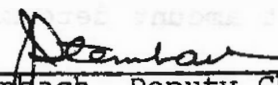


MODIFIED BY EI 80-045 EFFECTIVE 1/29/81 & EI 81-011 EFFECTIVE 2/9/81	<h1>ENGINEERING INSTRUCTION</h1> <p>NEW YORK STATE DEPARTMENT OF TRANSPORTATION</p>
SUPERSEDED EFFECTIVE 1/2/90	SUBJECT: ASPHALT PRICE ADJUSTMENT Subject Code: 7.30
Distribution: <input checked="" type="checkbox"/> Main Office <input type="checkbox"/> Regions <input type="checkbox"/> Special	Code: EI 80-24
APPROVED:  J. Sternbach, Deputy Chief Engineer Construction	Date: 5/21/80 Supersedes: EI 74-32 74-103

PLANNING REVIEW
 MAY 28 1980
 ROOM 408 BLDG. 5

An Asphalt Price Adjustment clause has been included in many Department contracts beginning with the letting of July 12, 1979. The adjustment applies only to certain items containing asphalt cement, and the clause generally is included only in contracts containing at least 2,000 tons of asphalt concrete, or equivalent.

The Asphalt Price Adjustment clause is similar to the clause used during the 1974 construction season. However, the EIC will not be required to collect documentation; i.e., invoice numbers, supplier certifications, etc., in order to establish payment under the clause. Instead, the EIC on projects containing the clause should enter and pay the adjustment according to the procedures outlined in this Instruction.

I. General

Adjustments to a contract containing an Asphalt Price Adjustment Clause will be paid under an APA Item introduced by order on contract. The APA Item is to be set up on a Lump Sum basis and progress payments made as a percentage of the lump sum amount. The initial lump sum amount should be estimated to cover the upcoming construction season only. If necessary, additional APA Items can be added by order on contract to cover a subsequent paving season's placement and/or to increase a previously underestimated initial amount.

II. Setting Up the APA Item

The Asphalt Price Adjustment Item should be set up on the order on contract as illustrated in Exhibit 1.

Please note the following:

Item No. - Use 700.01. If additional items become necessary, use 700.02, 700.03, etc.

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Seq. No. - Select so as to place APA Item immediately after Item 699.01 on CONR 22c.

Change in Quantity - 100.00. The fiscal share quantities are used to apportion the LS Unit Price between the shares (see 4 under Unit Price).

Unit Price - Estimated total adjustment amount determined as follows:

1. Estimate the quantity of each contract item, covered under the APA Spec, which will be placed during the next construction season.
2. Calculate the "Quantity of Asphalt" using the applicable formulas from Page 1 of the APA Spec.
3. Calculate the estimated adjustment amount using the following formula from the APA Spec:

$$\text{Price Adjustment} = \frac{(\text{Quantity of Asphalt}) \times [(\text{Average*} - (\text{Index Price} - \text{Posted Price}) + \$5.)]}{1}$$

*Use \$160 for 1980 construction season for estimating purposes.

4. The adjustment for each fiscal share must be calculated separately and summed to obtain the Unit Price. The ratio of fiscal share adjustment to total adjustment is used to determine the fiscal share quantities.

In Exhibit 1 : F.S. #1 Estimated as \$18,000.
 F.S. #2 Estimated as 2,000.

Unit Price = \$20,000.

$$\text{F.S. \#1 Qty.} = \frac{18,000}{20,000} \times 100 = 90.00$$

$$\text{F.S. \#2 Qty.} = \frac{2,000}{20,000} \times 100 = 10.00$$

5. The above calculations must be included in the explanation for the OOC.

Subject: Asphalt Price Adjustment

III. Progress Payments

Payments (or deductions) are computed using the following formulas from the Asphalt Price Adjustment Specification:

(a) When price increases:

$$\text{Price Adjustment} = \frac{\text{Quantity of Asphalt}}{\text{Asphalt}} \times \left[\begin{array}{l} \text{(Average Index Price)} \\ \text{[Posted Price) - + \$5.]} \end{array} \right]$$

(b) When price decreases:

$$\text{Price Adjustment} = \frac{\text{Quantity of Asphalt}}{\text{Asphalt}} \times \left[\begin{array}{l} \text{(Average Index Price)} \\ \text{[Posted Price) - - \$5.]} \end{array} \right]$$

Quantity of Asphalt: Tons of asphalt cement computed from asphalt cement contents as defined in the APA Specification and actual quantities of each asphalt item placed during the estimate period.

