# April 29, 2024

# S P E C I A L A T T E N T I O N

**STEEL COST ADJUSTMENT**

Due to the unpredictable nature of steel costs, the Department has provided a Steel Cost Adjustment (SCA) clause that provides for either additional compensation to the Contractor or payment to the State, depending on an increase or decrease in the price of steel. SCA is not a guarantee of full compensation for changes to the cost of steel items.

Steel products eligible for adjustment in this Contract include the following:

* + - Structural Steel (Item 550.1)
		- Reinforcing Steel (Items 544., 544.2, 544.43)
		(Item 544.1 - Reinforcing Steel (Roadway) excluded from this adjustment)
		- Steel Bearing Piles (Items 510.6\_)

SCA will apply to the above items that are permanently incorporated into the work when they are part of the original proposed construction or added as extra work and paid for by Contract unit prices. The adjustments will not apply when the item is added as extra work and paid for at a lump sum price or by force account.

SCA for any of the listed items above will be based on the difference in the Market Price (MP) of steel as compared with the Base Price (BP) as shown in the Contract. The adjustment may be positive or negative but will only be made when there is a difference between the BP and the MP in excess of ten (10) percent. Once the ten percent threshold has been met, the adjustment will apply to the full variance between the MP and the BP.

**General**

1. Adjustments will only be made for fluctuation in the cost of steel used in these items. No adjustment will be made for changes in the cost of manufacturing, fabrication, shipping, storage, etc.
2. Sufficient documentation shall be furnished to the Department to verify the following:
* The full purchase order between the fabricator and the steel supplier, including the total weight and date of the material order, with signature.
* The quantity of steel, in pounds, incorporated into the various pay items covered by this Special Attention. The Department reserves the right to verify submitted quantities.
1. No SCA will be made for any products manufactured from steel having a mill shipping date prior to the Contract Bid date.
2. If the Contractor fails to provide the required documentation, the method of adjustment will be calculated as described below; however, the MP will be based on the date the steel arrives at the jobsite. In this case, an adjustment will only be made when there is a decrease in steel costs.
3. The adjustment will not apply during any time after the Contract Completion Date when the Contractor is being assessed Liquidated Damages.
4. Adjustment formula:

If Market Price exceeds Base Price by greater than 10%:

**SCA = + (MP - BP) *x* Q**

If Base Price exceeds Market Price greater than 10%:

**SCA = - (BP - MP) *x* Q**

Where:

**SCA** = Steel Cost Adjustment, in dollars

**BP** = Base Price cost index as described below for the respective materials, as published by the Engineering News-Record.

**MP** = Market Price cost index as described below for the respective materials, as published by the Engineering News- Record.

**Q** = The total weight of steel incorporated into the work, as paid for under their respective items (in pounds)

1. When no item for Steel Adjustment is included in the Contract no adjustments will be made.

**Structural Steel/Reinforcing Steel**

1. The Base Price of steel will be based on the **Platts Steel Spot Market Prices for Plate** or **Reinforcing Bar, No. 5** as published by the *Engineering News-Record* just prior to advertising. The Department will increase or decrease payment(s) under this Contract using the adjustment formula shown under General #6 above.

The Base Prices for this Contract are:

**Plate:** **\_\_0.63\_\_$/LB**

**Reinforcing Bar, No. 5: \_\_0.41\_\_$/LB**

1. The Market Price will be based on the Platts Steel Spot Market Prices for Plate and Reinforcing Bar, No. 5, respectively, as published by the *Engineering News-Record* for the month the material purchase order between the fabricator and the steel supplier is executed.
2. The price for Plate and Reinforcing Steel No. 5 will be converted from U.S. Dollars (USD) per ton to USD per pound.

**Steel Bearing Piles**

1. The Base Price of steel will be based on the **20-City Average for** **Steel Piling (H-Pile)** as published by the *Engineering News-Record* just prior to advertising. The Department will increase or decrease payment(s) under this Contract using the adjustment formula shown under General #6 above.

The Base Price for this Contract is:

**Steel Piling (H-Piles)** **\_\_0.62\_\_$/LB**

1. The Market Price will be based on the **20-City Average for** **Steel Piling (H-Pile)** as published by the *Engineering News-Record* for the month the material purchase order between the fabricator and the steel supplier is executed.
2. The price for Steel Piling (H-Pile) will be converted from U.S. Dollars (USD) per cwt to USD per pound.

Pay item and unit:

1010.01 Steel Cost Adjustment1 $

1 Not a bid item