

STATE

OF

TENNESSEE

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March 1, 2006

SPECIAL PROVISION

REGARDING

PRICE ADJUSTMENT FOR BITUMINOUS MATERIAL

This Special Provision covers the method of price adjustment for bituminous materials.

The normal bid items in the contract covering the bituminous material shall remain the same, but the contract unit bid prices for these items will be adjusted to compensate for increases and decreases in the contractor's bituminous material cost in the following manner:

A "Basic Bituminous Material Index" will be established by the Tennessee Department of Transportation prior to the time the bids are opened. This "Basic Bituminous Material Index" is the average of the current quotations on P.G. 64-22 from suppliers furnishing asphalt cement to contractors in the State of Tennessee. These quotations are the cost per ton f.o.b. supplier's terminal.

The "Basic Bituminous Material Index" for this project is _____ per ton.

The "Monthly Bituminous Material Index" is also established on the first day of each month by the same method. The "Monthly Bituminous Adjustment Factor" is the difference (+/-) between the "Basic Bituminous Material Index" and the "Monthly Bituminous Material Index".

The "Monthly Bituminous Adjustment Factor" shall be applied to the contract unit price bid provided the increase or decrease differs 5% or more from the "Basic Bituminous Material Index". The Engineer reserves the right to alter the quantities of material or modify the design if the change in prices warrants material or design substitution. If adjustments are made in quantities or design, the contractor shall accept the unit price bid or the applicable monthly adjusted unit prices as full compensation for all work performed according to the provisions of Subsection 104.02 of the Standard Specifications.

The unit price for bituminous material used after the expiration of the allocated working time as set forth in the contract, or as extended by Supplemental Agreement, will revert to the original contract unit bid price or the adjusted unit price as set forth herein, whichever is less.

The adjustment will be calculated in accordance with the following formula only when the percent change of price indexes is five or greater:

$$PA = [Ic - Ib] \times T$$

Where,

PA = Price Adjustment for Adjustment Month

Ib = Basic Bituminous Material Index

Ic = Monthly Bituminous Material Index

T = Tons bituminous material for Adjustment Month

Price adjustment will be applied to all asphalt cement, asphalt emulsion, or bituminous material used for paving on this project.

The quantity of virgin asphalt cement in tons subject to price adjustment in recycled mixes shall be the product of the total tons of each mix multiplied by the difference between (1) the percent of asphalt cement specified for bidding purposes and (2) the percent of asphalt cement obtained from the recycled asphaltic material used in each mix. No price adjustment under this special provision for increases and decreases in the contractor's cost for virgin asphalt cement in recycled mixes will be allowed for asphalt cement content in excess of the percent specified for bidding purposes, as all payment adjustments for asphalt cement in the mix design of recycled mixes in excess of the percent of asphalt cement specified for bidding purposes will be made in accordance with the Standard Specifications.

The price adjustment for increases and decreases in the contractor's cost for virgin asphalt cement in recycled mixes will be calculated as follows when the percent change in price indexes is five or greater:

$$PA = [Ic - Ib] \times \frac{[BA - RA]}{100} \times Tm$$

Where,

PA = Price Adjustment for Adjustment Month

Ib = Basic Bituminous Material Index

Ic = Monthly Bituminous Material Index

BA = Percent asphalt specified for bidding purposes

RA = Percent asphalt obtained from recycled asphaltic material used in each mix

Tm = Tons asphalt mix for adjustment month

The above procedure for calculating price adjustments for recycled mixes is also applicable to mixes consisting of one hundred percent virgin material when the asphalt cement is not a separate bid item and the asphalt content in each mix is established for bidding purposes. A totally virgin mix is a special case in which the percent of asphalt obtained from recycled asphaltic material is zero (i.e., RA = 0).