

## 2001 STANDARD SPECIFICATION

**401.05.02 Asphalt Escalation.** The use of the price adjustment provisions as developed and implemented herein are intended to minimize the cost effects of price uncertainty to the Contractor and the Department for "Asphalt Cement" used in the construction of the contract. The price adjustment provisions are not intended to serve as a guarantee for full compensation for "Asphalt Cement" price fluctuations but are intended to be a sharing, by the Department, in a portion of the Contractor's risk which could result from potentially volatile price fluctuations that might occur throughout the duration of the contract.

The price adjustment provisions do not serve to relieve the Contractor of risks associated with fluctuation in prices beyond the amount adjusted by the provisions. This adjustment shall be full compensation for any and all price fluctuations, including but not limited to taxes, transportation, and delays.

The price adjustment provisions are only applicable to "Asphalt Cement"; they are not applicable to liquid asphalt or emulsified asphalt. The term "Asphalt Cement" as used herein is applicable to AC grades, AC-20P, and PG grades as specified in Subsection 703.03.02.

The progress payment will be adjusted upward or downward, as calculated by the "Total Bi-Weekly Adjustment." These adjustments will be determined by the Department using price posting for crude oil provided by Oil Price Information Services and AMOCO Crude Oil Price Bulletins. The sources used by the Department to determine the crude oil price at any given time will be the average of the price postings for Midway Sunset Crude, Buena Vista Crude, Utah Black Wax and West Texas & New Mexico Sour. The adjustment will be made by comparing a "Basic Materials Index" to a "Bi-Weekly Materials Adjustment Index". The method for making this comparison is described in the following paragraphs:

(a) A "Basic Materials Index" will be determined by the Department on a weekly basis. The "Basic Materials Index" in effect for the week a contract bid opening occurs will be the "Basic Materials Index" for that contract.

The "Basic Materials Index" shall be arrived at by averaging the Monday posting of the current week and the Monday posting of the three previous weeks.

The "Basic Material Index" price for "Asphalt Cement" will be available on an informational basis to interested parties but said prices shall not be available prior to the first regular business day of the week of the bid opening. The price may be obtained by contacting the Construction Division in the Department's General Headquarters, 1263 South Stewart Street, Carson City, NV 89712, Phone No. (775) 888-7460.

(b) During the time that the "Asphalt Cement" is paid for on this contract, the Department shall maintain crude oil price postings to be used to obtain a "Bi-Weekly Materials Adjustment Index". The "Bi-Weekly Materials Adjustment Index" shall be arrived at by averaging the Monday posting of the current week and the Monday posting of the three previous weeks and shall be compared with the "Basic Materials Index" price to determine a "Bi-Weekly Material Price Adjustment"

(c) The compensation payable for said "Asphalt Cement" will be subject to increase or decrease in accordance with the following provisions for "Asphalt Cement" price fluctuations exceeding 10%. The adjustment in compensation will be determined in accordance with the following formula for "Asphalt Cement" included in the progress payment:

$$\text{Total Bi-Weekly Adjustment} = AQ$$

For an increase in the Bi-Weekly Materials Adjustment Index exceeding 10% of the Basic Materials Index:

$$A = [B_p - B_i (1.10)] F$$

For a decrease in the Bi-Weekly Materials Adjustment Index exceeding 10% of the Basic Materials Index:

$$A = [B_i (.90) - B_p] F$$

Where: A = "Bi-Weekly Material Price Adjustment" in dollars per ton (metric ton) of "Asphalt Cement" rounded to the nearest dollar.

B<sub>i</sub> = "Basic Materials Index" for the week in which the bid opening for the contract occurred (Dollars per barrel of crude oil). This is calculated as noted in paragraph (a) above.

B<sub>p</sub> = "The Bi-Weekly Materials Adjustment Index" which pertains to the period during which the quantity subject to adjustment is included in the progress payment (Dollars per barrel of crude oil). This is calculated as noted in paragraph (b) above.

F = 5.6 barrels of crude oil per ton (6.2 barrels of crude oil per metric ton) of "Asphalt Cement."

Q = Quantity in metric tons (tons) of "Asphalt Cement" that were used on the project during the progress payment period. The quantity, in metric tons (tons), of "Asphalt Cement" will be calculated using the approved mix design and the following formula:

$$Q = \frac{\text{Wet tons used} \times \% \text{ Asphalt} / 100}{[1 + (\% \text{ Asphalt} + \% \text{ Mineral Filler}) / 100]}$$

Subparagraph "2." of Paragraph (d) on page 162 of the Standard Specifications is hereby deleted and the following substituted therefore:

(d) The adjustment in compensation shall also be subject to the following:

1. The compensation adjustments provided herein, will be shown separately on the progress payment. The Contractor shall be liable to the State for

decreased compensation adjustments and the Department may deduct the amount thereof from any monies due or that may become due the Contractor.

2. The Department reserves the right to cancel the contract whenever the "Bi-Weekly Materials Adjustment Index" exceeds the "Basic Materials Index" by 75%. The contract may be canceled in part or in whole by the Department. If the Department elects to cancel the contract, in part or in whole, price adjustments shall not be allowed for other than major bid items. Adjustments to major bid items shall be in accordance with Subsection 104.02.

(e) The contract unit price for "Asphalt Cement" will be considered to include the initial cost of the "Asphalt Cement" and all costs for furnishing, hauling, handling, spreading, and mixing of the material as required. Changes in the cost of "Asphalt Cement" that occur between the date of bid opening and the date the material is paid for will be addressed using the adjustment provisions previously described.

## SPECIAL PROVISION

**401.05.02 Asphalt Escalation.** The Asphalt Escalation Clause is not in effect for this contract, therefore this Subsection of the Standard Specifications is hereby deleted. **In if less than 450 metric tons (500 tons) of total asphalt cement on contract**

This Subsection of the Standard Specifications is in effect for this contract with the following modifications: **Delete if no asphalt escalation**

“Asphalt Cement” is not a bid item on this contract and is not included in the progress payment, however, compensation or deduction will be made for “Asphalt Cement” price fluctuations as specified therein.

The value for “Q” in subparagraph (c) is hereby deleted and the following substituted therefore:

Q = Quantity in metric tons (tons) of “Asphalt Cement” that were used on the project during the progress payment period. The quantity, in metric tons (tons), of “Asphalt Cement” will be calculated using the approved mix design and the following formula:

$$Q = \frac{\text{Wet tons used} \times \% \text{ Asphalt} / 100}{[1 + (\% \text{ Asphalt} + \% \text{ Mineral Filler}) / 100]}$$

Carded 08/22/06