



COMMONWEALTH of VIRGINIA

Stephen C. Brich, P.E.
Commissioner

DEPARTMENT OF TRANSPORTATION
1401 EAST BROAD STREET
RICHMOND, VIRGINIA 23219-2000

July 27, 2022

TO: The Contracting Community
District Engineers
District Construction Engineers
Area Construction Engineers

FROM: Kerry A. Bates, P.E., State Construction Engineer

SUBJECT: Steel Escalation Price Adjustments

Due to recent volatility and extreme cost escalation in steel prices this year that could not have reasonably been anticipated at the time of bid, the Department, upon request, will consider pay adjustments by change order for the unforeseeable increase in raw steel material to be incorporated into projects between January 1, 2022 and August 1, 2022, pursuant to Sections 104.02 and 106.12 of the VDOT Road and Bridge Specifications. This adjustment applies only to material cost changes that occurred between the date of the receipt of bids by the Department and the date the material is shipped to the fabricator. This memorandum may be extended at the discretion of the Department past August 1, 2022.

This price adjustment is for steel material that is permanently incorporated into a project per the Department's approved design. Steel material incorporated in the project for the Contractor's convenience will be excluded from this adjustment. Bid items opted to receive the adjustment listed in the Form C-21C in the Contract are eligible for price adjustment under Special Provision for Price Adjustments for Steel and will not be eligible for this price adjustment.

By October 1, 2022, or as extended at the Department's discretion, the Contractor shall submit documentation to the Engineer for all steel material for which the Contractor is requesting this steel price adjustment. This documentation shall consist of material price quotes, bid papers, purchase orders, or other similar documentation satisfactory to the Department that accurately reflects the anticipated price per pound from the producing mill at the time of bid and the difference between the anticipated escalated price and the actual free on board price paid, inclusive of applicable taxes, at the time the material was shipped to the manufacturer or fabricator.

The Contractor shall include with their documentation a certification signed by the Contractor that the documentation provided is true and accurate to the best of their knowledge.

No price adjustment will be made for manufacturing, fabrication, shipping, storage, or handling. No price adjustment will be made for steel shipped from the mill prior to the project letting date. As provided in the Special Provision for Price Adjustments for Steel, price increases less than 10% and the 60% maximum

will not apply to steel prices eligible adjustments under the terms of this memorandum. However, increases less than \$500 will not be eligible.

State funds only are to be used for this price adjustment.

Steel for which this price adjustment is made shall be specifically stored, labeled, or tagged, recognizable by color marking, and identifiable by project for inspection and audit verification immediately upon arrival at the fabricator.

All provisions in the contract Special Provision for Price Adjustments for Steel that are not modified by this memorandum remain in effect. The Department reserves the right to find the Contractor not eligible for this price adjustment of steel if the Contractor fails to submit specifically required documentation (i.e. purchase order, price data, bill of lading, material information, certification, or other requested documents). A Contractor's failure to submit the required documentation, which results in its ineligibility for the price adjustment shall also constitute a conclusive waiver and release of any claim against the Department for such adjustment.

All documentation shall be submitted electronically by email to kerry.bates@vdot.virginia.gov with a copy to the Area Construction Engineer.