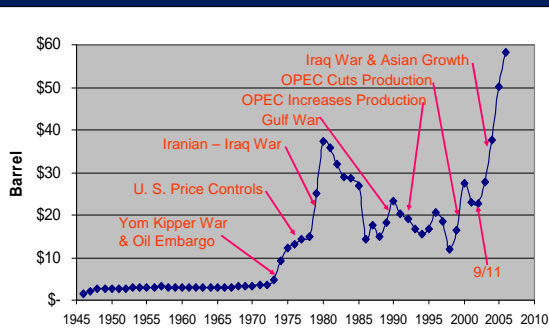


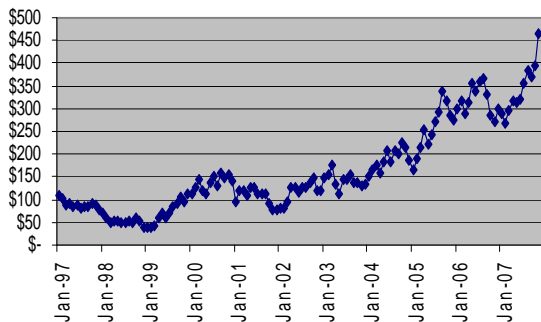
Asphalt Material Price Adjustment

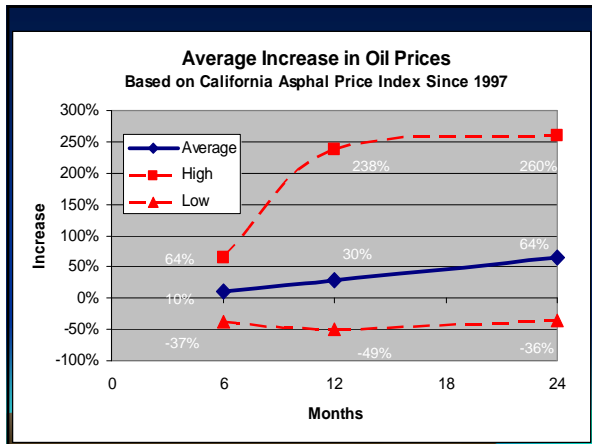
Thomas Moses, P. E.

Annual Crude Oil Price



California Asphalt Price Index





Fairbanks International Airport – R/W 1L-19R Reconstruction

- Bids Opened – July 18, 2007
- Contract Amount - \$32,987,400
 - Electrical - \$10,816,000
 - HAP – 112,000 tons - \$4,699,350
 - Asphalt Cement and Tack Coat – 6,248 tons - \$5,072,627
- Alaska Asphalt Material Price Index at Bid Opening - \$376.67

Fairbanks International Airport – R/W 1L-19R Reconstruction

- Paving during Summer of 2009
- Bid Opening to Paving – 2+ years
- Average (65% Increase)
 - Increase - \$238.99/ton
 - Total Increase for 6,248 tons - \$1,493,181
- High Increase (260% Increase)
 - Increase - \$979.34/ton
 - Total Increase for 6,248 tons - \$6,118,891
- Low (36% Decrease)
 - Decrease - \$135.60/ton
 - Total Decrease for 6,248 tons - \$847,229

Risk for Changing Asphalt Price

- Who can afford to assume the risk of fluctuating oil and asphalt prices?
 - Oil Companies
 - Asphalt Supplier
 - Contractor
 - Owner – DOT/PF

DOT/PF Asphalt Material Price Adjustment

- DOT/PF Implemented Asphalt Material Price Adjustment on May 1, 2007
- Applies to FHWA and State funded DOT/PF projects
- Does Not apply to the FAA funded airport projects

Asphalt Material Price Adjustment

- Applies to cost changes from date of bid opening to *date that asphalt material is incorporated in the project* **last day of the pay period**
- Applies if bid schedule has more than 500 tons of asphalt material
- Applies if there is more than 7.5% increase or decrease in the Asphalt Material Price Index from the date of the bid opening to the *date that the material is incorporated into the project*. **last day of the pay period.**

Asphalt Material Price Adjustment

- Applies to:
 - Asphalt Treated Base
 - Emulsified Treated Base
 - Asphalt Concrete Pavement
 - Tack Coat
 - Prime Coat
 - Seal Coat
 - Surface Treatments
 - Sidewalks
 - Curbing

Alaska Asphalt Material Price Index

- Calculated the **first** and **third** Friday of each month
- Posted at:
http://www.dot.state.ak.us/stwddes/desmaterials/aprice_index.shtml
- Average rack price of PG 52-28:
 - Tesoro
 - U. S. Oil
 - Flint Hills – (Average of North Pole and Anchorage Terminals)

Example 1

- Asphalt Material Price Index at bid opening = \$400/ton
- Asphalt Material Price Index at time of paving = \$450/ton - \$50 increase
- Threshold to trigger price adjustment (7.5% increase/decrease) = $\$400 \times 7.5\% = \30
- Price Adjustment = $\$50 - \$30 = \underline{\$20/\text{ton paid to the Contractor}}$

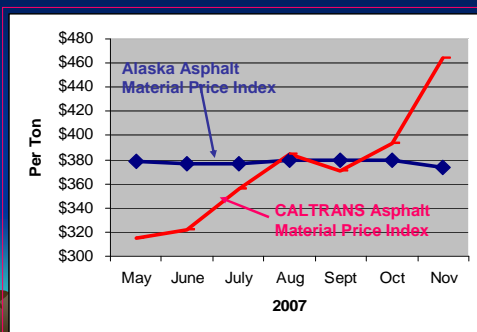
Example 2

- Asphalt Material Price Index at bid opening = \$400/ton
- Asphalt Material Price Index at time of paving = \$425/ton - \$25/ton increase
- Threshold to trigger price adjustment (7.5% increase/decrease) = $\$400 \times 7.5\% = \30
- Price Adjustment = Since \$25 increase is below threshold of \$30 – **There is no Price Adjustment**

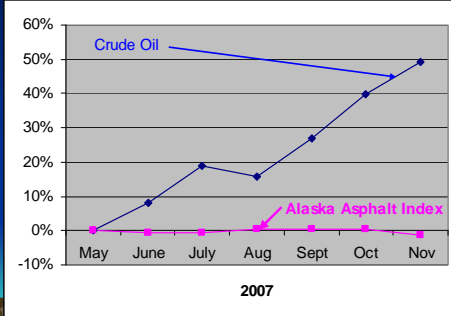
Example 3

- Asphalt Material Price Index at bid opening = \$400/ton
- Asphalt Material Price Index at time of paving = \$350/ton - \$50/ton decrease
- Threshold to trigger price adjustment (7.5% increase/decrease) = $\$400 \times 7.5\% = \30
- Price Adjustment = $\$50 - \$30 =$ **\$20/ton credit to DOT/PF**

Alaska & CALTRANS Asphalt Index



Rate of Increase of Crude Oil and Asphalt Index



Questions?

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