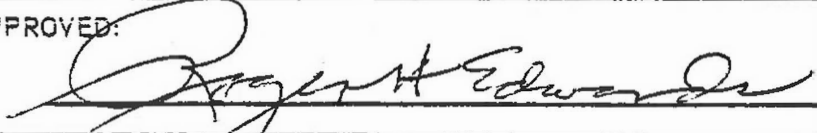


TO: MODIFIED BY EI 80-043 EFFECTIVE 11/6/80 & EI 82-064 EFFECTIVE 12/9/82	<h1>ENGINEERING INSTRUCTION</h1> <p>NEW YORK STATE DEPARTMENT OF TRANSPORTATION</p>	
SUPERSEDED BY EI 83-008 EFFECTIVE 6/9/83	SUBJECT: FUEL PRICE ADJUSTMENT Subject Code: 7.27-1-699	
Distribution: <input checked="" type="checkbox"/> Main Office <input checked="" type="checkbox"/> Regions <input checked="" type="checkbox"/> Special		Code: <u>E.I. 80-37</u>
APPROVED: 		Date: <u>9/26/80</u> Supersedes:

Fuel prices have fluctuated considerably during the last few years.

Since fuel prices are unpredictable and eliminating bidder's uncertainty should lead to reduced bid prices, the Commissioner has decided to include a fuel price adjustment item in all contracts requiring significant amounts of fuel. Therefore, the attached Note and Specification, Item 15699.0001, Fuel Price Adjustment, will be included as M.O. inserts in the proposals for all projects expected to use 20,000 gallons or more of fuel, starting with the November 6, 1980 Letting.

Actual contract payments will depend upon quantities of eligible items placed and fuel prices in effect at that time. They will be the subject of a separate Engineering Instruction. This E.I. is directed to designers and will indicate when to use the Fuel Adjustment Item, how to establish the Fuel Price Adjustment for the Engineer's Estimate, how to distribute this over the various engineering shares, and what to submit with the PS & E.

To determine when to use the item, compute the total project gallonage using the quantities of eligible items and their fuel usage factors shown in the NOTE. If this total is 20,000 gallons or more, the item should go into the contract. To establish the Engineer's estimate price, which will be a fixed (published) lump sum amount, multiply the number of gallons determined above by \$0.15 per gallon and by the contract duration in years and fractions thereof. Round this to the nearest \$1,000. A summary of this calculation should be included in the Report on Design & Estimate as part of the Analysis of Lump Sum Prices. To distribute this lump sum amount over the various engineering shares of multishare contracts, determine each share's gallonage, (again using the quantities of eligible items and their fuel usage factors) and convert these figures to percentages of total project gallonage. These percentages shall be indicated in the Engineer's Estimate.

Subject: FUEL PRICE ADJUSTMENT

The project designers will be responsible for making these calculations and for inserting the item and price in the Engineer's Estimate where warranted for all PS&E's submitted to the Final Plan Review Bureau on and after October 16, 1980. The Final Plan Review Bureau will check PS&E's submitted prior to October 16, 1980 and insert the item and price in Estimates where appropriate. Whenever the item is included in the Estimate, the Final Plan Review Bureau will determine the Index Price based on data received from the Office of Engineering and insert the Specification and Note in the Proposal.

ITEM 15699.0001 - FUEL PRICE ADJUSTMENT

DESCRIPTION. This item will provide for additional compensation to, or repayment by, the Contractor for increases or decreases in the price of fuel throughout the life of the Contract. This adjustment will be computed within the prescribed conditions and in conformance with the written procedures of the Department.

A. Eligible Items

Fuel price adjustments will be determined for eligible items listed elsewhere in this proposal. No adjustment will be provided for any new items incorporated into the work by orders-on-contract or those items paid for under force account or agreed unit prices. In addition, work ordered by the Engineer and performed by the Contractor at his own expense will not be eligible for fuel price adjustment.

