

TO:

**SUPERSEDED BY EI 99-027
EFFECTIVE 8/16/99**

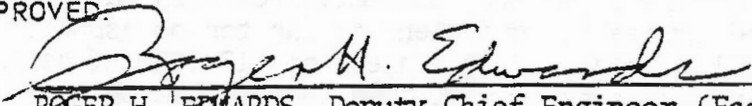


ENGINEERING INSTRUCTION

NEW YORK STATE DEPARTMENT OF TRANSPORTATION

**SUBJECT: FUEL AND ASPHALT PRICE ADJUSTMENT
SPECIAL SPECIFICATIONS**

Subject Code: 7.27-1-699

Distribution:			Code: <u>E.I. 83-19</u>
<input checked="" type="checkbox"/> Main Office	<input checked="" type="checkbox"/> Regions	<input checked="" type="checkbox"/> Special	Date: <u>4/8/83</u>
APPROVED:			Supersedes:
 ROGER H. EDWARDS, Deputy Chief Engineer (Facilities Design)			E.I. 83-8

The purpose of this Instruction is to distribute new Special Notes and describe new estimating procedures for Fuel and Asphalt Price Adjustment Special Specifications, Items 15699.0002 and 15699.0012 respectively.

Copies of the revised Special Notes are attached. The only change is that Optional Flexible Shoulder is now listed as Standard Pay Item 303.01 instead of a Special Specification Item and this item now also includes an alternate conversion factor (in the Asphalt Price Adjustment Special Note) when reclaimed asphalt pavement is used.

No changes have been made to the attached Special Specifications for Fuel and Asphalt Price Adjustment.

When preparing the Engineer's Estimate, designers are to enter a fixed lump sum of \$100.00 when these items are included in a project. This fixed lump sum will result in less confusing procedures at the time of payment. These contract payment procedures will be the subject of a separate Engineering Instruction.

To distribute quantities in multi-share projects containing the Asphalt Price Adjustment Item, the designer should identify the most asphalt intensive share. The quantity 1% should then be entered in all other shares, even those containing no asphalt. The remaining percentage should then be entered in the most asphalt intensive share. As an example, in a five share project, the quantity 96% will be entered in the most asphalt intensive share. One percent will be entered in each of the remaining four shares.

The same procedure should be used to distribute Fuel Price Adjustment in multi-share projects containing this item. The specifications and these estimating procedures will:

1. Keep the amount of money obligated for these items to a minimum.
2. Eliminate the need to prepare orders-on-contract in order to pay, or collect a rebate, in the progress estimates for small amounts of money. If no payments are made until the final estimate, orders-on-contract will still not be necessary because these items already appear in every share.

PREL.	FINAL
DESIGN	LANDSCAPE
RECEIVED FACILITIES DESIGN DIVISION	
APR 28 1983	
REC.	FILE

Subject: FUEL AND ASPHALT PRICE ADJUSTMENT SPECIAL SPECIFICATIONS

3. Eliminate payments or rebates for small changes in prices of fuel and asphalt, while at the same time keep the specifications in force to handle large and unpredictable price fluctuations for these products.

The methods of determining when to use Fuel and/or Asphalt Price Adjustments remain unchanged. To determine when to use the Asphalt Price Adjustment Special Specification, compute the total amount of all asphalt concrete items, equivalent tonnages of bituminous stabilized courses, and optional shoulders in the contract. For this purpose, one cubic yard of bituminous stabilized course is equivalent to one ton of asphalt concrete and one square yard of optional shoulder is equivalent to .17 tons of asphalt concrete. If this total is 2,000 equivalent tons or more, the item should be included in the Engineer's Estimate. To determine when to use the Fuel Price Adjustment Special Specification, compute the total fuel in the contract, using contract quantities of eligible items and their fuel usage factors found in the Special Note. If the total fuel is 20,000 gallons or more, the item should appear in the Engineer's Estimate.

The Main Office will be responsible for updating the Index Prices and entering them in the proposals. The Index Prices indicated in the proposals will be equal to the Average Posted Prices at the time the proposals are printed. If the Average Posted Prices should change by \$4.00 or more for asphalt or \$.04 or more for fuel between the time the proposals are printed and three weeks prior to letting, amendments will be issued to update the Index Prices.

Project designers will be responsible for determining when to use these items. They should enter the \$100.00 lump sum price in the Engineer's Estimate where warranted for contracts let on and after August 11, 1983. Whenever these items are included in the Estimate, the Final Plan Review Bureau will enter the Index Prices and insert the Specifications and Notes in the proposal.

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.
303.01	Optional Flexible Shoulder	0.40 gal/S.Y.
ALL 304 ITEMS	Subbase Course	0.95 gal/C.Y.
402.03, 04 & ALL 403 ITEMS	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.

