Prince Edward Island CANADA

Transportation, Infrastructure, and Energy

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TO:	**All Bidders**
FROM:	**Stephen Szwarc, P.Eng.**
	Director, Highway Maintenance Division
DATE:	**June 1, 2020**
SUBJECT:	**Revisions**

1. **Add the following as Schedule F:**

SCHEDULE F
ADDITIONAL FUEL ADJUSTMENTS

Due to significant fluctuations in fuel prices this year, this contract will have an additional fuel adjustments applied to the following items that are applicable at the following rates based on the formula described on page 2. This adjustment will only be applied to specific contracts in the 2020 construction season, and will not be applied to any contracts in future years.

Item# 20306	EXCAV: EARTH SURPLUS/SUITABLE	1.0 L/m^3
Item# 20307	EXCAVATION: EARTH WASTE	1.0 L/m^3
Item# 20602	BORROW: SELECT	0.5 L/t
Item# 20604	BORROW: SELECT	1.0 L/m^3
Item# 20701	GRANULAR BASE: A	0.6 L/t
Item# 60301	ASPHALT BASE: A	5.0 L/t
Item# 60326	ASPHALT LEVELING: A	5.0 L/t
Item# 60350	ASPHALT SEAL: B	5.0 L/t
Item# 61003	HMA DRIVEWAY MIX	5.0 L/t

A signed copy of this addendum must be included with your bid submission on this project.

_____
Signature of Contractor

<u>Payment Adjustment for Fuel Cost</u>

Compensation payable to the Department or the Contractor shall be the difference in price of diesel between the time of tender closing of the Contract and the month of which the work was completed for the applicable item. This shall be calculated in accordance with the following:

The Department shall adjust payments to the Contractor under the applicable Item in the Contract Document based on the Island Regulatory and Appeals Commission (IRAC) weekly Petroleum Prices Wholesale Diesel price. The price is published weekly and is available on the IRAC website.

The payment adjustment will be established for each week that Work is performed on any of the items in Table 1 and the Weekly Wholesale Price (WWP) differed from the Tender Fuel Price (TFP) by more than 5%.

The adjustments will be calculated using the Nominal Fuel Consumption Rates (NFCR) in Table 1 and the formulae show below. The Department shall submit a statement to the Contractor identifying, by Item, the Monthly Fuel Adjustment (MFA), the associated NFCA, and the Material Quantity (MQ) as identified on the previous month's Progress Estimate

Table 1
Nominal Fuel Consumption Rates (NFCRs) by Item

Item #	Description	NFCR
20306/20307	Excavation	1.0 L/m^3
20602/20604	Borrow	$0.5 \text{ L/t or } 1.0 \text{ L/m}^3$
20701	Aggregate Base/Subbase	0.6 L/t
60301/60326/60350/61003	Asphalt Base/Seal	5.0 L/t

The payment adjustment shall be calculated as follows, where:
MFA = Monthly Fuel Adjustment
WWP = Weekly Wholesale Price
TFP = Tender Fuel Price
NFCR = Nominal Fuel Consumption Rate
MQ = Material Quantity

When WWP >1.05 TFP, the MFA is an additional payment to the Contractor as follows:

MFA = (WWP – 1.05TFP) x NFCR x MQ

When WWP < 0.95 TFP, the MFA is a deduction from payments due to the Contractor as follows:

MFA = (0.95TFP – WWP) x NFCR x MQ

Examples:

1. A Contractor completes placement of 10,000 tonnes of select borrow and 5000 tonnes of granular A in the month of July. Wholesale diesel prices during the month were; week 1 $1.11, week 2 $1.15, week 3 $1.23, week 4 $1.26. In week one 8,000 tonnes of borrow was placed and no granular was placed, week two 2,000 tonnes of borrow was placed and 1500 tonnes of granular was placed, week three 2000 tonnes of granular was placed, and in week four 1,500 tonnes of granular was placed. The price of wholesale price of diesel at the time of the tender closing in March was $0.90.

Calculation

MFA = Monthly Fuel Adjustment

NFCR = Nominal Fuel Consumption Rate, = 0.5l/t for borrow, = 0.6l/t for granular

MQ = Material Quantity

	Borrow	Granular
Week One =	8,000t	0
Week Two =	2,000t	1,500t
Week Three =	0	2,000t
Week Four =	0	1,500t

WWP = Weekly Wholesale Price

Week One = $1.11
Week Two = $1.15
Week Three = $1.23
Week Four = $1.26

TFP = Tender Fuel Price = $0.90

WWP is greater than 1.05*TFP therefore MFA = (WWP – 1.05TFP) x NFCR x MQ

		WWP	(WWP – 1.05TFP) ($/l)	NFCR (l/t)	MQ (t)	Payment ($)
Week One	Borrow	$1.11	$0.17	0.5	8000	$680.00
	Granular	$1.11	$0.17	0.6	0	$0.00
Week Two	Borrow	$1.15	$0.21	0.5	2000	$210.00
	Granular	$1.15	$0.21	0.6	1500	$189.00
Week Three	Borrow	$1.23	$0.29	0.5	0	$0.00
	Granular	$1.23	$0.29	0.6	2000	$348.00
Week Four	Borrow	$1.26	$0.32	0.5	0	$0.00
	Granular	$1.26	$0.32	0.6	1500	$288.00

$1,715.00 **Payment**

2. A Contractor completes placement of 4,500 tonnes of asphalt in the month of August. Wholesale diesel prices during the month were; week 1 $0.80, week 2 $0.82, week 3 $0.88, week 4 $0.80. In week one 1,200 tonnes was placed, week two 1,000 tonnes was placed, week three 900 tonnes was placed, and in week four 1,400 tonnes was placed. The price of wholesale price of diesel at the time of the tender closing in March was $1.35.

Calculation

MFA = Monthly Fuel Adjustment

NFCR = Nominal Fuel Consumption Rate

   = 5 l/t for seal

MQ = Material Quantity

   Week One = 1,200t
   Week Two = 1,000t
   Week Three = 900t
   Week Four = 1,400t

WWP = Weekly Wholesale Price

   Week One = $0.80
   Week Two = $0.82
   Week Three = $0.88
   Week Four = $0.80

TFP = Tender Fuel Price = $1.35

WWP is less than 1.05*TFP therefore MFA = (0.95*TFP - WWP) x NFCR x MQ

	WWP	(0.95*TFP-WWP) ($/l)	NFCR (l/t)	MQ (t)	Payment ($)
Week One	$0.80	-$0.48	5	1200	-$2,880.00
Week Two	$0.82	-$0.46	5	1000	-$2,300.00
Week Three	$0.88	-$0.40	5	900	-$1,800.00
Week Four	$0.80	-$0.48	5	1400	-$3,360.00

-$10,340.00   Deduction