

PAYMENT ADJUSTMENT FOR CHANGES IN THE MINISTRY OF TRANSPORTATION'S PERFORMANCE GRADED ASPHALT CEMENT PRICE INDEX FOR TACK COAT

Special Provision No. BITU0033

A payment adjustment shall be applied based on changes to the ministry's performance graded asphalt cement (PGAC) price index unless the Contract Administrator is notified in writing of the choice to opt out within 5 Business Days of receiving a completed MTO form PH-CC-700, Permission to Start Work. Once opted out of payment adjustments based on the PGAC price index, opting back in shall not be permitted.

The PGAC price index shall be published monthly in the Owner's Contract Bulletin. The PGAC price index shall be used to calculate the amount of the payment adjustment per tonne of PGAC accepted into the Work. No PGAC price index payment adjustment shall be applied to the PGAC used in paving repair work.

The PGAC price index is based on the price, excluding taxes, Freight on Board (FOB) the depots in the Toronto area, of PGAC grade PG 58-28 or equivalent. One index shall be used to establish and calculate the payment adjustment for all grades.

A payment adjustment per tonne of PGAC in tack coat shall be established for each month in which application of tack coat occurs when the PGAC price index for the month differs by more than 5% from the PGAC price index for the month prior to tender opening. When the price index differential is less than 5%, there shall be no payment adjustment established for that month. Payment adjustments due to changes in the PGAC price index are independent of any other payment adjustments made to the tack coat tender items.

The payment adjustment for tack coat for the month shall be calculated from the following formulas:

I_P	PGAC Payment Adjustment for Tack Coat, PA_{TC}
$I_P > 1.05 I_{TO}$	$PA_{TC} = (I_P - 1.05 I_{TO}) \times TC_{AC}$
$I_P < 0.95 I_{TO}$	$PA_{TC} = (0.95 I_{TO} - I_P) \times TC_{AC}$

Note: If $I_P > 1.05 I_{TO}$ the Contractor shall receive a compensation; however, if $I_P < 0.95 I_{TO}$ the Owner shall receive a rebate.

Where:

- PA_{TC} = Payment adjustment for PGAC in tack coat, in dollars.
- I_{TO} = PGAC price index for the month prior to tender opening, in dollars/tonne.
- I_P = PGAC price index for the month in which application of tack coat occurs, in dollars/tonne.
- TC_{AC} = Quantity of PGAC in tack coat, in tonnes.

TC_{AC} , shall be calculated as follows:

$$TC_{AC} = \frac{\left(\frac{AC_{TC}}{100}\right) \times AR_{TC} \times Q_{TC}}{1000}$$

Where:

- AC_{TC} = Percentage of PGAC in tack coat, which is determined based on percentage of residue by distillation test according to OPSS 308, in percent.
- AR_{TC} = Application rate of tack coat as specified in OPSS 308, in kg/m².
- Q_{TC} = Quantity of tack coat accepted into the Work during the month for which the payment adjustment was calculated, in square metres.

The payment adjustment per tonne applies to the quantity of PGAC in the tack coat accepted into the Work during the month for which it is established.

For each month in which a payment adjustment has been established, the quantity is calculated using the tack coat quantity accepted into the Work and its corresponding PGAC content in the tack coat.

For progress payment purposes, payment adjustments are made on the monthly progress payment certificate for the months in which application of tack coat occurs.

WARRANT: Always with OPSS 308, Construction Specification for Tack Coating and Joint Painting.

CUSTODIAN: Primary: Construction Contracts Policy Section; Secondary: Bituminous Section.