

MEMORANDUM

State of Alaska

Department of Transportation & Public Facilities
Statewide Design & Engineering Services Division

TO: Distribution

DATE: June 26, 2009

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FROM: Roger Healy, P.E.
Chief Engineer



SUBJECT: **Chief Engineer's Directive-
2009 Asphalt Material Price
Adjustment (Highways and
Airports)**

Delete Standard Modification E 55.

Incorporate attached Standard Modification E66 to the Standard Specifications for Highway Construction, on all highway projects advertised after July 12, 2009.

E 66 401-5.02 Replaces Standard Modification E 55

Adds provisions to address bulk asphalt purchased in advance of paving. When bulk asphalt is purchased prior to paving, the price adjustment is based on the index in effect when asphalt was purchased (date of invoice).

Adds provision to address delays in web posting updated index prices. New language specifically identifies there is a delay between when a new index is in effect and when the new index value is posted on the Materials website. The price adjustment is based on the index in effect per the schedule and is not affected by any delay in web posting.

Incorporate attached Special Provision A 17 on all airports projects, with 500 or more tons of asphalt cement, advertised after July 12, 2009.

A 17 401-9.01 Adds Asphalt Material Price Adjustment provision for aviation projects with 500 or more tons of asphalt cement. The special provision incorporates the same clarifications listed for standard modification E 66 above.

Asphalt Material Price Adjustment is not eligible for FAA project funding. All costs for Asphalt Material Price Adjustment on airports projects will be paid with non-par state funds.

Attachments: as noted in text

Distribution:

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ITEM P-401 PLANT HOT MIX ASPHALT PAVEMENT

Add the following:

401-9.1 ASPHALT MATERIAL PRICE ADJUSTMENT.

Asphalt Material Price Adjustment. This subsection provides a price adjustment for asphalt material by: (1) additional compensation to the contractor or (2) a deduction from the contract amount.

1. This provision shall apply to asphalt material meeting the criteria of Section 401-2.3, and is included in items listed in the bid schedule of Sections P-602, P-603, P-609, and P-626.
2. This provision shall only apply to cost changes in asphalt material that occur between the first Friday of the month of which the bid opening occurs and the date the asphalt material is incorporated into the project.
3. The asphalt material price adjustment will only apply when:
 - a. There is more than 500 tons of asphalt material in the bid schedule of Sections described in Item 1; and
 - b. There is more than a seven and one half percent (7.5%) increase or decrease in the Alaska Asphalt Material Price Index, AAMPI, from the date of bid opening to the date the asphalt material is incorporated into the project.
4. The AAMPI is calculated bi-monthly on the first and third Friday of each month, and is in effect from the day of calculation until the next bi-monthly calculation. The AAMPI is posted on the Department's Statewide Materials website and is calculated according to the formula posted there. Posting of new AAMPI values after the first and third Friday of each month is typically delayed one to several days. Any delay in the Department's posting of an updated AAMPI value shall not constitute grounds for using any value other than the value in effect as described in this specification.
5. Price adjustment will be cumulative and calculated with each progress payment.

For projects where asphalt material is purchased from a commercial plant serving multiple customers, use the AAMPI in effect on the last day of the pay period to calculate price adjustment for asphalt material incorporated into the project during that pay period. For projects where the asphalt material is purchased in advance of incorporating it into the project, use the AAMPI in effect on the last day of the pay period when the asphalt material was purchased. Submit the asphalt material purchase invoice, showing the date purchased, to the Engineer to identify the pay period when the asphalt material was purchased. The Department will increase or decrease payment under this contract by the amount determined with the following asphalt material price adjustment formula:

$$\begin{aligned} \text{For an increase exceeding 7.5\%, additional compensation} &= [(IPP - IB) - (0.075 \times IB)] \times Q \\ \text{For a decrease exceeding 7.5\%, deduction from contract} &= [(IB - IPP) - (0.075 \times IB)] \times Q \end{aligned}$$

Where:

- Q = Quantity of Asphalt Material incorporated into project during the pay period, in tons
IB = Index at Bid: the Bi-monthly AAMPI in effect on date of bid, in dollars per ton
IPP = Index at Pay Period: the Bi-monthly AAMPI in effect on the last day of the pay period, in dollars per ton

6. Method of measurement for determining Q (quantity) is the weight of asphalt material that meets the criteria of this subsection and is incorporated into the project. The quantity does not include aggregate, mineral filler, blotter material, thinning agents added after material qualification, or water for emulsified asphalt.
7. Basis of payment is:
Item P-401e Asphalt Material Price Adjustment Contingent Sum

SECTION 401

ASPHALT CONCRETE PAVEMENT

Replace Standard Modification E 55:

401-5.02 ASPHALT MATERIAL PRICE ADJUSTMENT.

Asphalt Material Price Adjustment. This subsection provides a price adjustment for asphalt material by: (1) additional compensation to the contractor or (2) a deduction from the contract amount.

1. This provision shall apply to asphalt material meeting the criteria of Section 702, and is included in items listed in the bid schedule of Sections 306, 307, 308, 401 thru 405, 608 and 609.
2. This provision shall only apply to cost changes in asphalt material that occur between the first Friday of the month of which the bid opening occurs and the date the asphalt material is incorporated into the project.
3. The asphalt material price adjustment will only apply when:
 - a. There is more than 500 tons of asphalt material in the bid schedule of Sections described in Item 1; and
 - b. There is more than a seven and one half percent (7.5%) increase or decrease in the Alaska Asphalt Material Price Index, AAMPI, from the date of bid opening to the date the asphalt material is incorporated into the project.
4. The AAMPI is calculated bi-monthly on the first and third Friday of each month, and is in effect from the day of calculation until the next bi-monthly calculation. The AAMPI is posted on the Department's Statewide Materials website and is calculated according to the formula posted there. Posting of new AAMPI values after the first and third Friday of each month is typically delayed one to several days. Any delay in the Department's posting of an updated AAMPI value shall not constitute grounds for using any value other than the value in effect as described in this specification.
5. Price adjustment will be cumulative and calculated with each progress payment.

For projects where asphalt material is purchased from a commercial plant serving multiple customers, use the AAMPI in effect on the last day of the pay period, to calculate price adjustment for asphalt material incorporated into the project during that pay period. For projects where the asphalt material is purchased in advance of incorporating it into the project, use the AAMPI in effect on the last day of the pay period when the asphalt material was purchased. Submit the asphalt material purchase invoice, showing the date purchased, to the Engineer to identify the pay period when the asphalt material was purchased. The Department will increase or decrease payment under this contract by the amount determined with the following asphalt material price adjustment formula:

For an increase exceeding 7.5%, additional compensation = $[(IPP - IB) - (0.075 \times IB)] \times Q$

For a decrease exceeding 7.5%, deduction from contract = $[(IB - IPP) - (0.075 \times IB)] \times Q$

Where:

Q = Quantity of Asphalt Material incorporated into project during the pay period, in tons

IB = Index at Bid: the Bi-monthly AAMPI in effect on date of bid, in dollars per ton

IPP = Index at Pay Period: the Bi-monthly AAMPI in effect on the last day of the pay period, in dollars per ton

6. Method of measurement for determining Q (quantity) is the weight of asphalt material that meets the criteria of this subsection and is incorporated into the project. The quantity does not include aggregate, mineral filler, blotter material, thinning agents added after material qualification, or water for emulsified asphalt.
7. Basis of payment is:

401(10) Asphalt Material Price Adjustment	Contingent Sum
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