B. Method of Computation

The fuel price adjustment shall be determined in accordance with the following prescribed conditions and methods of computation:

1. The number of gallons of fuel considered for adjustment will be determined by multiplying the quantity of an eligible item placed by its fuel usage factor.
2. The fuel price adjustment will then be determined by multiplying total number of gallons of eligible fuel, as computed above using the formulas below.
3. Fuel adjustment will be based on the following:

a. When price increases,

$$\text{Fuel Adjustment} = \begin{array}{c} \text{Quantity} \\ \text{of} \\ \text{Fuel} \end{array} \times \left[\begin{array}{c} \text{Average} \\ \text{Posted} \\ \text{Price} \end{array} - (\text{Index Price} + \$0.05) \right]$$

b. When price decreases,

$$\text{Fuel Adjustment} = \begin{array}{c} \text{Quantity} \\ \text{of} \\ \text{Fuel} \end{array} \times \left[\begin{array}{c} \text{Average} \\ \text{Posted} \\ \text{Price} \end{array} - (\text{Index Price} - \$0.05) \right]$$

ITEM 15699.0001 - FUEL PRICE ADJUSTMENT (CONT'D.)

The Index Price and the Average Posted Price are defined as follows:

Index Price - A fixed price per gallon of fuel. This price is used solely as a base from which the fuel price adjustment shall be computed. Its dollar amount is specified elsewhere in this proposal.

Average Posted Price - The combined average FOB refinery or terminal price per gallon published for No. 2 fuel oil and unleaded gasoline in the cities of New York, Philadelphia, Detroit and Boston as determined by the Department on a monthly basis.

The fuel adjustment will be based solely on the price changes for fuel as determined by the above formulas. No consideration will be given to the situation where an individual supplier's price exceeds the Average Posted Price, nor shall any adjustment be made unless the average posted price is either \$0.05 greater than or less than the Index Price.

MATERIALS. None specified.

CONSTRUCTION DETAILS. None specified.

METHOD OF MEASUREMENT. The lump sum shown in the proposal for this item shall be considered the price bid, although actual payment will be based on the work performed. The lump sum is not to be altered in any manner by the bidder. Should the amount shown be altered, the new figures will be disregarded and the original price used to determine the total amount bid for the Contract.

BASIS OF PAYMENT. The actual fuel price adjustment payments will be based on the methods of computation previously described in this specification.

The adjustment will be paid in, or deducted from, the progress estimates based on the quantities of eligible items placed during the estimate period. For the purpose of determining fuel price adjustment, the Average Posted Price will be updated on the twentieth of each month and will apply to eligible work performed beginning on the first of the following month.

No Fuel Price Adjustments will be made unless the average posted price is either \$0.05 greater than or less than the Index Price.

If eligible fuel calculated for an item is based on estimated quantities for that item, and an adjustment to the total item quantity is made in a subsequent or final estimate, an appropriate addition or deduction shall be made to the fuel adjustment previously paid. The addition or deduction shall be based on the same Average Posted Price as was used to calculate the estimated item quantity which is being revised. If the placement dates of

FUEL PRICE ADJUSTMENT

The Index Price which shall apply to this contract shall be \$ _____ per gallon.

The table below lists eligible items used in computing the Fuel Price Adjustment.

ITEMS ELIGIBLE FOR FUEL ADJUSTMENT

<u>ITEM NO.</u>	<u>DESCRIPTION</u>	<u>FUEL USAGE FACTOR</u>
203.01, 05, 06 07, 08, 20, 21	Excavation & Embankment	0.45 gal/C.Y.
203.02	Excavation	0.35 gal/C.Y.
203.03	Embankment	0.10 gal/C.Y.
206.01, 02	Special Excavation	0.50 gal/C.Y.
302.01	Bituminous Stabilized Course	1.4 gal/C.Y.
15302.01	Optional Flexible Shoulder	0.40 gal/S.Y.
304.02, 03, 04, 05	Subbase Course	0.95 gal/C.Y.
402.03, 04 & ALL 403 ITEMS PAID BY TON	Asphalt Concrete	2.50 gal/Ton
502.04, 05, 06 503.0101	Cement Concrete Pavement	1.00 gal/C.Y.
555.01, 02, 05, 06	Structural Concrete	1.00 gal/C.Y.
555.03	Structural Concrete	0.60 gal/100 SF
555.0403, 0405	Structural Concrete	1.2 gal/100 SF
555.0401, 0402 0404	Structural Concrete	2.4 gal/100 SF

*The above items, modified by prefixes and/or suffixes shall be eligible for fuel price adjustment if their pay units are identical to the unmodified items.