

September 29, 2011

REVISION OF SECTION 109
ASPHALT CEMENT COST ADJUSTMENT
(ASPHALT CEMENT INCLUDED IN THE WORK)

NOTICE

This is a standard special provision that revises or modifies CDOT's *Standard Specifications for Road and Bridge Construction*. It has gone through a formal review and approval process and has been issued by CDOT's Project Development Branch with formal instructions for its use on CDOT construction projects. It is to be used as written without change. Do not use modified versions of this special provision on CDOT construction projects, and do not use this special provision on CDOT projects in a manner other than that specified in the instructions unless such use is first approved by the Standards and Specifications Unit of the Project Development Branch. The instructions for use on CDOT construction projects appear below.

Other agencies which use the *Standard Specifications for Road and Bridge Construction* to administer construction projects may use this special provision as appropriate and at their own risk.

Instructions for use on CDOT construction projects:

- Use this standard special provision in all projects with items 403 Hot Mix Asphalt and/or 403 Stone Matrix Asphalt in which the cost of AC is included in the work.
- The designer should add a Planned Force Account item called F/A Asphalt Cement Cost Adjustment, Pay Item 700-70019 to the plans and project special provisions to account for the possibility that an adjustment will be required. The amount of this Force Account item to be included in the project budget can be calculated using the AC Cost Adjustment Worksheet provided on the Design and Construction Support - Asphalt Cement Cost Adjustment website. Input the following data in the worksheet
 - Price index for the current month (BP)
 - BP + 10%
 - Estimated Percent AC to be in the mix in decimal, i.e. 0.05 for 5%
 - Planned tonnage
 - This will calculate an estimated dollar amount assuming a 10% increase in price. This should be used as the minimum FA budget amount.
 - Follow the same instructions but use BP + 50% for the estimated maximum amount the project would pay in AC Cost Adjustment
 - This will calculate an estimated dollar amount assuming a 50% increase in price. This should be used as the maximum FA budget amount.
 - The Region may determine an amount between these two figures for the final FA budget amount.
- Contact your Area Engineer if you have any questions.
- If the amount of actual Asphalt Cement Adjustments exceeds the funding allotted in the Planned Force Account, the remainder of the adjustments should be made using funding from Minor Contract Revisions (MCRs), or by adding funding to the project.

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Section 109 of the Standard Specifications is hereby revised for this project as follows:

Subsection 109.06 shall include the following:

(i) *Asphalt Cement Cost Adjustments.* Contract cost adjustments will be made to reflect increases or decreases in the monthly average price of asphalt cement from the average price for the month preceding the month in which bids were received for the Contract. These cost adjustments are not a change to the contract unit prices bid.

1. Cost adjustments will be based on the asphalt cement price index established by the Department and calculated as shown in subsection 109.06(i) 2.D below. The index will be the average for the month of the daily postings of the spot price per barrel of Western Canadian Select (WCS) as published on <http://www.cenovus.com/operations/doing-business-with-us/marketing/crude-oil-pricing.html>. The index from this source will be converted to US Dollars using the currency converter at <http://finance.yahoo.com/currency>; the posted price of Canadian Dollars per cubic meter of WCS on Cenovus.com will be converted to US Dollars per cubic meter. A conversion factor of 0.89 cubic meter per Ton will be used to convert the posted price from cubic meter to tons. The converted daily prices and the average index number for the month will be posted as soon as they are available on the CDOT website at:

http://www.dot.state.co.us/DesignSupport/Construction/Fuel%20Cost%20Adjustments/Cenovus/Daily_Prices/Daily Asphalt Cement Cost Adjustment Index.htm

2. Cost adjustments will be made on a monthly basis subject to the following conditions:

A. Adjustment will be based on the pay quantities on the monthly partial pay estimate for the following two pay items when measured by the ton and asphalt cement is included in the pay items:

| Item No. | Item | Pay Unit |
|---|---|----------|
| 403* | Hot Mix Asphalt (Grading __) (Asphalt) | Ton |
| 403 | Stone Matrix Asphalt (Grading __) (Asphalt) | Ton |
| *Hot Mix Asphalt (Patching) is not subject to asphalt cement cost adjustment. | | |

B. A cost adjustment will be made only when the asphalt cement price index varies by more than 5 percent from the asphalt cement price index at the time of bid, and only for that portion of the variance in excess of 5 percent. Cost adjustments may be either positive or negative dollar amounts.

C. Asphalt cement cost adjustments will not be made for any partial estimate falling wholly after the expiration of contract time.

D. Adjustment formula:

EP greater than BP:
 $ACCA = (EP - 1.05 BP)(PA) (Q)$

EP less than BP:
 $ACCA = (EP - 0.95 BP) (PA) (Q)$

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Where:

BP = Average Asphalt Cement price index for the calendar month prior to the calendar month in which bids are opened

EP = Average Asphalt Cement price index for the calendar month prior to the calendar month in which the partial estimate pay period ends

ACCA = Asphalt Cement Cost Adjustment

PA = Percent of the paving mixture that is asphalt cement. Asphalt Cement content will be determined by the weighted average of all asphalt cement content percentages obtained from the field acceptance tests for that item (Use decimal in formula, e.g.: 0.05.). If Reclaimed Asphalt Pavement (RAP), Reclaimed Asphalt Shingles (RAS), or both is used, the percent of Virgin Asphalt Cement added to the mix will be determined by subtracting the percent of asphalt cement in the RAP, RAS, or both from the percent of asphalt cement in the mix as calculated from Revision of Section 401, Reclaimed Asphalt Pavement and Revision of Section 401 Reclaimed Asphalt Shingles.

Q = Increased pay quantity for all 403 items shown above on the monthly partial pay estimate in Tons.

Example: Bids are opened on July 16. The BP will be the average of the daily postings for June 1 through June 30. For an estimate cut-off date selected by the Contractor at the Pre-Construction Conference of the 20th of the month a February estimate will include HMA quantities measured from the 21st of January through the 20th of February, and the EP index used to calculate ACCA will be the average of the daily postings for January 1 through January 31 as established by CDOT)

- E. Cost adjustment will not be made for the quantity of any item that is left in place at no pay or for material removed and replaced at the Contractor's expense.
- F. Cost adjustments will not be made to items of work added to the Contract by Change Order after the award of the Contract.
- G. The asphalt cement cost adjustment will be the sum of the individual adjustments for each of the pay items shown above. No adjustment will be made for asphalt cement costs on items other than those shown above.
- H. Asphalt cement cost adjustments resulting in an increased payment to the Contractor will be paid for under the planned force account item: Asphalt Cement Cost Adjustment. Asphalt cement cost adjustments resulting in a decreased payment to the Contractor will be deducted from monies owed the Contractor.