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**AMC\_C280**

**USE IN ALL TENDERS THAT INCLUDE THE DIESEL FUEL COST ADJUSTMENT OPTION (SPECIFICATION 1.2.58 Diesel Fuel Cost Adjustment)**

**1.2 AMENDMENT TO SPECIFICATION 1.2, GENERAL, RE: DIESEL FUEL COST ADJUSTMENT**

## The following Section is added:

* + 1. DIESEL FUEL COST ADJUSTMENT
			1. **General**

When specified in the Special Provisions, bidders are advised that the Department will make adjustments in monthly estimate payments due to the Contractor when the Consultant determines that the monthly Construction Index Price for diesel fuel has increased or decreased in excess of 10% of the Base Price Index.

The Base Price Index that applies to the Contract will be indicated in the Special Provisions. The Monthly Price index will be published by the Department on the Department's web site.

These adjustments will only apply to the following types of work:

* Grading projects, where the cumulative total design volume of common excavation, borrow excavation, and common or borrow excavation loaded to trucks exceeds 150 000 cubic metres and the quantities are measured by the Consultant;
* Surfacing projects where,
	+ the design quantity of asphalt concrete pavement exceeds 20 000 tonnes;
	+ or the design quantity of granular base course exceeds 20 000 tonnes;
* Micro-surfacing projects where the design quantity exceeds 20 000 m2;
* Seal Coat projects where the design quantity exceeds 20 000 m2;
* Combination grading and surfacing projects where any of the above criteria are applicable.

On combination projects, when at least one work type exceeds the specified minimum design quantity, the monthly diesel fuel cost adjustments will be made to all specified types of work regardless of the actual minimum design quantity.

Adjustments will apply only to diesel fuel, at the consumption rates specified hereafter. No allowance will be made to the specified consumption rates based on Contractor's choice of equipment, type of fuel, construction methodologies, efficiencies, or haul distances.

No diesel fuel price adjustments will be made to lump sum bid items.

* + - 1. **Definitions**

**Monthly Price Index (MPI)** - The MPI will be based on the numerical average of Edmonton and Calgary values for Monthly Average Retail Prices for diesel fuel as published by Statistics Canada Table 18-10-0001-01.

**Base Price Index (BPI)** - The BPI is the baseline value of diesel fuel that will be specified in the Special Provisions. Generally, the BPI for a Contract will be the most current MPI as determined by the Department prior to the tender advertising date.

**Monthly Diesel Price Index (MDPI)** - The MDPI is the MPI for the month in which Work is completed. To coincide with the time period used by the Department for preparing Progress Payments, the MDPI will be considered effective from the 26th day of the previous month to the 25th day of the current month.

# Diesel Fuel Consumption Rates

*For the purpose of diesel fuel cost adjustments, the following diesel fuel consumption rates will be used:*

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| ***Category of Work*** | ***In-Place Diesel Fuel******Consumption Rate*** ***(CR)*** |
| *Grading* *(common excavation, borrow excavation, and common or borrow excavation loaded to trucks);**Includes haul* | *1.6 litres / m3* |
| *Crushing and Stockpiling* *Designation 1 aggregates**Designation 2 aggregates* | *0.9 litres / tonne**0.6 litres / tonne* |
| *Asphalt Concrete Pavement - All mix types**Excludes crushing and haul* | *2.4 litres / tonne* |
| *Granular Base Course - Designation 2**Excludes crushing and stockpiling, and haul* | *1.9 litres / tonne* |
| *Haul* | *0.035 litres / tonne - km* |
| *Milling (50 mm depth)**(Conversion factor of 0.117 tonne / m2 per 50 mm depth)**Excludes haul* | *1.2 litres / tonne**(0.14 litres / m2)* |
| *Micro-surfacing (Includes crushing, excludes haul)**(Conversion factor of 0.023 tonne / m2)* | *2.5 litres / tonne**(0.06 litres / m2)* |
| *Seal coats (Includes crushing, excludes haul)**(Conversion factor of 0.029 tonne / m2)* | *3.1 litres / tonne**(0.09 litres / m2)* |

# Haul

# The consumption rate shall be applied to the haul to an interim stockpile site of aggregates that are required to complete the Work. Only interim haul for the following aggregates shall be considered for diesel fuel adjustment:

#  Designation 1, 2, and 6 Aggregates

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#  Total interim haul shall be based on the quantity (in tonnes) for each material hauled to the interim stockpile as determined by the Consultant, multiplied by the actual haul distance from the entrance of the aggregate source to the nearest entrance of the interim stockpile site.

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#  Materials hauled or moved within an aggregate source or hauling or moving materials at the stockpile site shall be excluded from the total interim haul calculations.

# The consumption rate shall be applied to Reclaimed Asphalt Pavement (RAP) milled from the roadway and hauled to the mixing plant. The rate shall only be applied to the RAP quantity (in tonnes) recycled into the Asphalt Concrete Pavement.

# The consumption rate shall be applied to the haul to the roadway of aggregates and final products that are required to complete the Work. Only haul for the following aggregates and final products shall be considered for diesel fuel adjustment:

#  Asphalt Concrete Pavement

#  Designation 2 and 6 Aggregates

#  Micro-surfacing

#  Seal Coats

# Total haul shall be based on the quantity (in tonnes) for each material as determined by the Consultant, multiplied by the haul distance to the mid-point of the Project from the location it is loaded and hauled from, except where otherwise specified in this Specification Amendment.

