

August 2006

**NORTH CAROLINA DEPARTMENT OF TRANSPORTATION  
PRICE ADJUSTMENT PROCEDURES FOR  
ASPHALT BINDER FOR PLANT MIX**

Article 620-4 of the 2006 Standard Specifications states that adjustments will be made to payments due the Contractor for each grade of asphalt binder when it has been determined that the monthly average terminal F.O.B. Selling Price of asphalt binder, Grade PG 64-22, has fluctuated from the Base Price Index for Asphalt Binder included in the Contract. The specifications also state that the methods for calculating the monthly average terminal F.O.B. selling price, for calculating a base price index, and for determining the terminals used are in accordance with procedures on file with the Department's Construction Unit, Pavement Construction Section. These methods and procedures, including procedures for determining the adjusted contract unit price, are as follows.

**Determination, Addition and/or Deletion of Terminals Included in Index**

All terminals supplying asphalt binder for use on state projects in North Carolina will be given an opportunity to be included in the index average. A review will be made by the Department after the end of each calendar year to determine which terminals supplied asphalt binder on a regular basis during the previous year. Based on the results of this review, adjustments will be made annually to the listing of terminals used in determining the Monthly Price Index for asphalt binder. Any adjustments will be effective beginning with the May Monthly Price Index and the Base Price Index for the July letting of each year.

**Monthly Average Terminal F.O.B. Selling Price of Asphalt Binder, Grade PG 64-22 (Monthly Price Index)**

Asphalt binder suppliers included on the listing of terminals used for the index will furnish to the Department by the third day of each month the terminal F.O.B. selling price of Asphalt Binder, Grade PG 64-22 in effect on the first day of each month at each terminal. The monthly average terminal F.O.B. selling price (Monthly Price Index) will then be determined based on a procedural average of the terminal F.O.B. selling prices by omitting a single terminal with the highest price and a single terminal with the lowest price and then averaging the remainder of the prices furnished by the suppliers. The average will be rounded to the nearest penny and that number will be used as the Monthly Price Index for asphalt binder for that particular month. In the event that a supplier does not furnish a price to the Department for a specific terminal on the list, then the Monthly Price Index will be determined from the remaining terminals.

The monthly average terminal F.O.B. selling price (Monthly Price Index) will be available by the fifth day of each month on the North Carolina Department of Transportation Pavement Construction Section Web Site:

[www.doh.dot.state.nc.us/operations/dp\\_chief\\_eng/constructionunit/paveconst/Asphalt\\_Mgmt/acprices/](http://www.doh.dot.state.nc.us/operations/dp_chief_eng/constructionunit/paveconst/Asphalt_Mgmt/acprices/)

### **Base Price Index for Asphalt Binder for Plant Mix (Base Price Index)**

The base price index for Asphalt Binder for Plant Mix (Base Price Index) to be included in a proposal/contract along with the applicable date will be the Monthly Price Index in effect two months prior to the month in which the contract is let. For example, the Base Price Index for contracts let in April 2006 would be the Monthly Price Index determined for February 2006. The Base Price Index for a given contract will remain fixed throughout the life of the contract.

### **Termination of Price Adjustment - Asphalt Binder For Plant Mix**

If asphalt binder suppliers do not provide F.O.B. selling prices from at least four terminals in a given month, the Contractor will be paid the contract unit price for asphalt binder used in the work during that month.

If suppliers do not provide F.O.B. selling prices from at least four terminals in a given month, the asphalt binder price adjustment provision will not be included in proposals for appropriate future letting.

### **Contract Unit Price Adjustment Procedures**

When it is determined that the Monthly Price Index of asphalt binder on the first business day of the calendar month during which the last day of the partial payment period occurs varies either upward or downward from the Base Price Index in the contract, the contract unit price for asphalt binder for plant mix will be adjusted. If the Monthly Price Index is higher than the Base Price Index, the adjusted contract unit price will be determined by adding the difference between the Monthly Price Index and the Base Price Index to the contract unit bid price for asphalt binder. If the Monthly Price Index is less than the Base Price Index, the adjusted contract unit price will be determined by subtracting the difference between the Monthly Price Index and the Base Price Index from the contract unit price for asphalt binder.

The adjusted contract unit price will then be applied to the total theoretical quantity of asphalt binder authorized for use in the plant mix placed during the partial payment period involved, including both additional new asphalt binder and salvaged asphalt binder from reclaimed asphalt materials required by the job mix formula.

Adjusted contract unit prices for all grades of asphalt binder, including additional asphalt binder materials in recycled mixtures, will be based on the average Monthly Price Index

