How to Use an "Asphalt Escalator" provision in a Municipal Paving Contract

Significant oil price increases at any time creates many paving issues on MaineDOT and municipal paving projects. For those agencies that have used an asphalt escalator, that provided some relief to compensate for price fluctuations. For those agencies who had no adjustment language in a contract, the challenge of deciding on a middle ground was much more challenging for both parties.

Using MaineDOT Standard Specification 108.4.1 dated March 2020, the buyer and the contractor is protected against price fluctuations that may occur due to paving schedule delays, bad weather, other priorities, market pricing, etc. The Standard Specification was determined by a cooperative discussion between the MaineDOT and the private industries that work on DOT projects.

"Base Price" = the price of PG binder liquid per ton that exists on the bid opening date.
"Period Price" = the price of PG binder liquid per ton on the paving date that uses the New England Average Selling Price
"% asphalt" = average % of asphalt used for a particular hot mix asphalt as found in MaineDOT Standard Specification 108.4.1
19 mm = 5.2%, 12.5 mm = 5.6%, 9.5 mm = 6.2%
Liquid prices are found here:
https://www.maine.gov/dot/doing-business/bid-opportunities/information-about-bidding

> **Price adjustment = (# of tons) x (price difference of period vs base price) x (% asphalt for that spec item)**

Example: 1000 tons of 12.5 mm Hot Mix Asphalt (HMA) will be placed as on overlay. The HMA bid price on May 1 is $80 per ton with a liquid price of $600 per ton. The actual paving did not occur until September 1 when the liquid price was $700 per ton.

$$1000 \text{ tons x } (\$700-\$600) \text{ x } 5.6\% = \$5,600$$

Knowing that the town was paying $80,000 ($80 per ton x 1000 tons), the final price was adjusted to be $85,600.
If the asphalt price actually went down, then the town would pay correspondingly less.

****

Reminder: # tons needed = Length (ft) x Width (ft) x Thickness (in) x 0.0061
example: 2 inches placed for 1,000 feet of road, 20 ft wide =
1000 ft x 20 ft x 2" x 0.0061 = 244 tons