


TO: MODIFIED BY EI 74-103 EFFECTIVE 10/31/1974 Director, Preliminary Plan Review Bureau		 ENGINEERING INSTRUCTION NEW YORK STATE DEPARTMENT OF TRANSPORTATION
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Due to uncertainty in the world crude oil market, all of us have been confronted with limited supplies and seemingly unlimited price increases for fuel oil and gasoline. These same problems are also being experienced with other oil derivatives including the residue - asphalt. The price per ton of asphalt cement was \$30 during 1973 and increased to \$45 by this past January. Currently the price ranges from \$51 to \$79 per ton with \$55 to \$60 being typical. It is obvious that the price of asphalt is increasing rapidly and at an unpredictable rate.

Therefore, to ensure reasonable bidding and prevent major over-charges to the State or major losses to contractors and asphalt concrete producers, an Asphalt Price Adjustment Clause (Attachment 1) has been added to some of the proposals in the February 28 and March 28 lettings and may be added in the April and May lettings. The adjustment applies only to the asphalt content of various selected items and is generally included only in contracts with more than 2000 tons of asphalt concrete items or their equivalent. The total price adjustment will be equal to the quantity of asphalt times the difference between the Index Price in the Proposal and the Sale Price of the asphalt (FOB Asphalt Supplier's Terminal).

It will be necessary for each EIC, on a contract containing the adjustment clause, to submit an order on contract early enough to ensure that this new item appears on the CONR-22 for payment. The following are instructions for completing the CONR-7 for this item:

- 1) Item Spec. No.: use APA for both new and old specifications.
- 2) Type code: use B for Bid Price.
- 3) Chng.: use N for new item.
- 4) Item Description* use Asphalt Price Adjustment.
- 5) Unit: Tons
- 6) Change in Quantity: Estimate the equivalent tons of asphalt as follows:

Tons Asphalt = (~~Tons of Asphalt Concrete Items* + C.Y. Bit. Stab. Course~~
~~÷ * 25 1/2 Gallons Asphalt Emulsion or Liquid) x 0.06.~~

*Include only those items which are delineated in the special note providing for price adjustment. *AC + CY Bit Stab + G.A.E. ÷ 25 x 0.06*

- 7) Unit Price: For contracts with a \$45 Index price use a \$20 estimated unit price. For contracts with a \$55 Index Price use a \$10 estimated unit price. (This represents the differential between the anticipated sales price and the index price for price adjustment). *(See EB4-21)*
- 8) Change in Funds = Unit Price x Asphalt Quantity. This amount should be broken down into "shares," and the totals chargeable to each share be shown on the order on contract.

Once Item APA appears on the CONR-22 form, lump sum progress payments should be made based on Monthly Estimates. To compute the monthly estimate for the Asphalt Price Adjustment an Inspector's Report should be maintained as shown on Attachment 2 of this Instruction. A separate sheet should be maintained for each contract item to which price adjustment applies. The Contractor must arrange with his supplier to furnish the EIC with a daily log (See below) of asphalt cement deliveries to the plant. The log also will include quantity, invoice number, asphalt supplier's name and location and net unit price (FOB supplier). Such unit price shall not include transportation to the plant or other costs beyond the supply source. The Asphalt Concrete Producer must certify that the log is correct.

EXAMPLE:

Log of Asphalt Cement Deliveries to Mix Plant

Date Delivered	Supplier's Name & Location	Invoice Number	Quantity (Tons)	Net Price/Ton (FOB Asphalt Supplier)
June 19	Mobil, Albany	13847	25	58.00
June 20	Mobil, Albany	13850	25	60.00

The supplier of liquid asphalts asphalt emulsions must compile a similar certified log showing the net price paid for the asphalt base by the producer of the cutback or emulsion (F.O.B. major oil company terminal).

For purposes of computing the price adjustment, the sale price of the asphalt base cannot exceed the "Posted Price" for asphalt cement at the same location.

All the above backup documentation should be submitted with the final estimate.

PRICE ADJUSTMENT--MATERIALS CONTAINING ASPHALT

A price adjustment will be made only for those contract items containing asphalt as enumerated below:

This adjustment will be based only on the Quantity of Asphalt incorporated in the work multiplied by the difference between a fixed Index Price and the Sales Price, all as defined below.

$$\text{Price Adjustment} = \frac{\text{Quantity Asphalt}}{\text{Asphalt}} \times \frac{\text{Difference Between Index Price and Sale Price}}{\text{Index Price and Sale Price}}$$

Index Price. An arbitrarily fixed price of \$45.00 per ton F.O.B. asphalt supplier's plant. This price is used solely to compute price adjustment.

Sales Price. The price paid to the asphalt supplier per ton of asphalt, F.O.B. asphalt supplier's plant, on the date the material is delivered to the Project. This price shall not exceed the asphalt supplier's posted price for asphalt cement. Documentation will be required to support the price per ton paid to the asphalt supplier.

Quantity of Asphalt in the material (tons) incorporated in the work shall be computed for each item as follows:

Asphalt Concrete (Tons)	x	Design % Asphalt Cement (Job Mix Formula)
Asphalt Emulsion (Gallons ÷ 235 gal/ton)	x	% Min. Residue by Distillation (a) <u>or</u> % Asphalt (b)
Liquid Asphalt (Gallons ÷ 235 gal/ton)	x	% Min. Residue from Distillation to 680°F (c)
Bit. Stabilized Course (Cubic Yards in Place)	x	120 lbs. Asphalt/C.Y. ÷ 2000 lbs/ton

No price adjustments will be made for changes in costs other than those described above. The Contractor may waive, in writing, reimbursements for minor increases in cost of the asphalt.

Where asphalt is placed after the contract completion date as specified in the proposal or any extensions thereof without the assessment of engineering charges or liquidated damages, the sales price used to compute the price adjustment shall not exceed the latest sales price documented by the supplier on or before the contract completion date or extensions thereof without the assessment of engineering charges or liquidated damages.

- (a) See Table 702-5, p.595, NYSDOT Stand. Spec., January 2, 1973
- (b) See Table II, p. 97, NYSDPW Specifications, January 2, 1962
- (c) See Table 702-3 and 702-4, p.593-594, NYSDOT Stand. Spec., Jan. 2, 1973 or Tables IV and V, p.100-101, NYSDPW Specifications, Jan. 2, 1962

Attachment 2: Item APA - ASPHALT PRICE ADJUSTMENT
DELIVERIES TO DOT PROJECT ASPHALT CEMENT DELIVERY & PRICE

CONTRACT ITEM NO.	DATE	QUANTITY	CONVERSION FACTOR	ASPHALT QTY. (TONS)	DELIVERY DATE	INVOICE NUMBER	ASPHALT QUANTITY	UNIT PRICE (FOB, SUPPLIER)	UNIT SALE PRICE MINUS INDEX PRICE	PRICE ADJUSTMENT	
1		(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
2		(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
3		(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
4		(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
5		(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
6		(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
7		(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
8		(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
9		(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
10		(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
11		(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
12		(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
13		(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
14		(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
15		(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
16		(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
17		(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
18		(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
19		(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
20		(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
21		(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
22		(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
23		(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
24		(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
25		(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
26		(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
27		(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
28		(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
29		(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
30		(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
31		(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)

* Assume Index Price of \$4.5 per ton.