January 27, 2020

REVISION OF SECTION 109

ASPHALT CEMENT COST ADJUSTMENT

(ASPHALT CEMENT PAID SEPARATELY)

**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 item 411 Asphalt Cement.
* 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](https://www.codot.gov/business/designsupport/cdot-construction-specifications/2019-construction-specifications/acca/acca-workseet/view) 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. 0.1 for 10%
  + 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.

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

Subsection 109.06(j) shall include the following:

1. *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. When bidding, the Contractor shall specify on the Form 85 whether the cost adjustment will apply to the Contract. After bids are submitted, the Contractor will not be given the opportunity to accept or reject this adjustment. If the Contractor fails to indicate a choice on the Form 85, the cost adjustment will not apply to the Contract. If the asphalt cement cost adjustment is accepted by the Contractor, the adjustment will be made in accordance with the following criteria:

Abbreviations and Terms

* 1. Estimate Price for asphalt (EP) – Average Asphalt Cement price index for the calendar month prior to the calendar month in which the partial estimate pay period ends.
     1. On the first Monday of each month, the Department determines the EP using price values from the most recent **Poten & Partners Asphalt Weekly** and the **Argus Americas Asphalt Report**. The Department averages values for the following, eliminating the single highest and single lowest values, before averaging.

The high reported selling price (per ton) of typical non-modified paving grades of asphalt from the **Poten and Partners Asphalt Weekly Monitor**.

Colorado

Colorado Springs Area

Montana

Eastern markets

Western markets

Nebraska

Western markets

New Mexico

Northern

Southern

Utah

Salt Lake City area

Wyoming

Northern markets

Southern markets

The high reported selling price (per ton) of typical non-modified paving grades of asphalt from the **Argus Americas Asphalt Report**.

Denver

Kansas City

Omaha

Salt Lake City

Wyoming

This average value is then averaged with values obtained in the same manner for the previous three weekly reports to establish the EP.

1. The EP remains in effect until the first Monday of the following month and is used for regular partial estimates closed before the first Monday of the following month.
2. Base Price for asphalt (BP) – Average Asphalt Cement price index for the calendar month prior to the calendar month in which bids are opened.
3. Asphalt cost adjustment (ACCA) – Asphalt Cement Cost Adjustment:

<https://www.codot.gov/business/designsupport/cdot-construction-specifications/2019-construction-specifications/asphalt-cement-cost-adjustment>

1. Cost adjustments will be made on a monthly basis subject to the following conditions:
2. Adjustment will be based on the pay quantities on the monthly partial pay estimate for the following pay item when measured by the ton:

|  |  |  |
| --- | --- | --- |
| **Item No.** | **Item** | **Pay Unit** |
| 411 | Asphalt Cement (\_\_)\* | Ton |
| \*Asphalt Cement used with Hot Mix Asphalt (Patching) is not subject to asphalt cement cost adjustment. | | |

1. A cost adjustment will be made only when the EP asphalt cement price index varies by more than 10 percent from the BP asphalt cement price index, and only for that portion of the variance in excess of 10 percent. Cost adjustments may be either positive or negative dollar amounts.
2. The maximum allowable monthly and final price adjustment to the Contractor or rebate to The Department is limited to a (EP/BP) ratio of 1.6 and 0.4, respectively.
3. Asphalt cement cost adjustments will not be made for any partial estimate falling wholly after the expiration of contract time.
4. Adjustment formula:

EP greater than BP:

ACCA = (EP – 1.10 BP) (Q)

EP less than BP:

ACCA = (EP – 0.90 BP) (Q)

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

Q = Pay quantity in tons shown for the 411 pay items shown above on the monthly estimate. If Reclaimed Asphalt Pavement (RAP), Reclaimed Asphalt Shingles (RAS), or both is used, the tons 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 tons of asphalt cement in the mix as calculated from Revision of Section 401.

Example: Bids are opened on July 16. The BP will be the average of the weekly 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 weekly prices for January 1 through January 31 as established by CDOT.

1. 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.
2. Cost adjustments will not be made to items of work added to the Contract by Change Order after the award of the Contract.
3. 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.
4. 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.