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# For Asphalt Concrete Pavement, the haul distance shall be calculated from the mixing plant to the mid-point of each continuous work area as denoted by the Plans in the Contract.

# For aggregates that are required to be loaded and hauled to a stockpile site not located at the aggregate source where the material originated, the haul distance to the stockpiled aggregates shall be calculated from the nearest entrance of the aggregate source, to the entrance to the stockpile site or aggregate source where the stockpile will be located.

# For Reclaimed Asphalt Pavement, the haul distance shall be calculated from the mid-point of each continuous milled area as denoted by the Plans in the Contract to the mixing plant.

# For micro-surfacing aggregate, the haul distance shall be calculated from the nearest interim stockpile or, when no interim stockpiling was completed, from the nearest entrance to the aggregate source to the midpoint of each of the designated work limits included in the Contract. The designated work limits shall be each continuous work area as denoted by the Plans in the Contract.

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# For seal coat aggregate, the haul distance shall be calculated from the nearest interim stockpile or, when no interim stockpiling was completed, from the nearest entrance to the aggregate source to the midpoint of each of the designated work limits included in the Contract. The designated work limits shall be each continuous work area as denoted by the Plans in the Contract.

# For any Contract items produced and stockpiled prior to award of the Contract, the haul distance shall be determined based on the stockpile location from which the material is loaded and hauled, to the mid-point of each continuous work area as denoted by the Plans in the Contract.

#  Materials hauled or moved within an aggregate source, hauling or moving materials at the stockpile site, and moving materials from an interim stockpile site to an alternate mixing plant site location shall be excluded from the total haul calculations.

# Haul on liquid asphalt products shall not be included in the diesel fuel adjustment calculation.

# Calculation of Diesel Fuel Cost Adjustment

The Consultant will calculate diesel fuel cost adjustments only during months in which Work is actually performed.

The Consultant will compute the ratio of Monthly Diesel Price Index / Base Price Index each month. If the ratio falls between 0.90 and 1.10, inclusive, no fuel cost adjustment will be made for that month. If the ratio is less than 0.90 a credit to the Department will be computed. If the ratio is greater than 1.10, additional payment to the Contractor will be computed. Diesel Fuel Cost Adjustments will be computed as follows:

* + - * 1. **Diesel Fuel Price Decrease**

When the computed ratio is less than 0.90, a diesel fuel price rebate will be calculated. This is a credit to the Department and will be deducted from any monies due the Contractor on the Progress Payment.

***P.R.* = *(0.90* - *(MDPI / BPI)) x (Q) x (BPI) x (CR)***

where:

P.R. = Price Rebate

MDPI = Monthly Diesel Price Index, as defined in 1.2.58.2

BPI =  Base Price Index, as determined by the Department

Q = the quantity of eligible category of work, as determined by the Consultant and as reported on the monthly progress estimate

CR = the diesel fuel consumption rate for the eligible category of work

* + - * 1. Diesel Fuel Price Increase

When the computed ratio is greater than 1.10, a diesel fuel price increase will be calculated. This price increase will be added to any monies due the Contractor on the Progress Payment.

***P.I. = ((MDPI / BPI)*** - ***1.10) x (Q) x (BPI) x (CR)***

where:

P.I. = Price Increase

MDPI = Monthly Diesel Price Index, as defined in 1.2.58.2

 BPI = Base Price Index, as determined by the Department

Q = the quantity of eligible category of work, as determined by the Consultant and as reported on the monthly progress estimate

CR = the diesel fuel consumption rate for the eligible category of work

* + - 1. Contractor's Option to Participate with Diesel Fuel Cost Adjustments

For any eligible project, the Contractor shall have the option to participate or opt-out of the Department's diesel fuel cost adjustment process. The Contractor's decision to participate or opt-out will apply to the entire Work and no consideration will be given to diesel fuel cost adjustments for individual components of the Work.

If the Contractor wishes to opt-out of the Department's diesel fuel cost adjustment process, the Contractor shall state their intent in writing to the Department prior to execution of the Contract.

If the Contractor does not state their intent in writing to the Department prior to execution of the Contract, the Department will deem that the Contractor's intent was to participate in the diesel fuel cost adjustment process and no further changes will be considered.

The Contractor will not be permitted to either opt-in or opt-out of the diesel fuel cost adjustment process after the execution of the Contract.

# Conclusion of Diesel Fuel Cost Adjustment

The calculation of Price Rebates and Price Increases on diesel fuel consumption will only be considered for Work acceptably completed prior to the specified or adjusted Construction Completion date.

For Work completed after the specified or adjusted Construction Completion date, the Department will process payments without applying any diesel fuel cost adjustments.

# Final Payments

If all the applicable Work is completed prior to the specified or adjusted Construction Completion date, upon completion of the Work, any difference between the estimated quantities and the final quantities will be determined by the Consultant. An average Monthly Diesel Price Index will be calculated by averaging the Monthly Diesel Price Indexes for all months in which Work was acceptably completed. This average Monthly Diesel Price Index will be applied to the quantity differences in accordance with Subsection 1.2.58.4, Calculation of Diesel Fuel Cost Adjustment.

If all the applicable Work is not completed prior to the specified or adjusted Construction Completion date, diesel fuel price adjustments will not be applied to any difference between estimated and final quantities.