



# Asphalt and Fuel Indexes

# Summary

- Purpose
- History
- National Perspective
- Asphalt and Fuel Index by Month
- Payouts
- Maximum Adjustments

# Purpose

To minimize the cost effects of price uncertainty for materials used in construction.

## History – Asphalt Index

- October 2005 Letting
  - Applies only to Liquid Asphalt
  - Projects not less than 366 calendar days
  - Begins at 181 days after the letting
  - Maximum adjustment capped at 50% increase
  - No minimum
  - Applies only during original contract time
- September 2006 Letting
  - Removed 180 day waiting period
  - Increased cap to 75% increase
- January 2007 Letting
  - Increased cap to 125% increase
  - Added tack and surface treatment

## History – Fuel Index

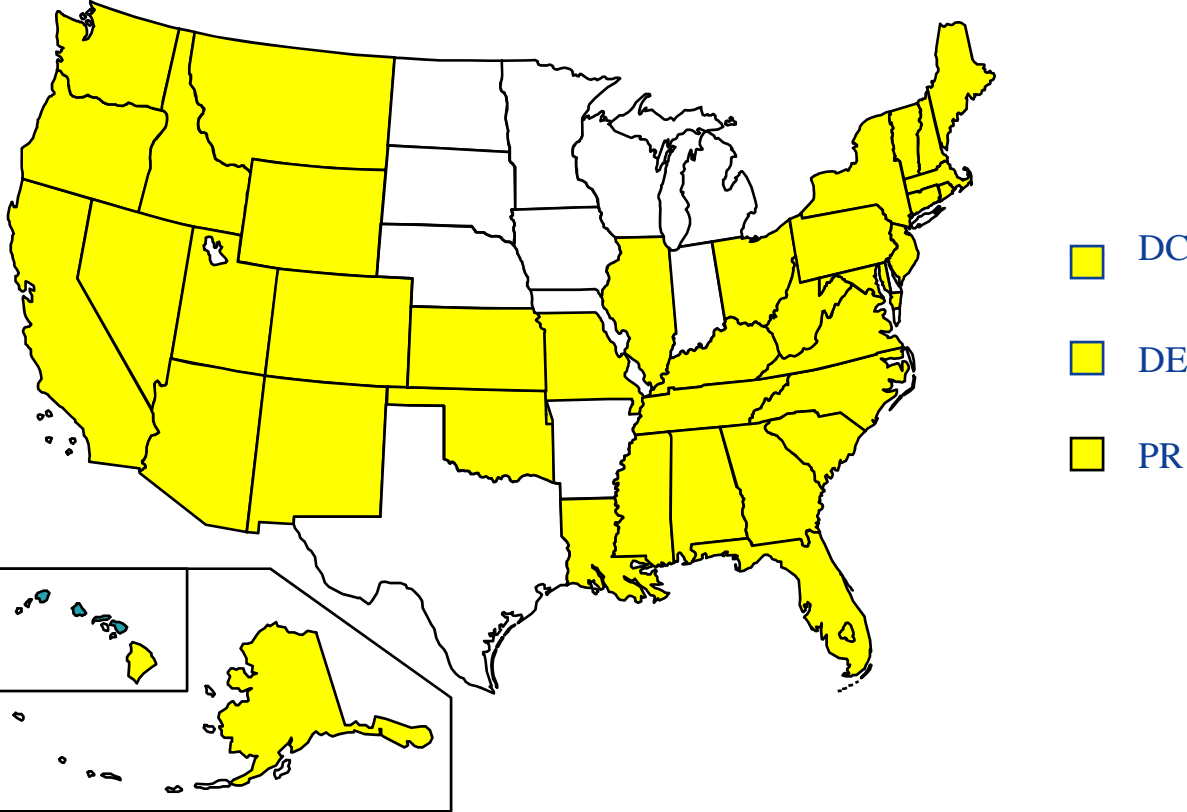
- April 2007 Letting
  - Applies only to excavation, graded aggregate base, asphalt, and portland cement concrete pavement
  - Projects not less than 366 calendar days
  - No maximum
  - No minimum
  - Applies only during original contract time
- January 2008 Letting
  - Added bridge items
- September 2008 Letting
  - Applied maximum cap of 125%