ITEM 15699.0002 - 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 quantity of fuel (gallons) considered for adjustment will be determined by multiplying the quantity of eligible items placed by their fuel usage factor (see fuel price adjustment in the special note section).
2. Fuel price adjustment will be based on the following formulas:
 - a. When price increases,

$$\text{Fuel Adjustment} = \begin{array}{c} \text{Quantity} \\ \text{of} \\ \text{Fuel} \end{array} \times \left[\begin{array}{c} \text{Average} \\ \text{Posted} \\ \text{Price} \end{array} - (\text{Index price} + \$0.10) \right]$$

- b. When price decreases,

$$\text{Fuel Adjustment} = \begin{array}{c} \text{Quantity} \\ \text{of} \\ \text{Fuel} \end{array} \times \left[\begin{array}{c} \text{Average} \\ \text{Posted} \\ \text{Price} \end{array} - (\text{Index Price} - \$0.10) \right]$$

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 to compute fuel price adjustments. Its dollar amount is specified elsewhere in the fuel price adjustment note.

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 \$0.10 greater than or less than the Index Price.

ITEM 13699.0002 - FUEL PRICE ADJUSTMENT (Cont'd)

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 will be used to determine the total amount bid for the contract.

BASIS OF PAYMENT. The actual fuel price adjustment will be based on the methods of computation previously described in this specification. No adjustments, either positive or negative, will be made until payment of the final estimate, except that if the accumulated adjustment amount exceeds \$5,000, adjustments will be included in progress estimates.

The adjustment will be based on the quantity of eligible items placed and the Average Posted Price in effect at the time of placement. For the purpose of calculating fuel price adjustment, the Average Posted Price will be updated on the twentieth of each month and will apply to eligible work performed on and after the first of the following month.

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 price adjustment previously calculated. 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 the adjusted quantity cannot be determined, the addition or deduction shall be based on the Average Posted Price in effect during the last month in which any portion of the estimated item quantity was placed.

If eligible items are placed after the scheduled contract completion date specified in this proposal and during which time there are assessed engineering charges and/or liquidated damages, the Average Posted Price used to compute the fuel price adjustment shall not exceed, but may be less than, the Average Posted Price in effect on the original scheduled contract completion date. If the contract completion date is extended without the assessment of engineering charges, fuel price adjustments for items incorporated during such extensions shall be based on the appropriate updated Average Posted Price.

ITEM 15699.0012 - ASPHALT PRICE ADJUSTMENT

DESCRIPTION. This item will provide for additional compensation to, or repayment by, the Contractor for increases or decreases in the price of asphalt 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

Asphalt 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 asphalt price adjustment.

B. Method of Computation

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

1. The quantity of asphalt (tons) considered for adjustment will be determined by multiplying the quantity of eligible items placed by their conversion factor (see asphalt price adjustment in the special note section).
2. Asphalt price adjustment will be based on the following formulas:

a. When price increases:

$$\text{Price Adjustment} = \text{Quantity of Asphalt} \times \left[\frac{\text{Average Posted Price}}{\text{Index Price}} - 1 + \$10.00 \right]$$

b. When price decreases:

$$\text{Price Adjustment} = \text{Quantity of Asphalt} \times \left[\frac{\text{Average Posted Price}}{\text{Index Price}} - 1 - \$10.00 \right]$$

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

Index Price. A fixed price per ton of asphalt.

This price is used solely as a base from which to compute asphalt price adjustments. Its dollar amount is specified in the asphalt price adjustment note.

Average Posted Price. The average FOB terminal price for AC-30 asphalt cement or approved equal, without anti-stripping agent, at the following eleven locations as determined by the Department on a regular basis:

ARCO - Three Rivers, NY, Philadelphia, PA
ASHLAND - Tonawanda, NY
CHEVRON - Troy and Lyons, NY and Perth Amboy, NJ
MARATHON - Tonawanda, NY
EXXON - Bayonne and Linden, NJ and Three Rivers, NY
CIBRO - Albany, NY

The asphalt price adjustment will be based solely on the price changes for asphalt 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 \$10.00 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 figure will be disregarded and the original price will be used to determine the total amount bid for the contract.

BASIS OF PAYMENT. The actual asphalt price adjustment will be based on the methods of computation previously described in this specification. No adjustments, either positive or negative, will be made until payment of the final estimate, except that if the accumulated adjustment amount exceeds \$5,000, adjustments will be included in progress estimates.

The adjustment will be based on the quantity of eligible items placed and the Average Posted Price in effect at the time of placement. For the purpose of calculating asphalt price adjustment, the Average Posted Price will be updated on the twentieth of March, April, May, June, July, August, and September and will apply to eligible work performed on and after the first of the following month.

If eligible asphalt 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 asphalt price adjustment previously calculated. 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 the adjusted quantity cannot be determined, the addition or deduction shall be based on the Average Posted Price in effect during the last month in which any portion of the estimated item quantity was placed.

If eligible items are placed after the scheduled Contract completion date specified in this proposal and during which time there are assessed engineering charges and/or liquidated damages, the Average Posted Price used to compute the asphalt price adjustment shall not exceed, but may be less than, the Average Posted Price in effect on the original scheduled Contract completion date. If the Contract completion date is extended without the assessment of engineering charges, asphalt price adjustments for items incorporated during such extension shall be based on the appropriate updated Average Posted Price.