

**ADDENDUM No. 2
TO APPROVED PLANS AND SPECIFICATIONS
December 17, 2008**



Re: Letting of December 19, 2008

ADDENDUM

<u>No.</u>	<u>CN/PROJECT No.</u>	<u>COUNTY</u>	<u>ISSUE DATE</u>
1.	G4044/AC-GRIP-(NH)-064-9(37)390	Union	12/10/08
2.	G4044/AC-GRIP-(NH)-064-9(37)390	Union	12/17/08

G4044/AC-GRIP-(NH)-064-9(37)390 - Attachments

YOU ARE HEREBY ADVISED OF THE FOLLOWING:

Reference is made to CN G4044B. The Notice to Contractors for Asphalt Binder Price Adjustment Procedures (Paper Copy Only) was inadvertently omitted from the contract. The **attached** Notice to Contractors for Asphalt Binder Price Adjustment Procedures (9/12/08) is for your information and inclusion into your contract assembly.

**Rhonda G. Faight, Secretary
New Mexico Department of Transportation**

RGF:JM

NOTICE TO CONTRACTORS

CN G4044B / AC-GRIP-(NH)-064-9(37)390

September 12, 2008

Asphalt Binder Price Adjustment Procedures

An adjustment will be made to the Contract for Asphalt Material Bid Items if the industry monthly price index of asphalt fluctuates. Adjustment is not optional.

Item subject to adjustment is: Asphalt Material

Submit applicable mix designs, including percentage of asphalt binder, for inclusion in the price adjustment for the pay item listed above in the Contract.

For **increasing prices**, the monthly adjustment shall apply on those contracts whose monthly fluctuations are above a (B / C) ratio, defined below, of 1.10 using Equation (1).

For **decreasing prices**, the monthly adjustment shall apply on those contracts whose monthly fluctuations are below a (B / C) ratio, defined below, of 0.90 to a minimum (B / C) ratio of 0.60 using Equation (2).

Only the differential percentage change beyond 10% will be used to calculate the asphalt binder price adjustment per Equations (1) or (2):

$$\text{Equation (1):} \quad A = (B - 1.1 \times C) \times D$$

$$\text{Equation (2):} \quad A = (B - 0.9 \times C) \times D$$

Where:

A – Adjustment to the Contract for asphalt material.

B – Latest average monthly price index per ton of asphalt material.

C – Base Price: Contractor's price per ton of asphalt material at the time of the Bid Opening.

****Submit Asphalt Material Unit Price \$ _____**

D – Tons of asphalt material placed for the indexed month.

**** FAILURE TO SUBMIT UNIT PRICE FOR ORIGINAL ASPHALT MATERIAL SHALL RENDER A BID NON-RESPONSIVE AND THE BID SHALL BE REJECTED.**

Monthly Adjustment: At each project monthly progress payment, the asphalt binder tonnage that has been placed since the previous project monthly progress payment will be totaled and an adjustment determined above by either Equations (1) or (2), as appropriate and when necessary, using the latest monthly average asphalt price. If the

use of Equation (2) results in a (B / C) ratio less than 0.60, then the (B / C) ratio will be fixed at a value of 0.60.

For the purposes of making these calculations, the Department's State Materials Bureau will maintain a database of monthly price indexes. This index will be based on the average of the major suppliers in New Mexico. This index will be maintained by the NMDOT and published on the NMDOT Plan, Specifications & Estimates (PS&E) Bureau website. The published monthly base price index will be calculated using the following formula:

Price Index = Average of the reported average weekly selling prices using the last four reported weeks on or prior to the last day of a given month as published by the New Mexico price index.

A twenty-four month (24) month running summary of the published monthly price index will be sent, by Department e-mail, to each District Engineer, Assistant District Engineer, State Construction Bureau, the Albuquerque office of the Associated Contractors of New Mexico for distribution to their members, and other interested parties at the beginning of each week.

The Department will validate its price index on a quarterly basis against published regional market indices and trends. The Department will use the average weekly selling price for the Rocky Mountain region, as reported by the "Asphalt Weekly Monitor[®]," published by Poten and Partners, Inc., New York, New York for this validation process. The Department will adjust its index and/or revert to the information published by Poten and Partners, Inc to ensure the indexed price for asphalt material represents the New Mexico market as accurately as possible.