Average Posted Price (A.P.P.): The average posted price in effect at the time the asphalt is incorporated into the work. The APA Specification in each contract lists the dates on which the Average Posted Price will be updated for that particular contract. These dates are not the same for all contracts; therefore, each EIC must review his APA Specification in order to determine which updates are applicable.

Average Posted Prices beginning with August 1, 1979, are listed below. Future updates will be issued by Engineering Bulletin.

August 1, 1979	\$104/Ton
September 1, 1979	\$105/Ton
April 1, 1980	\$147/Ton
May 1, 1980	\$147/Ton

Index Price: Specified in the APA Specification for each contract.

The Monthly Estimate Ledger can be maintained in the conventional manner; however, the tabulation shown in Exhibits 2A and 2B is recommended since it can also be used as the Final APA Summary required to be submitted with the final agreement.

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Please note the following:

1. The unit price and fiscal share quantities are as set up in the OOC of Exhibit 1.
2. For this example, the Index Price is \$104 and A.P.P. updates are specified for the 1st of April, June, August, and September. The June, 1980 A.P.P. was assumed to be \$160/Ton.
3. "Item Qty" is the total placed since the previous entry and is obtained from the appropriate page in the Monthly Estimate Ledger.
4. In order to account for all asphalt cement on the contract, entries are made for all item quantities placed even when no adjustment is paid (See Estimate Nos. 2 and 3).
5. When the A.P.P. changes during an estimate period, handle as shown in Estimate No. 7.
6. The dollar amount of adjustment is calculated using Formula (a), above, and entered under A.P.A. (\$).
7. The payment quantity entered on the CONR 22c is calculated as follows:

$$\text{Fiscal Share Pay Qty} = \frac{\text{FSAPA (\$) This Est.}}{\text{Item Unit Price}} \times 100$$

8. As with any item, progress estimate payments cannot exceed the authorized amount set up in each fiscal share. The authorized amount can be increased by adding another A.P.A. Item to cover the estimated overrun using the next consecutive item designation (700.02, 700.03, etc.) and sequence number (see Estimate No. 7 on Exhibits 2A and 2B).

The A.P.A. Specification provides for a negative adjustment if the A.P.P. drops more than \$5. below the Index Price. Negative Adjustments, calculated using Formula (b), can be deducted from prior positive adjustments, but only to the extent that the total-to-date is not negative. If a negative total adjustment does occur, the Deputy Chief Engineer, Construction, should be advised immediately.

IV. Final Payment

When the final agreement is submitted, the Asphalt Price Adjustment quantities and payment must be documented by a Summary as illustrated in Exhibit 3. If the Monthly Estimate Ledger has been maintained as illustrated in Exhibits 2A and 2B, the ledger sheets may be substituted for the Summary. The quantities of each asphalt concrete item in the Summary must be totaled (See Exhibit 2B) and checked against the item pay quantities on the Final Agreement.

In addition to the Summary, a copy of the Engineering Bulletin listing the applicable Average Posted Prices must be included in the documentation.

