October 21, 2010

## Revision of Section 109

Fuel Cost Adjustment

**NOTICE**

This is a standard special provision that revises or modifies CDOT's *Standard Specifications for Road and Bridge Construction*. It has gone through a formal review and approval process and has been issued by CDOT's Project Development Branch with formal instructions for its use on CDOT construction projects. It is to be used as written without change. Do not use modified versions of this special provision on CDOT construction projects, and do not use this special provision on CDOT projects in a manner other than that specified in the instructions unless such use is first approved by the Standards and Specifications Unit of the Project Development Branch. The instructions for use on CDOT construction projects appear below.

Other agencies which use the *Standard Specifications for Road and Bridge Construction* to administer construction projects may use this special provision as appropriate and at their own risk.

**Instructions for use on CDOT construction projects:**

* Use this standard special provision on all projects.
* The Contractor shall indicate on Form 85, which is part of their proposal, whether they are accepting or rejecting the Fuel Cost Adjustment on each project.
* The designer should add a Planned Force Account called F/A Fuel Cost Adjustment, Pay Item 700-70016 to the plans and project special provisions to account for the possibility that the awarded bidder will accept this adjustment. The amount of this Force Account should be 0.5 to 1.0 percent of the project budget.
* If the amount of actual Fuel Cost Adjustments exceeds the funding allotted in the Planned Force Account, the remainder of the adjustments should be made using funding from Minor Contract Revisions (MCRs), or by adding funding to the project.

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REVISION OF SECTION 109

FUEL COST ADJUSTMENT

Section 109 of the Standard Specifications is hereby revised for this project as follows:

Subsection 109.06 shall include the following:

(h) *Fuel Cost Adjustments.* Contract cost adjustments will be made to reflect increases or decreases in the monthly average prices of gasoline, diesel and other fuels from the average price for the month preceding the month in which bids were received for the Contract. These cost adjustments are not changes to the Contract unit prices bid. When bidding, the Contractor shall specify on the Form 85 whether the cost adjustment will apply to the Contract. After bids are submitted, the Contractor will not be given any other opportunity to accept or reject this adjustment. If the Contractor fails to indicate a choice on the Form 85, the cost adjustment will not apply to the Contract. If the fuel cost adjustment is accepted by the Contractor, the adjustment will be made in accordance with the following criteria:

1. Cost adjustments will be based on the fuel price index established by the Department and calculated as shown in subsection 109.06(h)2.D below. The index will be the monthly average of the rates posted by the Oil Price Information Service (OPIS) for Denver No. 2 Diesel. The rate used will be the *OPIS Average* taken from the OPIS Standard Rack table for *Ultra-Low Sulfur w/Lubricity Gross Prices* (ULS column), expressed in dollars per gallon and rounded to two decimal places.
2. Cost adjustments will be made on a monthly basis subject to the following conditions:
3. Adjustment will be based on the pay quantities on the monthly partial pay estimate for each of the pay items listed in the table below for which fuel factors have been established. Adjustment will be made only when the pay item is measured by the pay unit specified in the table:

|  |  |  |
| --- | --- | --- |
| Item | Pay Unit | Fuel Factor (FF) |
| 202-Removal of Asphalt Mat (Planing) | Square Yard | 0.006 Gal/SY/Inch depth |
| 203-Excavation (muck, unclassified) Embankment, Borrow | Cubic Yard | 0.29 Gal/CY |
| 203-Rock Excavation | Cubic Yard | 0.39 Gal/CY |
| 206-Structure Excavation and Backfill [applies only to quantities paid for by separate bid item; no adjustment will be made for pay items that include structure excavation & backfill, such as RCP(CIP)] | Cubic Yard | 0.29 Gal/CY |
| 304-Aggregate Base Course (Class\_\_\_) | Cubic Yard | 0.85 Gal/CY |
| 304-Aggregate Base Course (Class\_\_\_) | Ton | 0.47 Gal./Ton |
| 307-Processing Lime Treated Subgrade | Square Yard | 0.12 Gal/SY |
| 310-Full Depth Reclamation | Square Yard | 0.06 Gal/SY |
| 403-Hot Mix Asphalt (HMA) (Grading \_\_) \* | Ton | 2.47 Gal/Ton |
| 403-Stone Matrix Asphalt (Grading \_\_)  | Ton | 2.47 Gal/Ton |
| 405-Heating and Scarifying Treatment | Square Yard | 0.44 Gal/SY |
| 405-Heating and Repaving Treatment | Square Yard | 0.44 Gal/SY |
| 405-Heating and Remixing Treatment | Square Yard | 0.44 Gal/SY |
| 406-Cold Bituminous Pavement (Recycle) | Square Yard | 0.01 Gal/SY/Inch depth |
| 412- Concrete Pavement (\_\_\_Inch) | Square Yard | 0.03 Gal/SY/Inch thickness |
| \*Hot Mix Asphalt (Patching) is not subject to fuel cost adjustment. |

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REVISION OF SECTION 109

FUEL COST ADJUSTMENT

1. A fuel cost adjustment will be made only when the current fuel price index varies by more than 5 percent from the price index at the time of bid, and only for that portion of the variance in excess of 5 percent. Fuel cost adjustments may be either positive or negative dollar amounts.
2. Fuel cost adjustments will not be made for any partial estimate falling wholly after the expiration of contract time.
3. Adjustment formula:

EP greater than BP:

FA = (EP – 1.05 BP)(Q)(FF)

EP less than BP:

FA = (EP – 0.95 BP)(Q)(FF)

Where:

BP = Average fuel price index for the calendar month prior to the calendar month in which bids are opened

EP = Average fuel price index for the calendar month prior to the calendar month in which the partial estimate pay period ends

FA = Adjustment for fuel costs in dollars

FF = Fuel usage factor for the pay item

Q = Pay quantity for the pay item on the monthly partial pay estimate

Note: When the pay item is based on area, and the rate of fuel use varies with thickness, Q should be determined by multiplying the area by the thickness. For example: for 1000 square yards of 8-inch concrete pavement Q should be 8000.

Example: Bids are opened on July 16. The BP will be the average of the daily postings for June 1 through June 30. For an estimate cut-off date selected by the Contractor at the Pre-Construction Conference of the 20th of the month a February estimate will include HMA quantities (Q) measured from the 21st of January through the 20th of February, the FF will be 2.47 Gal/Ton, and the EP index used to calculate FA will be the average of the daily postings for January 1 through January 31 as established by CDOT.

1. Fuel cost adjustment will not be made for the quantity of any item that is left in place at no pay.
2. Fuel cost adjustments will not be made to items of work added to the Contract by Change Order after the award of the Contract.

The fuel cost adjustment will be the sum of the individual adjustments for each of the pay items shown. No adjustment will be made for fuel costs on items other than those shown. The factors shown are aggregate adjustments for all types of fuels used, including but not limited to gasoline, diesel, propane, and burner fuel. No additional adjustments will be made for any other type of fuel.

Fuel cost adjustments resulting in an increased payment to the Contractor will be paid for under the planned force account item: Fuel Cost Adjustment. Fuel cost adjustments resulting in a decreased payment to the Contractor will be deducted from monies owed the Contractor.