

1 (August 7, 2017)

2 **Fuel Cost Adjustment**

3 **General**

4 The Contracting Agency will make a fuel cost adjustment, either a credit or a
5 payment, for qualifying changes in the index price of on-highway diesel fuel. The
6 adjustment will be applied to partial payments made according to Section 1-09.9.
7

8 The adjustment is not a guarantee of full compensation for fuel price changes. Any
9 adjustment provided by this provision shall not obligate the Contracting Agency for
10 any costs due solely to changes in fuel costs beyond the amount adjusted by this
11 provision. The Contracting Agency does not guarantee that fuel will be available at
12 the base fuel cost or monthly fuel cost. No additional adjustment will be made for
13 rates of fuel consumption or actual fuel types that differ from those specified for the
14 purpose of determining the adjustment.
15

16 For the purpose of calculating the adjustment, the Base Fuel Cost shall be the
17 Weekly fuel price from the **U.S. Energy Information Administration** website. The
18 website location and directions are as follows:
19

- 20 • <http://www.eia.gov/petroleum/gasdiesel/>
- 21 • On the web page, click on the **West Coast less California**, listed under
22 the heading **U.S On-Highway Diesel Fuel Prices*(dollar per gallon)** at
23 the lower end of the web page.
- 24 • In the pull down box labeled **Period** pull down **Weekly**.
- 25 • Click on the fuel price history found under the column heading **View**
26 **History** for the line **Diesel (On-Highway) – All Types**.
- 27 • On this web page obtain the nearest weekly fuel cost for the Monday
28 occurring three weeks prior to the date that bids are opened. This weekly
29 fuel cost becomes the Base Fuel Cost and is fixed for the duration of the
30 Contract and will be used in calculating all adjustments.
31

32 The Monthly Fuel Cost shall be the most recent Monthly fuel price from the U.S.
33 Energy Information Administration website. The website location and directions are
34 as follows:
35

- 36 • <http://www.eia.gov/petroleum/gasdiesel/>
- 37 • On the web page, click on the **West Coast less California**, listed under
38 the heading **U.S On-Highway Diesel Fuel Prices*(dollar per gallon)** at
39 the lower end of the web page.
- 40 • In the pull down box labeled **Period** pull down **Monthly**.
- 41 • Click on the fuel price history found under the column heading **View**
42 **History** for the line **Diesel (On-Highway) – All Types**.
- 43 • On this web page obtain the most current monthly fuel price.
44

45 If the specified index ceases to be available for any reason, the Contracting Agency
46 at its discretion will select and begin using a substitute price source or index to
47 establish the Monthly Fuel Cost.
48

49 **Measurement**

50 No adjustment will be made if the Monthly Fuel Cost is within 10 percent of the
51 Base Fuel Cost. No adjustment will be made for work performed after the
52 authorized Time for Completion.

If the Monthly Fuel Cost is greater than or equal to 110% of the Base Fuel Cost, then:

$$\text{Adjustment} = (\text{Monthly Fuel Cost} - (1.10 \times \text{Base Fuel Cost})) \times Q$$

If the Monthly Fuel Cost is less than or equal to 90% of the Base Fuel Cost, then:

$$\text{Adjustment} = (\text{Monthly Fuel Cost} - (0.90 \times \text{Base Fuel Cost})) \times Q$$

Where $Q = \sum ((\text{Fuel Usage Factor for each Eligible Bid Item}) \times (\text{Quantity paid in the current months progress estimate for each Eligible Bid Item}))$ for all Eligible Bid Items listed below:

<u>Eligible Bid Item</u>	<u>Fuel Usage Factor</u>
*** \$\$1\$\$ ***	*** \$\$2\$\$ ***
*** \$\$3\$\$ ***	*** \$\$4\$\$ ***

Payment

Payment will be made for the following bid item when included in the bid proposal:

“Fuel Cost Adjustment”, by calculation.

To provide a common proposal for all bidders, the Contracting Agency has entered an amount in the proposal to become a part of the Contractor’s total bid.