Final Pay Quantities are determined as follows:

$$\text{Fiscal Share Qty} = \frac{\text{Fiscal Share APA } (\$)}{\text{Item Unit Price}} \times 100$$

$$\text{Item 700.01 FS \#1 Qty} = \frac{\$18,000}{\$20,000} \times 100 = 90.00$$

$$\text{FS \#2 Qty} = \frac{\$1317.60}{\$20,000} \times 100 = 6.59$$

$$\text{Total Qty} = 96.59 \quad \text{DECR} = 3.41$$

$$\text{Item 700.02 FS \#1 Qty} = \frac{\$5,151.13}{\$6000} \times 100 = 85.85$$

$$\text{Total Qty} = 85.85 \quad \text{DECR} = 14.15$$

Please note that the payment quantity can exceed the authorized quantity on the final agreement. If in the above example Item 700.02 has not been added by OOC, final payment would be made under Item 700.01 as follows:

$$\text{Item 700.01 FS \#1 Qty} = \frac{\$23,151.13}{\$20,000} \times 100 = 115.76$$

$$\text{FS \#2 Qty} = \frac{\$1,317.60}{\$20,000} \times 100 = 6.59$$

$$\text{Total Qty} = 122.35 \quad \text{INCR} = 22.35$$

EXHIBIT 1

CONR 7-2K (9/76)
AC: 5056
Region No.

NEW YORK STATE DEPARTMENT OF TRANSPORTATION
ORDER ON CONTRACT
(CONSOLIDATED)

EXHIBIT 1

County
NYS Project Identification No.
Federal Aid Project No.

Contractor Name
Pursuant to the determination of the Commissioner of Transportation to alter the above identified contract, the Contractor is hereby ordered and directed to perform the following work and to furnish the necessary materials and equipment, in accordance with the specifications therefore. (Subd. 8, Sec. 38, Hwy. Law).

Audits & Accts. Use Only	A & C Inventory Contract No.	Order No.
DOT 15	Contractor Contract No.	9
18	Comptroller Contract No.	2
29	Fiscal Share No.	116
10	Order No.	2
10	Comptroller Contract No.	17
10	DOT Contract No.	
TOTAL		

Check One
3
16117
1 21 2 12
SEQ. NO.
ITEM SPEC. NO.
1425 700 01

CHANGE IN QUANTITY
UNIT PRICE
Unit of Measure
ITEM DESCRIPTION (60 characters maximum)
USE PREFIX: FE - FORCE ACCOUNT ESTIMATE, FA - FORCE ACCOUNT ACTUAL, A - AGREED PRICE
PRIOR APPROVED QUANTITY
ASPHALT PRICE ADJUSTMENT

CHANGE IN FUNDS (\$)
INCREASE
20000.00
DECREASE

CONR 7 - 1h (10/78)
Region No.
County
NYS Project Identification No.
Federal Aid Project No.

Contractor Name
Pursuant to the determination of the Commissioner of Transportation to alter the above identified contract, the Contractor is hereby ordered and directed to perform the following work and to furnish the necessary materials and equipment, in accordance with the specifications therefore. (Subd. 8, Sec. 38, Hwy. Law).

Comptroller Contract No. 9
Fiscal Share No. 10
Order No. 11
16
2
17
DOT Contract No.

Check One
3
16117
1 21 2 12
SEQ. NO.
ITEM SPEC. NO.
1425 700 01

CHANGE IN QUANTITY
UNIT PRICE
Unit of Measure
ITEM DESCRIPTION (60 characters maximum)
USE PREFIX: FE - FORCE ACCOUNT ESTIMATE, FA - FORCE ACCOUNT ACTUAL, A - AGREED PRICE
PRIOR APPROVED QUANTITY
ASPHALT PRICE ADJUSTMENT

CHANGE IN FUNDS (\$)
INCREASE
18000.00
DECREASE

CONR 7 - 1h (10/78)
Region No.
County
NYS Project Identification No.
Federal Aid Project No.

Contractor Name
Pursuant to the determination of the Commissioner of Transportation to alter the above identified contract, the Contractor is hereby ordered and directed to perform the following work and to furnish the necessary materials and equipment, in accordance with the specifications therefore. (Subd. 8, Sec. 38, Hwy. Law).

Comptroller Contract No. 9
Fiscal Share No. 10
Order No. 11
16
2
17
DOT Contract No.

