

## **Material Price Adjustment *Project Specific Guidance***

### **MPA.1 Purpose**

This guidance describes instructions for the Resident Office (RO), both Department and Consultant Construction Engineering and Inspection (CCEI) staff, to use in processing Material Price Adjustments (MPA) on contracts that adopt corresponding specifications.

### **MPA.2 References**

[DCE Memo 22-03 STEEL GUARDRAIL MATERIAL PRICE INDEX](#)

[DCE Memo 22-04 ALUMINUM, PVC, AND COPPER MATERIAL PRICE INDICES](#)

[DCE Memo 22-05 REBAR AND PRESTRESSING STRAND MATERIAL PRICE INDICES](#)

[Material Price Adjustment Index Website](#)

### **MPA.3 General**

Due to volatility in prices of materials beyond what the Contractor could have historically anticipated at the time of bid, the Department will provide for indexing on the following materials, if the contractor opts into the corresponding specifications:

- Steel Guardrail
- Aluminum
- PVC
- Copper
- Reinforcing and Stranded Steel

The contractor has six weeks from the date of each corresponding memo to request or decline adoption of the memo.

#### **(A) Resident Office Responsibility**

Ensure the contractor is aware of the memo. Ensure the contractor is aware of the requirement to opt in/out. Ensure the contractor notifies subcontractors of the memo and the contractor's decision to opt in/out.

Applicable to contracts let between January 1, 2016 and June 31, 2021, even though memo 22-03 says "executed between". No exception for final accepted contracts.

Applicable to all pay items identified in the certification spreadsheets. The contractors can not pick and choose; it is all or nothing. For DCE Memo 22-04: the contractor must opt

into all 3 materials (Aluminum, PVC, and Copper). For applicable pay items that have optional materials, both PVC and HDPE materials can be adjusted using the PVC index.

Applicable to design-build contracts. Applicable to push button contracts, but must be applied to all task work orders. Not applicable to Joint Project Agreement (JPA) projects within FDOT construction contracts. Not applicable to Local Agency Project (LAP) or Maintenance contracts.

If a contract is approved to receive Steel Tariff compensation from 2018, the contractor must choose between the two options. No contract can participate in both steel tariff compensation and MPA.

#### **MPA.4 Decline Adjustments**

If the contractor decides to opt out of MPA adjustments, the Contractor shall provide written certification that any applicable subcontractors have been notified of this memo and made aware of the Contractor's decision. This written certification can be as simple as an email or as formal as a certification on letterhead.

##### **(A) Resident Office Responsibility**

Ensure the Contractor's written certification is entered into EDMS.

No other contract modifications will be issued to compensate for material price increases.

#### **MPA.5 Accept Adjustments**

Once the contractor notifies the Department of the option to accept adjustment, the Contractor has 60 days to submit certifications for all applicable material purchased prior to the date of the memo. Contractors will submit certifications monthly thereafter for both positive and negative adjustments.

The first submission of certifications (60 days after implementation) should be for all previous months. Certifications should be submitted monthly thereafter. A certification statement is sufficient if no material is purchased.

Certifications must be separated by the appropriate month/year to ensure the correct index is applied to the quantity of material purchased. Multiple invoices can be submitted as back up for one certification, so long as they have the same invoice month/year. For contracts with duplicate pay items for different components (ex. conduit for signal and lighting), the contractor can copy and create a second tab within a certification to capture the different quantity and unit price for each component pay item.

##### **(A) Resident Office Responsibility**

Prepare and execute a \$0.00 contract modification to incorporate the corresponding specification into the contract. Ensure all change orders are executed and approved in

**SiteManager using SPMO as the Reason Code and SPEC as the CO Type** in the Change Order Header. The **Description should include Material Price Adjustment or MPA, as well as the applicable DCE Memo**. Please do not enter anything in the CCTS Plugin.