# National Perspective

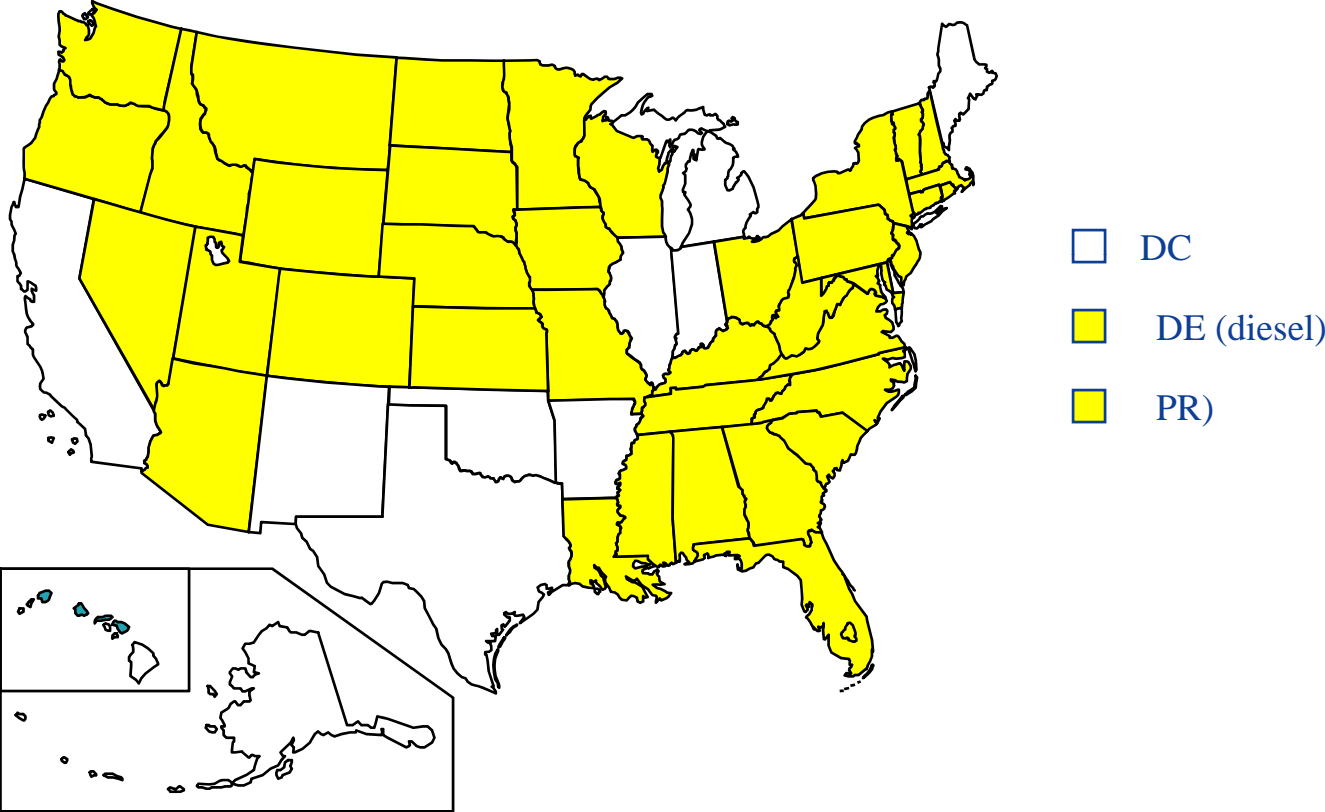
# Use of Asphalt Cement Price Adjustment Clauses

