

Rock Products Committee
SCOPING DOCUMENT
Compensating Contractors for Increase Ordered in Stabilization
Materials
July 3, 2012

Task Group

Foundation Task Group

Title

Compensating Contractors for Increase Ordered in Stabilization Materials

Issue/Problem Statement

According to industry, production is affected by changes to the application rate of stabilizing additives, and no consideration is given in the specifications to the increased time and effort required to incorporate (through spreading and mixing) the additional stabilization materials.

The Industry's claim for added construction cost due to increases ordered for stabilizing additives should be justified with supporting information. If Caltrans agrees, then develop solutions and corrective language for the specifications as to compensate Contractors for additional cost due to ordered increases of stabilization materials.

Background

Subgrade stabilization is specified in section 24 of the Standard Specifications. Currently, two stabilization materials are used to improve the strength and durability of subgrade: lime (section 24-2) and cement (section 24-3).

During project development (pre-bid), the Department takes representative samples of the subgrade, conducts laboratory tests, and determines the application rates of lime or cement to achieve the desired results. These design application rates are presented for bidding in the contract documents. However, during construction another set of tests is conducted as the subgrade is exposed and can be assessed in its actual state on a larger scale. These tests may lead to adjustments in the lime and cement application rates, and therefore the final quantity in tons.

The current specifications pay the Contractor for this work with 3 bid items:

1. Per square yard for the work of stabilizing the subgrade
2. Per ton for the stabilization material (lime or cement)
3. Per ton for asphaltic emulsion (curing seal)

For Item 2, there is the following language in the respective Payment sections for lime and cement:

The Department does not adjust payment for lime.

The Department does not adjust the unit price for an increase or decrease in cement quantity.

These clauses mean the prices paid per ton for lime and cement are the bid prices, regardless of any difference between the bid quantity and the final quantity. In the scenario of an increase, the only additional compensation the Contractor receives is at the bid price per ton for the stabilization material. The bid price for Item 1 is not adjusted. According to industry, production is affected by changes to the application rate of stabilizing additives, and no consideration is given in the specifications to the increased time and effort required to incorporate (through spreading and mixing) the additional stabilization materials.

Industry has suggested that these are added costs, and has requested for the payment clauses change because all the risk is borne by the Contractors in a situation they believe they do not control. Once a project starts, if the testing of the subgrade yields an ordered increase to the application rate for the stabilization materials, the Contractor must absorb a disproportionate amount of the increased costs.

Purpose

The Contractor's claim for added construction cost due to increase ordered of stabilizing additives needs to be justified. If justified and approved, develop solutions and corrective language for the specifications as to compensate Contractors for the added cost in addition to the direct cost of stabilization materials due to increase ordered.

Objectives/Deliverables

Phase 1: Develop supporting data

- Data from previous projects showing changes made to the application rates of stabilization materials.
- Data on the increases in production costs due to increases in application rates of stabilization materials.
- Presentation to FTG justifying changes are needed to the Payment section specifications

Work beyond Phase 1 will not be authorized until Phase 1 work is completed and TG and RPC Co-chair agree that revisions to existing practices are needed.

Phase 2: Develop

- Guidance
- Specifications
- Bid Items

Timeline

Phase	Deliverable	Description	Anticipated Date
1	Data Collection and Presentation	The presentation will justify the need for specification revisions with data from previous projects and production rates.	10-26-12
2-3	Specifications	The specifications will include revised language for payment of subgrade stabilization items.	1-30-13
4	Construction Guide	The construction guide will include the important field administration issues and procedures.	6-30-13

Benefits

The following benefits are considered to be obtained:

- Resolve issue of under payment for subgrade stabilization due to increase ordered for stabilizing additives.
- Create good working environment.
- Achieve quality of work.

Impacts

1. This proposal would eliminate under payment issue due to increase ordered of stabilizing additives if identified.
2. If increase of additional construction cost due to the increase ordered of stabilizing additives is justified, the construction cost for subgrade stabilization could increase with increase of additives.
3. Specifications and construction guides will need to be revised to incorporate languages to compensate for additional construction cost.

Resource Requirements

Task	Caltrans Staff	Hours/Staff (PY's)
Data Collection and Presentation (By Industry. Caltrans will review presentation)	Pavement	0.02
	METS	0.01
	Construction	0.02
Specifications	Pavement	0.19
	METS	0.08
	Construction	0.18
Construction Guide	Pavement	0.04
	METS	0.01
	Construction	0.05

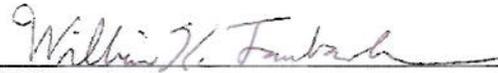
Impediments to Completion of Deliverables

- Higher priority assignments may affect schedule.
- Industry lags to lead the data development and presentation to Caltrans on needs and cost; Caltrans lags to lead the development of specifications and guidance
- The Specifications lags to follow the Caltrans *Specifications Style Guide*
- The Project Team lags support from Caltrans and Industry leadership, management and employees.

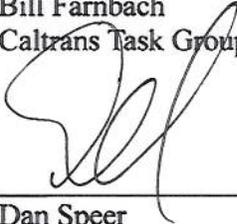
Recommendation and Approval

This scoping document for was prepared by Foundation Task Group to address a priority issue that has Statewide significance and is within the Rock Products Committee mission. The Task Group Co-Chairs have determined the scope, resources required and timeline for delivery of this project to ensure that the deliverables are achievable in a timely manner.

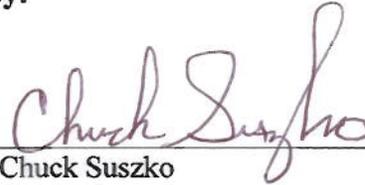
Scoping Document Recommended for Approval by:



Bill Farnbach
Caltrans Task Group Co-Chair

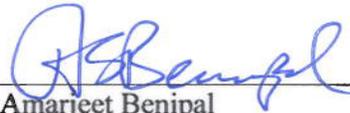


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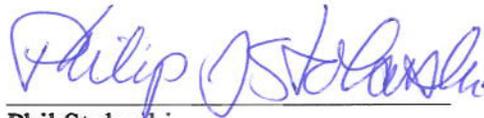
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Approval Date: 7-23-12