

Calculating Asphalt Cost Price Adjustment



WHY DO WE HAVE ASPHALT COST PRICE ADJUSTMENT?

Contractor uncertainty incites inflated bids to cover unknown conditions.

The cost adjustment provisions provide a method to minimize risk to the contractor on work where volatile market conditions cause cost on vulnerable

items of work to fluctuate unpredictably. These Adjustment provisions are needed in order to reduce this risk to the contractors, encouraging a continuation of the competitive bidding environment.

The current specifications have been developed in combination with the paving industry and other state DOT's,

ASPHALT COST PRICE ADJUSTMENT IS APPLICABLE TO ALL PROJECTS WITH HMA.

This provision allows adjustments to be applied when the current cost of liquid asphalt exceeds +/- 5% of the Estimated base cost. This adjustment does not guarantee full compensation to the contractor, but does significantly reduce their risk.

WHAT ARE THE QUALIFYING ITEMS?

HMA

HMA CL. ___ IN. PG ___ [5766, 5767, 5768, 5769]

HMA FOR APPROACH CL. ___ IN. PG ___ [5872, 5873, 5874]

HMA FOR PRELEVELING CL. ___ IN. PG ___ [5716, 5717, 5718]

HMA FOR PAVEMENT REPAIR CL. ___ IN. PG ___ [5738, 5739, 5740]

COMMERCIAL HMA [5875]

CRS—BINDER

ASPHALT EMULSION CRS-1 [5290]

ASPHALT EMULSION CRS-2 [5295]

ASPHALT EMULSION CRS-2P [5296]

* For non-standard HMA and Emulsified Asphalt, please consult the Construction Office

WHAT DO I PUT IN THE ESTIMATE FOR THIS ITEM?

- Use either the Asphalt Cost Adjustment, or Emulsion Cost Adjustment worksheet depending on whether HMA or Emulsified Asphalt is being placed in the project.

These worksheets are available on-line at:

HMA: <https://wsdot.wa.gov/sites/default/files/2022-01/EstimatingOffice-HMACostAdjustment.xlsx>

CRS (Emulsion): <https://wsdot.wa.gov/sites/default/files/2021-10/EstimatingOffice-CRSCostAdjustment.xlsx>

- Fill-in the green cells with the requested information.
- Use the result in the pink cell for you estimate entry for either the HMA or Emulsion Cost Adjustment item.

(See worksheet examples next page)

ASSOCIATED GSP's & AMENDMENTS

HMA

[5-04.5.OPT2.GR5](#)

EMULSION

[5-02.5.OPT3.GR5](#)

CALCULATING THE ADJUSTMENT FOR YOUR ESTIMATE

The Asphalt Cost Adjustment worksheets are very similar, although HMA adjustment uses the 'Date of Calculation' in the determination and the binder content factors of each are different.

Use these worksheets to update the adjustment items frequently. The Base cost for the item will be based on the last Binder Reference Cost that is published preceding Bid Opening.

| ASPHALT COST ADJUSTMENT WORKSHEET | | | | | | |
|--|---------------------|--|--------------------|----------------------------------|--|----------------------------|
| Project Number <i>Value not used in calc. — Info Only</i> | Date of Calculation | Insert the current Asphalt Binder Reference Cost Index number for your area from here. | Insert the AD date | Insert the end construction date | Insert the total quantity of asphalt eligible for escalation per the Special Provision in tons | Adjustment (Std Item 5837) |
| | | | | | | \$ - |

| ASPHALT EMULSION—COST ADJUSTMENT WORKSHEET | | | | | | |
|--|--|--|---|----------------------------------|---|----------------------------|
| Project Number <i>Value not used in calc. — Info Only</i> | Date of ABRCI value (typically the first or 16th of the month) | Insert the current Asphalt Binder Reference Cost Index number for your area from here. | Insert the AD date (or the bid opening date if the contract is in the AD process) | Insert the end construction date | Insert the total quantity of CRS-2P in tons eligible for escalation per the Special Provision | Adjustment (Std Item 5294) |
| | | | | | | \$ - |

| Date Effective | Begin Period | End Period | Eastern | Western |
|----------------|--------------|------------|----------|----------|
| 05/01/2019 | 04/16/2019 | 04/30/2019 | \$477.50 | \$430.00 |
| 04/16/2019 | 04/01/2019 | 04/15/2019 | \$477.50 | \$430.00 |
| 04/01/2019 | 03/16/2019 | 03/30/2019 | \$477.50 | \$430.00 |
| 03/18/2019 | 03/01/2019 | 03/15/2019 | \$477.50 | \$430.00 |
| 03/04/2019 | 02/16/2019 | 02/28/2019 | \$487.50 | \$430.00 |
| 02/20/2019 | 02/01/2019 | 02/15/2019 | \$482.50 | \$430.00 |

ASPHALT BINDER REFERENCE

- Published 2 times Monthly.
 - Use either East or West—dependent on project Location
 - Base cost is that which immediately precedes Bid Opening.
- * No Adjustment will be made if Reference cost is within 5% of Base.

GET CURRENT BINDER REFERENCE COST AT:

[Asphalt binder reference cost | WSDOT \(wa.gov\)](http://Asphalt binder reference cost | WSDOT (wa.gov))

HOW DO I PAY BINDER COST ADJUSTMENT ITEMS?

$$\begin{array}{l}
 \text{PAYMENT} \\
 \left(\begin{array}{l} \text{CURRENT (TIME OF PAYMENT) REFERENCE COST} \\ - \\ 1.05 \times \text{BASE REFERENCE COST} \end{array} \right) \times \begin{array}{l} \text{TONS OF HMA} \times 0.056 \\ \text{OR} \\ \text{TONS OF CRS2} \times 0.65 \end{array} \\
 \\
 \text{CREDIT} \\
 \left(\begin{array}{l} \text{CURRENT (TIME OF PAYMENT) REFERENCE COST} \\ - \\ 0.95 \times \text{BASE REFERENCE COST} \end{array} \right) \times \begin{array}{l} \text{TONS OF HMA} \times 0.056 \\ \text{OR} \\ \text{TONS OF CRS2} \times 0.65 \end{array}
 \end{array}$$

* For other cationic emulsified oils, check Std. Spec. 9-02.1(6) for oil %



The Above calculation is used in determining adjustments. However a worksheet is available from the Construction Office that performs the Adjustment calculation based on current reference Cost and tons of Asphalt placed.

GET CALCULATION WORKSHEET

<https://wsdot.wa.gov/business-wsdot/how-do-business-us/public-works-contracts/payments-reporting/escalation-clauses>

Adjustments will be made based on the most current reference cost for Western or Eastern Washington as posted on the Binder Reference website prior to the progress estimate cutoff date.

For example:

Your estimate cut-off date is 03/29/2019 review the **Begin Period & End Period** columns to find the date range that your estimate cut-off date falls within.

for this example the

Begin Period is 03/16/2019 & the End Period is 03/30/2019

Use the Binder reference cost shown for that line.

A no-cost change order is needed to document this change.