Technical Resources, Training & Professional Development



Plans for 2024 Rocky Mountain Asphalt Conference & Equipment Show:

- LOCATION: National Western Complex
- Focus on Construction Best Practices, Materials Engineering & Testing, Leadership, Maintenance & Rehab.
- Theme: Road to Adventure – Asphalt Takes You There
- Keynote *General Session*
- 24 breakout sessions, 18 Educational 101 sessions (materials, maintenance, and equipment)
- CAPA “Best in Colorado” Asphalt Awards Program – Feb. 6

**2024 Conference
February 6 & 7, 2024**

www.rmaces.org

2024 Webinar Series:

- 14 Webinars Scheduled***
- NO COST to CAPA Members, APWA, CARSE, CDOT***
- All aspects of asphalt pavements***



www.co-asphalt.com/webinars-and-sponsors



Date: Whenever You want it

Location: At Your Office, or where you want it

Subjects: Asphalt A to Z

Construction Focus!



Short Course in Asphalt Technology

Get your dates reserved as soon as possible, before the season sneaks up on us and before the dates fill up!
Contact Tom Clayton or Mike Skinner



Asphalt Lunch & Learns

Date: When, Where, How YOU want it!

Location: At Your Office, at our training center

Subjects: Asphalt A to Z

Specifications
New Technology
Pavement design
Maintenance
Inspection
Troubleshooting Field Problems
Testing 101
Warm Mix Asphalt
Asset Management/PMS



**Specification,
Technology
Focus**

“Introduction to PC/OA Testing Education Course”

- (PC = Process Control, OA = Owners Acceptance)

Testing”

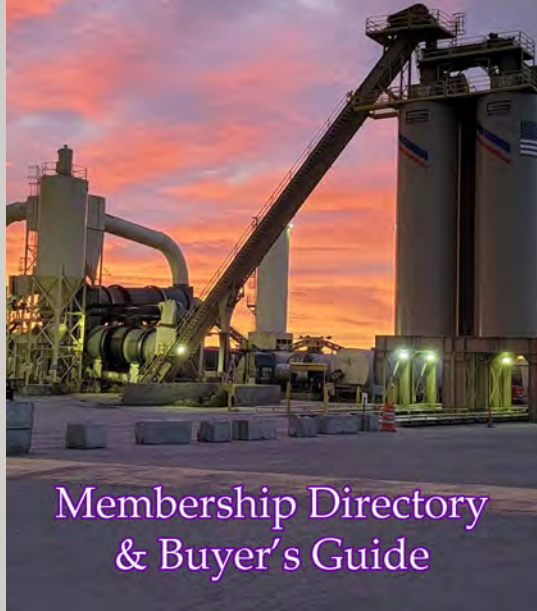
- Introductory course
- 1 to 4 days
- Inspectors, Engineers, new testing technicians
- Teach both QC and QA sampling and testing procedures

www.co-asphalt.com/education





2024



Membership Directory & Buyer's Guide



IN FRONT OF THE PAVER

January 2023

Membership Newsletter

Volume 23

Issue Number 1

In This Issue

- * A Word from the Director
- * 2023 Market Outlook Webinar
- * RMACES Registration is open
- * Member & Proctor of the Year
- * Membership Directory update
- * Association News
- * Partnering for Industry Training
- * Industry Updates
- * Industry Calendar
- * LabCAT Certification Schedule
- * Women of Asphalt Update
- * Con Expo is Back!
- * Asphalt Man



Colorado Asphalt Pavement Association

Member Login Search our site

Home Who is CAPA CAPA News Resources LabCAT RMAEC CDOT Career Center

Welcome to the CAPA website. We are glad you're here!

WELCOME TO THE CAPA WEB SITE!

We invite you to view and use the Colorado Asphalt Pavement Association website!

Although the look of our site has changed, be sure the content is still as robust as always. We are constantly striving to keep the most relevant information on our site while maintain the information needed to research almost any topic of Asphalt Construction.

Quick Links

- Safe Asphalt
- RMACES
- CAPA YouTube Channel
- Women of Asphalt - Colorado
- Asphalt-Tonnage Calculator

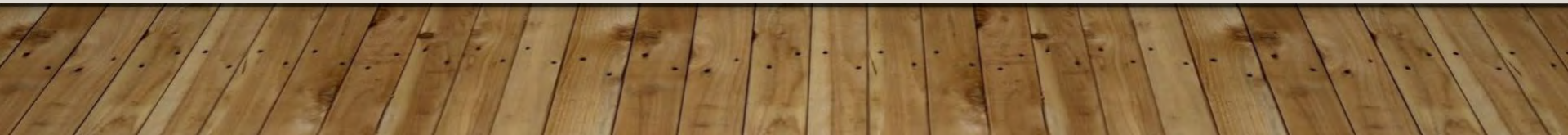
CAPA Marketing – Social Media Initiative

- Promoting ASPHALT
- Promoting our MEMBERS
- Promoting our INDUSTRY

More information: tomclayton@co-asphalt.com



Over 90% of all pavements are ASPHALT!!



THE ASPHALT INDUSTRY OF COLORADO



2024 ASPHALT INDUSTRY OUTLOOK

“MARKET CONDITIONS, TRENDS, AND NEW DEVELOPMENTS”

PROVIDED FOR CAPA MEMBERS & AGENCY PARTNERS

Thursday, January 11, 2024

Presented by
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Tom Clayton, SET

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