*based on 2008 AASHTO SOC member email responses (revised 10/8/2008)*



# Use of Fuel Adjustment Clauses *based on 2008*

*AASHTO SOC member email responses (revised 10/8/2008)*



## Asphalt Index - Calculation

$$PA = [((APM - APL)/APL) - 0.05] \times TMT \times APL$$

PA = Price Adjustment

APM = Liquid Asphalt price for month placed

APL = Liquid Asphalt price for month let

TMT = Total Monthly Tonnage of Liquid Asphalt placed

$$APL \ \& \ APM = (50\% \times \text{National}) + (50\% \times \text{Local})$$

## Fuel Index - Calculation

$$FPA = \{ [ ((FPM - FPL) / FPL) - 0.10 ] \times Q \times F \} \times FPL$$

FPA = Fuel Price Adjustment

FPM = Fuel price for month placed

FPL = Fuel price for month let

Q = Quantity placed

F = Fuel usage factor

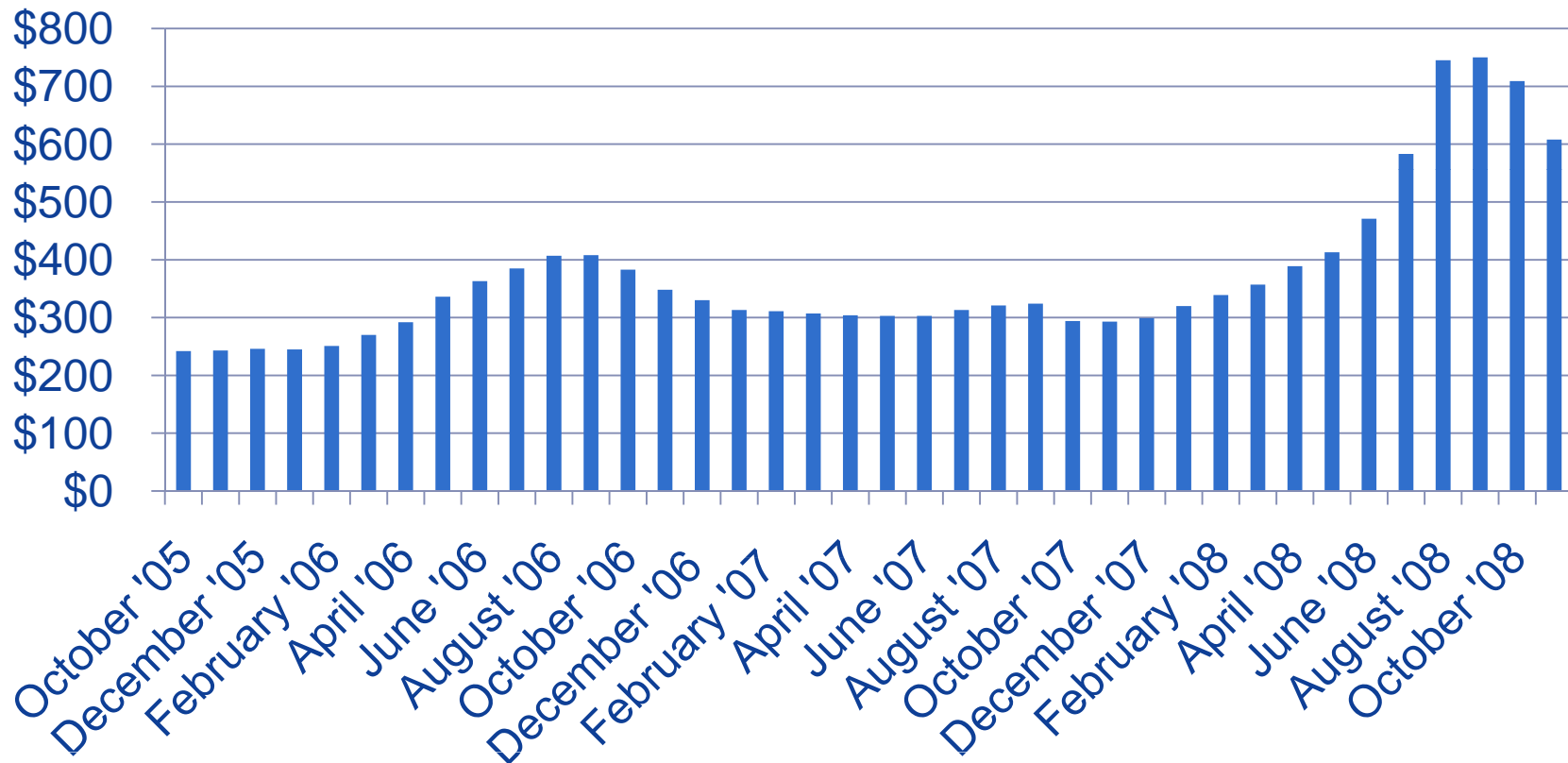
FPL & FPM = AAA Average Fuel Price for Georgia



