

## **SPECIAL PROVISION**

### **PRICE ADJUSTMENT CLAUSES HAULING OF MATERIALS**

**1.0 GENERAL** - Hauling of materials from their sources (pits, quarries, natural deposits, etc.) to project site and to asphalt plants, and hauling of asphaltic mixes from the plants to the project site are important components of the cost of the different contract items included in highway projects. The rates for hauling these materials are established and controlled by the Public Service Commission (PSC).

The rates are revised periodically as market conditions change. This clause will provide either an additional compensation to the contractor or a credit to the Authority, depending upon increases or decreases in the rates established by the PSC.

A price adjustment clause for hauling was promulgated by Resolution No. 2004-21 dated April 23, 2004, on an interim basis. This Special Provision extends the applicability of the adjustment clause until otherwise revised, rescinded or declared null and void.

**2.0 ITEMS COVERED** - This price adjustment clause will apply only to the following items:

- 2.1** asphaltic concrete mixtures
- 2.2** coarse aggregate (crushed stone)
- 2.3** fill material for embankment (borrow) and sub-base material

### **3.0 GENERAL RULES**

**3.1** No price adjustment will be made until the hauling rate for the covered item increases or decreases in excess of 15 percent of the base index price.

**3.2** Price adjustment will be prospective only and will apply to covered items in contract work acceptably performed after the effective date of the adjusted item price.

**3.3** Price adjustment for covered contract pay items will be computed monthly by the Authority after a price adjustment is triggered by a change of the hauling rates in excess of 15 percent over or under the base index price. The increased payment or deduction will be included in the next monthly payment certification covering work acceptably performed to which price adjustment is applicable.

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- 3.4** Once a price adjustment for a covered item is triggered as indicated above, the monthly price adjustment computations and payment will be continued until the work to which it applies is completed.
- 3.5** No upward adjustment in price will be made for items used in work performed during periods for which the Contractor is being charged liquidated damages. If liquidated damages are subsequently reduced by an approved extension of time, then this price adjustment clause will be applicable to the work performed during the period covered by the authorized time extension.
- 4.0 BASE INDEX RATES** - The base index rates will be the rates on which price adjustment, either up or down, will be determined for the covered items in the contract. The base index rate for each covered item as of the first working day of the month on which bids for this project are opened will be determined as indicated below for the items in Article 2.0, above.
- 5.0 AVERAGE PERIOD (RATE)** - The average period rate will be the rate to be used to compare with the base index rate to compute any applicable up or down price adjustment.
- 5.1** The average period rate will be determined by the Authority for each covered item as of the first working day for each month following the opening of bids using the same procedures for the determination of the base index rate.
- 5.2** The average period rate will be applicable to the quantities of covered work acceptably performed during the month for which it was determined. When there is no change in the average period rate, the previously determined average rate will apply until the end of the month prior to a new average rate being determined.
- 6.0 PRICE ADJUSTMENT COMPUTATIONS** - The quantity of material subject to price adjustment and the applicable adjustment will be as indicated in Attachments I and II and the "Instructions for Computing Adjustments" attached to this Special Provision. The price adjustment (payment or credit) will be computed using the formula in Attachment II.
- 7.0 ADDED PAY ITEMS** - When new pay items which include materials covered by this price adjustment clause are added to this contract under an extra work order, the applicable

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base index prices will be determined by the authority as of first working day of the month on which the extra work order is agreed upon and will be indicated in the extra work order.

**8.0 DESIGN CHANGES** - The Authority reserves the right to make changes in the design, reduce quantities or eliminate contract items affected by materials covered by this clause, under the terms provided in the General Provisions, when it considers such action to be in the public interest.

