

## How to Use an “Asphalt Escalator” provision in a Municipal Paving Contract

Significant oil price increases in the summer of 2008 created many paving issues on MaineDOT and municipal paving projects. For those agencies that 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 Special Provision Section 108 dated January 2011](#), 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. This Special Provision 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 factor” = average factor used for a particular HMA mix as found in MaineDOT Special Provision 108.
- Liquid prices are found at <http://www.maine.gov/mdot/contractors/bidderinfo/asphalt.shtml>.

Price adjustment = (# of tons) x (price difference of period vs base price) x (% asphalt factor 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 \$70 per ton with a liquid price of \$500 per ton. The actual paving did not occur until September 1 when the liquid price was \$600 per ton.

$$1000 \text{ tons} \times (\$600 - \$500) \times 5.6\% = \$5,600$$

Knowing that the town was paying \$70,000 (\$70 per ton x 1000 tons), the final price was adjusted to be \$75,600.

Reminder: # tons = length (ft) x width (ft) x thickness (in) x 0.0061

(This formula assumes that a 1 inch thick layer weighs 110lbs./sq.yd.)