



Florida Department of Transportation

JEB BUSH
GOVERNOR

605 Suwannee Street
Tallahassee, FL 32399-0450


JOSÉ ABREU
SECRETARY

April 20, 2004

THIS MEMO HAS EXPIRED

MEMORANDUM NO. 06-04

TO: DISTRICT CONSTRUCTION ENGINEERS

FROM: Ananth Prasad, Director, Office of Construction 

COPIES: Dave Sadler, David Chason, Jim Johnson, Bob Burleson (FTBA)
Don Davis (FHWA)

SUBJECT: STEEL INDEX ON CONTRACTS LET PRIOR
TO FEBRUARY 1, 2004

Due to recent dramatic increases in the price of steel beyond what the Contractor could have anticipated at the time of bid, the Department, at the request made by the Contractor will process a \$0.00 specification change for Contracts let prior to February 1, 2004 to provide for an adjustment of price of indexed items, as defined in the attached specification.

Any such adjustment shall be coded as Federal-aid non-participating.

If you have questions, please call David Chason at 850-414-4171 or sc 994-4171.

AP/cw
Attachment

MEASUREMENT AND PAYMENT.

ARTICLE 9-2 (Pages 88 and 89) is expanded as follows:

9-2.1.3 Steel: The Department, at the request of the Contractor, will make a price payment on Contracts let prior to February 1, 2004, to reflect increases or decreases in the Steel Price (SP) at the time of delivery of steel to the material fabricator from the Base SP for the Contract (BSP) for deliveries made on or after September 1, 2003. Contracts final accepted on or before December 31, 2003 shall not be considered for such an adjustment. Such requests shall be made no later than May 7, 2004 and submit the necessary information no later than June 4, 2004. The Contractor will not be given the option of accepting or rejecting this adjustment and would apply to the remaining duration of the contract including all work remaining to be completed. SP adjustments will be made only when the delivery month SP (DSP) varies by more than 5% of the BSP, and then only on the portion that exceeds 5%. No adjustment will be made for changes in, including but not limited to, the cost of manufacturing, fabrication, shipping, storage, etc.

Following are conditions precedent to receiving such price adjustments:

- 1) Notification by the subcontractor or supplier of their intention to seek additional compensation;
- 2) Existence of a price quotation from the subcontractor or supplier at the time of bid;
- 3) Timely submittal of the request for additional compensation; and
- 4) Timely submittal of the back-up information.

The Indexed items are defined as follows:

- i) Structural Steel (including structural bolts, metal attachments, and structural steel in sign supports).
- ii) Reinforcing bar paid under Section 415.
- iii) Piling.
- iv) Beams.
- v) Stay in-place forms when required by the contract documents.
- vi) Pipe greater than 36 inches in diameter.
- vii) Guardrail and steel posts.
- viii) Fence and steel posts.
- ix) Traffic and Light Poles and Mast Arms.

The Department will determine the monthly SP, by averaging the Consumer Buying Price indices for Shredded Auto Scrap (Chicago) and No. 1 Heavy Melt (Chicago) as published by the American Metal Market (AMM). The SP for months prior to March 1, 2004 will be based on the average price on the 15th of each month. The SP for month of March 1, 2004 and future will be based on averages in effect from the 1st thru the 10th of each month. The price shall be adjusted to dollars per pound. The SP will

be available prior to the 15th of the month at the following URL:
<http://www.dot.state.fl.us/construction/steel/steel.htm>.

The BSP for the Contract is established as follows:

(a) For contract let prior to September 1, 2003, the BSP shall be the SP for the month of August 2003.

(b) For contracts let on or after September 1, 2003, the BSP shall be the SP for the month during which the contract was let.

For the period prior to May 1, 2004, the Department will make a price adjustment, in excess of \$ 5,000, the Department will make a price adjustment, in excess of \$5,000 with no individual indexed item less than \$1,500, on the June 2004 estimate to reflect increases or decreases in the Steel Price (SP) at the time of delivery of steel to the material fabricator from the Base SP. The Contractor must make a request for payment by submitting an invoice, no later than 12 O'clock noon, Monday, June 4, 2004.

For the period beginning May 1, 2004 and beyond, the Department will make a price payment on the July 2004 estimate and subsequent estimates.

The Contractor must make a request for payment by submitting an invoice, no later than 12 O'clock noon, Monday, after the estimate cut-off date. The Contractor will certify the following for the period represented by each invoice:

1) The dates and amounts of steel shipped from the mill to the material fabricator.

2) A list of all pay-items and the amount of steel (by weight) incorporated into the Indexed items.

3) Listing of any escalators of more than 5% used in the bid and subtracted from the adjustment where applicable.

4) Steel Cost Adjustment detailed by item.

Payment on progress estimates will be adjusted to reflect adjustments in the prices for steel materials in accordance with the following:

$$SCA = (ID) (Q)$$

Where SCA = Steel cost adjustment, in dollars;

Where Q = quantity of steel, in pounds.

Where ID = Cost Difference = $[DSP - 0.95(BSP)]$ when the SP has decreased from BSP to DSP.

Where ID = Cost Difference = $[DSP - 1.05(BSP)]$ when the SP has increased from BSP to DSP.

Adjustments will be paid or charged on the current progress estimate to reflect the index difference at the time the steel was shipped from the mill to the material fabricator.

The Prime Contractor receiving an adjustment under this provision shall distribute the proper proportional part of such adjustment to subcontractors or suppliers as applicable.

No adjustments will be made for any indexed items manufactured from steel having a mill shipping date prior to the letting date of the contract.

The Department reserves the right to conduct an audit of the Contractors records pertaining to the project.