Ensure certification submittals are for appropriate materials and quantities installed on the contract. Certification Quantity and Invoice Quantity may not be equivalent depending on the requirements of material installed. Ensure material certifications do not reflect quantities beyond the final contract quantity. Certifications are required each month, even if quantities are zero.

Ensure the invoices clearly indicate the following information per the specification. This information can be added by hand or PDF editor if not included on the invoice directly. This information is not needed for the adjustment calculation. This data is required to clearly connect the contractor's back up with the applicable certifications. This data may also be used for reconciliation or audit purposes.

- (a) Pay Item Number
- (b) Certification Quantity
- (c) Invoice Number
- (d) Invoice Date
- (e) Invoice Quantity
- (f) Invoice Unit Price
- (g) Invoice Total

If Schedule A includes LS unit prices, request the contractor provide as much data as possible to get information needed to make an appropriate adjustment (including but not limited to an updated SOV and Schedule A), then contact the Director, Office of Construction to discuss the manner of adjustment if unit prices cannot be established or justified.

For items purchased by the prime contractor, but installed by the subcontractor, use the bid unit price. For items purchased by the subcontractor, use the 'Schedule A' unit price.

Base index is established by the letting date month and year. Current Index is based on the month and year of the invoice date. The invoice date is the date the contractor purchased the material; not the date of a stockpile request; not the date of installation; not the date when manufactured or the supplier purchased the material.

Certifications will not be accepted and must be returned to the contractor for correction if certifications are for a quantity greater than installed or if invoices are unclear or missing information. For DCE Memo 22-05, we do not need to receive the invoices for the strand delivery; invoices from the supplier to contractor is sufficient.

Adjustments will be made as a cumulative amount of all certifications for each pay item. Funds must be encumbered as non-participating overrun funds prior to payment.

Payments will be made as a line item adjustment on each pay item using the appropriate type in SiteManager:

- MPAG – Material Price Adjustment Guardrail
- MPAA – Material Price Adjustment Aluminum
- MPAP – Material Price Adjustment PVC
- MPAC – Material Price Adjustment Copper
- MPAS – Material Price Adjustment Steel

If a contract is multi-FIN, prorate the adjustment amount based on quantity per FIN (similar to asphalt in CPAM 11.6).

If adjustments for beams under DCE Memo 22-05 were applied prior to the June 8, 2022 Revised DCE Memo 22-05, a correction to the line-item adjustments is required. The contractor will submit revised certifications using the new 0.24 factor for the applicable pay items. The difference between the original certification amount and the revised certification amount will be applied on the next monthly estimate as a negative line-item adjustment.

These adjustment types are excluded from the performance measures report and the Executive Board Report.

To spread out encumbrances and give contractors early relief, the District may choose to make an initial adjustment, then periodic adjustments (ex. quarterly, every 6 months, annually) thereafter. Adjustments should not be monthly. This will be decided on a contract-by-contract basis by the District Construction Engineer or delegate.

The final adjustment can be made upon completion of the applicable work rather than on the last progress estimate to ensure subcontractors are paid timely. Certifications must still be submitted thereafter to indicate no material has been purchased.

Prepare a summary of certifications by material and pay item as back up for MPA line item adjustments. Submit the summary of certifications into EDMS and reference appropriately as part of the Final Estimates Documentation.

Contact [Ashley Anderson](#) (850-414-4184) for additional information or further guidance.

## MPA.6 Updates

(A) 6/30/2022

**Applicable to design-build contracts.** Applicable to push button contracts, but must be applied to all task work orders. **Not applicable** ~~Applicable~~ to Joint Project Agreement (JPA) projects within FDOT construction contracts. Not applicable to Local Agency Project (LAP) or Maintenance contracts.

Certifications must be separated by the appropriate month/year to ensure the correct index is applied to the quantity of material purchased. Multiple invoices can be submitted as back up for one certification, so long as they have the same invoice month/year. **For contracts with duplicate pay items for different components (ex. conduit for signal and lighting), the contractor can copy and create a second tab within a certification to capture the different quantity and unit price for each component pay item.**