Check One
3
16117
1 21 2 12
SEQ. NO.
ITEM SPEC. NO.
1425 700 01

CHANGE IN QUANTITY
UNIT PRICE
Unit of Measure
ITEM DESCRIPTION (60 characters maximum)
USE PREFIX: FE - FORCE ACCOUNT ESTIMATE, FA - FORCE ACCOUNT ACTUAL, A - AGREED PRICE
PRIOR APPROVED QUANTITY
ASPHALT PRICE ADJUSTMENT

CHANGE IN FUNDS (\$)
INCREASE
2000.00
DECREASE

INDEX PRICE = \$104 EXN - 26
 L.S. UNIT PRICE \$6000.00
 F.S. #2 QTY = ZERO

APA ITEM 700.02 (000 #5)
 F.S. #1 QTY = 100.00% (\$6000.00)

DATE	ASPHALT ITEM	ASPH. CEM. CONTENT	ITEM QTY.	FISCAL SHARE #1	FISCAL SHARE #2	FISCAL SHARE #3	FISCAL SHARE #4	FISCAL SHARE #5	FISCAL SHARE #6	FISCAL SHARE #7	FISCAL SHARE #8
1980			ITEM 700.01	A.P.P. - (INDEX + 95)	A.P.A. (\$)	A.P.A. PAY QTY.					
6/14	OVER RUN AMOUNT	FROM	5/5/13								
6/14	ESTIMATE #7		5/5/13			8585					
	TOTAL TO DATE		5/5/13			8585					

ASPHALT TOTALS			
ITEM	FS #1	FS #2	TOTAL
403.11	7250.00	740.00	7990.00
403.13	2280.00	240.00	2520.00
403.17	2270.00	250.00	2520.00

APA TOTALS			
ITEM	FS #1	FS #2	TOTAL
700.01	\$18000.00	\$1317.60	\$19317.60
700.02	\$5151.13	0	\$5151.13
	\$23151.13	\$1317.60	\$24468.73

FINAL APA SUMMARY EXHIBIT 3

ITEM 403.11 ASPHALT CEMENT CONTENT = .050

DATE PLACED	A.P.P. - (INDEX+5)	ITEM QUANTITY		ADJUSTMENT AMT. (\$)	
		F.S.#1	F.S.#2	F.S.#1	F.S.#2
8/1/79 → 8/31/79	-	620.00	-	-	-
9/1/79 → 3/31/80	-	1450.00	740.00	-	-
4/1/80 → 5/31/80	\$ 38	5180.00	-	9842.00	-
6/1/80 → 7/31/80	\$ 51	-	-	-	-
ITEM TOTALS		7250.00	740.00	9842.00	-

ITEM 403.13 ASPHALT CEMENT CONTENT = .055

DATE PLACED	A.P.P. - (INDEX+5)	ITEM QUANTITY		ADJUSTMENT AMT. (\$)	
		F.S.#1	F.S.#2	F.S.#1	F.S.#2
8/1/79 → 8/31/79	-	-	-	-	-
9/1/79 → 3/31/80	-	-	-	-	-
4/1/80 → 5/31/80	\$ 38	1870.00	240.00	3908.30	501.60
6/1/80 → 7/31/80	\$ 51	710.00	-	1991.55	-
ITEM TOTALS		2280.00	240.00	5899.85	501.60

ITEM 403.17 ASPHALT CEMENT CONTENT = .064

DATE PLACED	A.P.P. - (INDEX+5)	ITEM QUANTITY		ADJUSTMENT AMT. (\$)	
		F.S.#1	F.S.#2	F.S.#1	F.S.#2
8/1/79 → 8/31/79	-	-	-	-	-
9/1/79 → 3/31/80	-	-	-	-	-
4/1/80 → 5/31/80	\$ 38	-	-	-	-
6/1/80 → 7/31/80	\$ 51	2270.00	250.00	7409.28	816.00
ITEM TOTALS		2270.00	250.00	7409.28	816.00
FISCAL SHARE TOTALS				23151.13	1317.60
CONTRACT TOTAL				\$ 24468.73	