# Liquid Asphalt Price

October 2005 thru November 2008

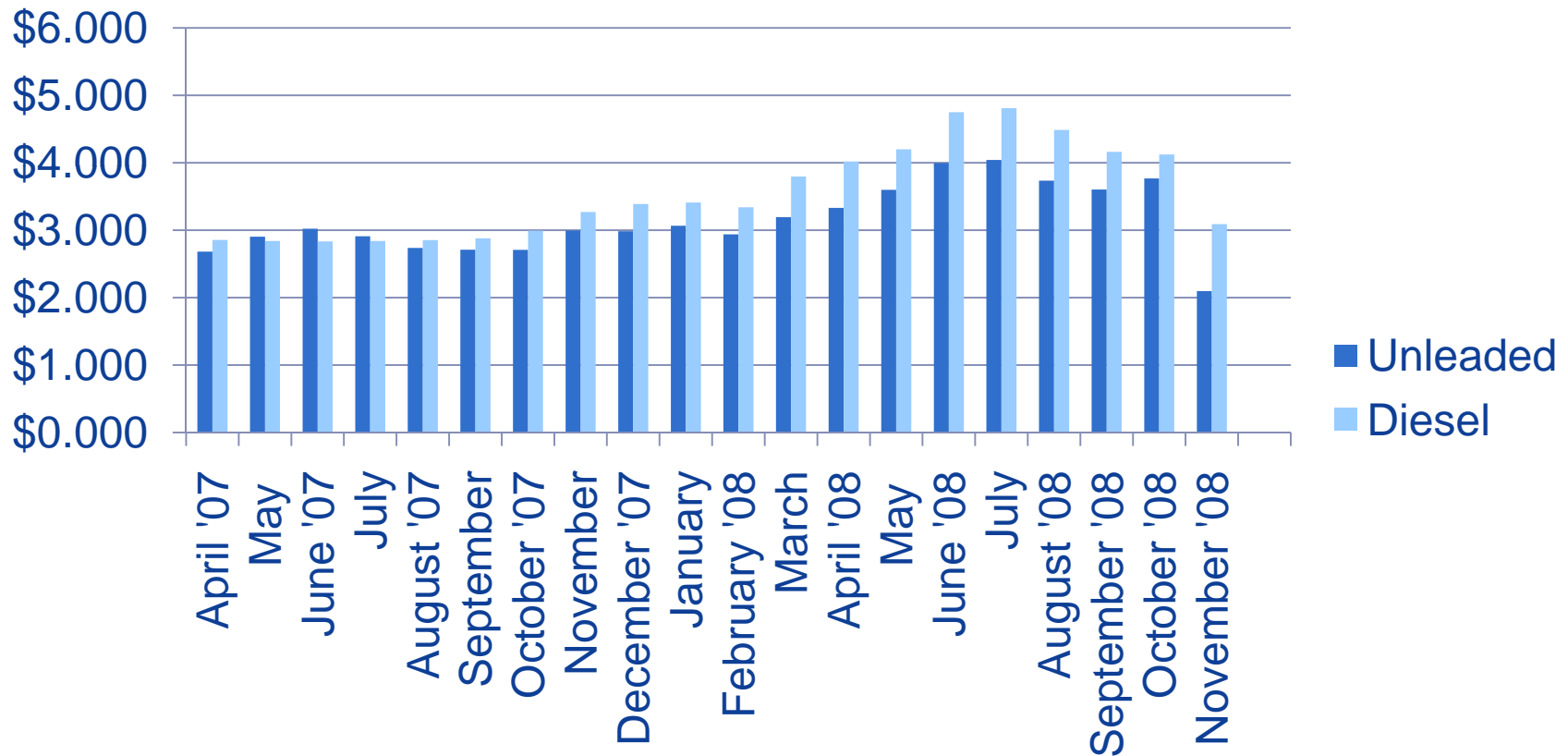
price in \$/ton



# Fuel Price

April 2007 thru November 2008

price in \$/gallon





## Yearly Payouts

### Asphalt

FY 2006	\$ 295,697.96 (April thru June)
FY 2007	\$ 3,406,206.00
FY 2008	\$ 7,752,052.59
FY 2009	\$23,596,097.08 (to date)

### Fuel

FY 2008	\$ 4,062,925.31 (Sept thru June)
FY 2009	\$ 3,791,407.28 (to date)

## Audit Finding

“Under the Statutory basis of accounting, the liabilities of these contracts (encumbrances) should have been recorded at the maximum amount possible based on the ‘cap’ amount as provided in the contract.”



# Maximum Adjustments

October 2008 Letting

Grady County Bridge Replacement (Joyner Road @ Little Tired Creek)

Low Bid \$1,986,606.45

Asphalt \$ 90,696.94

Fuel \$ 77,484.37

Hall County New Locaton (Thurman Tanner Pkwy 1.33 miles)

Low Bid \$6,772,382.08

Asphalt \$1,365,824.20

Fuel \$ 632,070.41

Henry County Intersection Improvements (SR 155 @ SR 138)

Low Bid \$1,877,022.38

Asphalt \$ 270,317.30

Fuel \$ 117,409.79

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# QUESTIONS?

