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**AMC\_C294**

**USE IN ALL TENDERS THAT INCLUDE THE ASPHALT CEMENT COST ADJUSTMENT OPTION (SPECIFICATION 1.2.59 Asphalt Cement Cost Adjustment)**

NOTES TO DESIGNERS (NOT TO BE INSERTED INTO TENDER)

* Examples of when to use this SP:

Tender July 15/2020; Project Completion Oct 15, 2022 – 2 construction seasons - Yes

Tendered Nov 15/2020; Project Completion Oct 15, 2022 – 2 construction seasons -Yes

Tendered Dec 8/2020, Project Completion Oct 15, 2021 – 1 construction season - No

Tendered Aug 19/2020, Project Completion Oct 15, 2021 – 1 construction season - No

Amendment to Specification 1.2, General, Re Asphalt Cement Cost Adjustment

The following Section is added:

*1.2.59 ASPHALT CEMENT COST ADJUSTMENT*

*1.2.59.1* ***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 Price Index for Asphalt Cement had increased or decreased in excess of 5% of the Base Price Index for Asphalt Cement.*

*The Base Price Index for Asphalt Cement that applies to the Contract will be indicated in the Special Provisions. The Monthly Price Index for Asphalt Cement will be the BCRB Asphalt Index (BCRBAI) on the British Columbia (BC) Road Builders and Heavy Construction Association website.*

*Adjustments will only apply to performance and penetration grade asphalt cements used in asphalt concrete pavements; adjustments are not applicable to asphalt cements used in hot-in-place recycling, liquid asphalt, emulsified asphalt, or any other product.*

*No asphalt cement cost adjustments will be made to lump sum bid items.*

*1.2.59.2* ***Definitions***

***Monthly Price Index for Asphalt Cement (MPIAC)*** *– The MPIAC will be based on the BCRBAI Edmonton price for asphalt cement.*

***Base Price Index for Asphalt Cement (BPIAC)*** *– The BPIAC is the baseline price of asphalt cement that will be specified in the Special Provisions. Generally, the BPIAC will be the most current MPIAC as determined by the Department prior to the tender advertising date.*

***Monthly Asphalt Cement Price Index******(MACPI)*** *– The MACPI is the MPIAC published on the BCRBAI for the month in which Work is completed. To coincide with the time period used by the Department for preparing Progress Payments, the MACPI will be considered effective from the 26th day of the previous month to the 25th day of the current month.*

*1.2.59.3* ***Calculation of the Asphalt Cement Cost Adjustment***

*The Consultant will calculate asphalt cement cost adjustments which will only be applied during months in which Work has occurred.*

*The Consultant will calculate the ratio of Monthly Asphalt Cement Price Index / Base Price Index for Asphalt Cement each month. If the ratio falls between 0.95 and 1.05, inclusive, no asphalt cement cost adjustment will be made for that month. If the ratio is less than 0.95, a credit to the Department will be computed. If the ratio is greater than 1.05, additional payment to the Contractor will be calculated.*

*Asphalt cement cost adjustments will be computed as follows:*

*1.2.59.3.1 Asphalt Cement Price Decrease*

*When the ratio of Monthly Asphalt Cement Price Index to Base Price Index for Asphalt Cement is less than 0.95, an asphalt cement price decrease will be calculated. This will be deducted from any monies due the Contractor on the Progress Payment.*

$Asphalt Cement Price Decrease= \left(0.95- \frac{MACPI}{BPIAC}\right)x \left(ACP\_{mix} X \frac{(\%AC\_{new})/100}{1+\%AC\_{new}/100}\right) X $***BPIAC***

 *Where,*

*ACPmix = Quantity of acceptable mix for the month, tonne*

*% ACnew = Actual weighted average percentage of new asphalt cement (by dry aggregate) in the acceptable mix placed in the lots for the month;*

*MACPI = Monthly Asphalt Cement Price Index, $*

*BPIAC = Base Price Index for Asphalt Cement, $*

*1.2.59.3.2 Asphalt Cement Price Increase*

*When the ratio of Monthly Asphalt Cement Price Index to Base Price Index for Asphalt Cement is more than 1.05, an asphalt cement price increase will be calculated. This will be added to any monies due the Contractor on the Progress Payment.*

$Asphalt Cement Price Increase= \left(\frac{MACPI}{BPIAC}-1.05 \right)x \left(ACP\_{mix} X \frac{(\%AC\_{new})/100}{1+\%AC\_{new/100}}\right) X $***BPIAC***

 *Where,*

*ACPmix = Quantity of acceptable mix for the month, tonne*

*% ACnew = Actual weighted average percentage of new asphalt cement (by dry aggregate) in the acceptable mix placed in the lots for the month*

*MACPI = Monthly Asphalt Cement Price Index, $*

*BPIAC = Base Price Index for Asphalt Cement, $*

*For bituminous mixes which contain reclaimed asphalt pavement (RAP), the percentage of new asphalt cement will be determined using the following formula:*

$$\%AC\_{new}=(\%AC-\%AC\_{RAP})$$

*Where,*

*%AC = Actual weighted average percentage of asphalt cement (by dry aggregate) in the acceptable mix placed in the lots placed for the month,%*

*%ACRAP = Contribution of RAP asphalt cement as per accepted mix design, %*

*Asphalt cement cost adjustments will be made as separate lump sum items on progress payments.*

*1.2.59.4* ***Contractor’s Option to Participate with Asphalt Cement Cost Adjustment***

*For any eligible project, the Contractor shall have the option to participate or opt-out of the Department's asphalt cement 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 asphalt cement cost adjustments for individual components of the Work.*

*If the Contractor wishes to opt-out of the Department's asphalt cement cost adjustment process, the Contractor shall state his intent in writing to the Department prior to execution of the Contract.*

*If the Contractor does not state his 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 asphalt cement 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 asphalt cement cost adjustment process after the execution of the Contract.*

*1.2.59.5* ***Conclusion of Asphalt Cement Cost Adjustment***

*The calculation of Price Decreases and Price Increases on asphalt cement 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 asphalt cement cost adjustments.*

*1.2.59.6* ***Final Payments***

If all of 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 Asphalt Cement Price Index will be calculated by averaging the Monthly Asphalt Cement Price Indexes for all months in which Work was acceptably completed. This average Monthly Asphalt Cement Price Index will be applied to the quantity differences in accordance with Subsection 1.2.59.3, Calculation of Asphalt Cement Cost Adjustment.

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