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**Instructions for Computing Adjustments**

In addition to any conditions, restrictions, allowances included in Articles 1.0 to 8.0 above, the following will also apply:

1. Adjustments will only apply to projects advertised for bids after the effective date of this Special Provision.
2. Only the official rates approved by The Public Service Commission will apply.
3. Adjustment will only apply to asphaltic mixtures, stone; sand, and fill material (including sub-base material).
4. To determine any additional compensation for hauling aggregates from the source to asphalt plants a fixed distance of ten (10) kilometers will be used.
5. Hauling of asphalt will be measured based on the actual reasonable distance from the plant to the project site.
6. Hauling of borrow material and stone base course will be measured based on the actual reasonable road distance from the material source to the project site.
7. There will be no increase in payments for hauling rejected materials.
8. The following volumetric parameters are established for:
  - a. Borrow volume in excess of ten thousand (10,000) cubic meters.
  - b. Crushed stone for base course-in excess of two thousand (2,000) cubic meters.
9. Adjustments will only apply to materials hauled by truckers with valid permits issued by the PSC. Contractor – owned trucks are not eligible for pay adjustments. Hauling of material excavated from within the right of way and within project limits is not eligible for pay adjustment, no matter where the material is deposited or the type of truck used for hauling (contractor owned, leased, private truckers, etc).

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10. The contractor and his subcontractors shall submit evidence of payment to truckers clearly detailing hauling costs.
11. The contractor and his subcontractors will authorize the Authority to conduct audits of payments claimed for hauling.
12. Computation of payment will be based on PSC tables shown in Attachment I and using formulae shown in Attachment II.

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**ATTACHMENT I**

Rates for Aggregates: Asphalt, stone, sand and fill material.

*Note: Asphalt is computed based on short-ton stone, sand, and fill material is computed based on cubic meters.*

<b>Distance in Kilometers</b>	<b>Asphalt Tariff</b>	<b>Aggregate and Sand Tariff</b>	<b>Fill Tariff</b>
1	\$2.28	\$1.98	\$1.58
2	\$2.46	\$2.29	\$1.77
3	\$2.67	\$2.48	\$1.96
4	\$2.89	\$2.67	\$2.13
5	\$3.06	\$2.86	\$2.28
6	\$3.27	\$3.08	\$2.45
7	\$3.40	\$3.25	\$2.65
8	\$3.60	\$3.43	\$2.85
9	\$3.78	\$3.62	\$3.06
10	\$3.97	\$3.77	\$3.28
11	\$4.18	\$3.97	\$3.47
12	\$4.40	\$4.18	\$3.67
13	\$4.61	\$4.40	\$3.77
14	\$4.82	\$4.61	\$3.94
15	\$5.03	\$4.82	\$4.08
16	\$5.25	\$5.17	\$4.27
17	\$5.46	\$5.25	\$4.41
18	\$5.67	\$5.46	\$4.55
19	\$5.87	\$5.67	\$4.75
20	\$6.09	\$5.87	\$5.17
	\$0.19 per additional Km.	\$0.19 per additional Km.	\$0.35 per additional Km.

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**ATTACHMENT II**

A. Computation of additional payment or credit

- a. Percent increase or decrease in rate ( $P_{\Delta}$ )

$$\frac{APP - BIP}{BIP} = P_{\Delta}$$

This percentage ( $P_{\Delta}$ ) must be numerically larger than 0.15 to be able to apply adjustment (payment or credit)

- b. Adjustment Factor (F)

$$F = P_{\Delta} - 0.15$$

B. Computation of adjustment – asphaltic mixes

- a. Hauling from material source to the batching plant – Based on a fixed distance of 10 Km. using the column for stone and sand (piedra y arena) in Attachment I.
- b. Hauling from plant to project site
- i.  $CA = F \times CTM \times 1.25$  for Borrow class “A” and “B”, sub-base material in excess of 10,000 C.M.
  - ii.  $CA = F \times CTM \times 1.25$  Base course material in excess of 2,000 C.M.
  - iii.  $CA = F \times CTM$  for asphaltic mixes

Legend:

CA = Clause Adjustment

APP = Average Period Price (rate)

BIP = Base Index Price (rate)

CTM = Total quantity of material deposited during the month