



Alberta Roadbuilders &
Heavy Construction Association

NOTICE OF ADDENDUM

Date: June 14, 2022

To: Municipal Road Infrastructure Owners
Private Sector Infrastructure Owners
Public and Private Agencies Referencing the ARHCA Equipment Rate Guide

From: Ron Glen, CEO, Alberta Roadbuilders and Heavy Construction Association (ARHCA)

Re: **Fuel Cost Recovery surcharge addendum to 2022 Rate Guide**

The volatility in global oil markets have caused fuel prices to exceed contractors' abilities to absorb costs. The ARHCA Rental Rate Guide published each year provides owners and contractors with a reasonable per hour base price (inclusive of a contractor's cost of ownership and operating costs) for more than 1000 different models and makes of heavy equipment used in road construction, maintenance and in other industries such as forestry. Equipment financing, labour, material and in particular fuel prices have escalated dramatically in-year since our book was published in February.

The benchmark price for diesel consisting of the posted rack rate plus applicable taxes, less the off-road rebate used in the 2022 Rate Guide was \$1.35/litre. Oil prices have since spiked due to international events and political responses to isolate Russian aggression in Europe. The impact on local fuel prices is a risk beyond the capacity of contractors to manage and without risk sharing amongst construction partners, contractors will incur substantial losses.

For this reason, in response to this unforeseen change in international oil markets, the ARHCA is issuing an addendum to the 2022 Rate Guide to include a Fuel Cost Recovery Surcharge. ARHCA has developed an approach that balances reasonable application with simplicity of administration. The surcharge rates are based on a fuel cost as at June 2 of \$1.96/litre and consumption measured by net horsepower averaged across 13 major types of heavy equipment. As seen in the attached table, for equipment with engines of less than 150 net horsepower the surcharge is \$9.25 per hour. The surcharge rate increases in step changes of approximately 150 hp up to the largest machines which have over 1100 hp. Equipment engine power is easily confirmed by manufacturer and third-party sources found on-line. The category surcharge is then added to the specific equipment rental rate for the specific manufacturer and model listed in the Rate Guide.

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The ARHCA will continue to monitor the situation and, if necessary, provide further guidance in case prices drop or rise significantly during the construction season. **Please note:** this surcharge is inclusive of applicable taxes, but does not cover inflationary pressures for other materials, labour, or services that contractors and subcontractors are currently absorbing.

While we anticipate that by next year, the situation will most likely have stabilized, the current surcharge is outlined in the table attached, and on the ARHCA website.

Contractors recognize that all organizations are facing cost pressures. While the industry has survived through two years of pandemic related challenges, the cooperation of all partners in construction is needed now more than ever to deliver projects as best we can.

Thank you,

Ron Glen, CEO, ARHCA

Attachment: Fuel Cost Recovery Surcharge Table

CC: ARHCA Board of Directors



ADDENDUM TO 2022 RENTAL RATE GUIDE

Cost-Recovery Fuel Surcharge 2022

ARHCA is issuing this addendum to the 2022 Rental Rate Guide for a fuel surcharge to be added to the hourly rates as per the table below. To establish a new rate for a piece of equipment, please use the existing rental rate as published in the 2022 Rental Rate Guide and **add** the surcharge based upon the NET horsepower of the equipment being used. The net horsepower is available on the sites below using the manufacturer and the model number of the unit:

Constructionequipmentguide.com

Ritchiespecs.com

Lectura-specs.com

COST RECOVERY FUEL SURCHARGE FOR 2022 - as of June 14, 2022 *Includes applicable taxes

Net Horsepower Rating

0-150 HP	\$9.25
151-300 HP	\$20.75
301-450 HP	\$30.25
451-600 HP	\$38.00
601-750 HP	\$48.50
751-900 HP	\$68.00
901-1050 HP	\$79.50
1051-1200 HP	\$106.00

****This surcharge is in effect as of June 14, 2022 and may be revised should fuel markets vary significantly during the 2022 construction season.*