

1 **(August 6, 2018)**

2 **Steel Cost Adjustment**

3 The Contractor may elect to participate in the steel cost adjustments for work
4 permanently incorporated into this Contract. Steel cost adjustment is not a guarantee of
5 full compensation for changes to the cost of steel items; not eligible for all items with
6 steel; and any adjustment provided by this provision will not obligate the Contracting
7 Agency for any costs beyond the amount adjusted by this provision.
8

9 This Special Provision provides the option to opt-in to steel cost adjustments for eligible
10 Bid items. The Contractor is provided one opportunity to opt-in and there are no future
11 opt-out provisions. The steel cost adjustment requirements of this Special Provision
12 apply for the duration of the Contract.
13

14 **General**

15 The Contractor may select Bid items from the list below to be included in the steel
16 cost adjustment. The Contractor is not obligated to select any Bid items or to
17 participate in the steel cost adjustment program. The steel cost adjustment will
18 apply only to the Bid items selected by the Contractor.
19

20 Prior to Contract execution the Contractor shall submit the Steel Cost Adjustment
21 Opt-In Bid Item List, WSDOT Form 410-031, to the WSDOT Contract Ad and Award
22 Office. The form is to be received at the WSDOT Bid Room, located at the
23 Transportation Building, 310 Maple Park Avenue SE, Room 2D20, Olympia, WA
24 98501-2361 or may be submitted by facsimile to the following FAX number, (360)
25 705-6966. The Steel Cost Adjustment Opt-In Bid Item List shall be signed by an
26 authorized representative of the Contractor. Should the Contractor fail to return this
27 document as required no Bid items will be eligible for steel cost adjustment.
28

29 **Steel Index Values**

30 The Contracting Agency will use the Bureau of Labor Statistics (BLS) producer
31 price index (PPI) series Id: WPUSISTEEL1 index value for steel cost adjustments.
32

33 The Base Steel Materials Index Value (BV) will be the most recent value published
34 on the BLS website on the day of bid opening. This value will be fixed on the day of
35 bid opening even if the BLS lists this as a preliminary value. The Monthly Steel
36 Materials Index Value (MV) will be the final index value published on the BLS
37 website for any month during the Contract.
38

39 **Measurement**

40 The Contracting Agency has determined the initial cost basis (ICB) of steel to be ***
41 \$\$1\$\$ ***. This cost basis is reflected in the steel cost adjustment calculations
42 below, is non-negotiable and will be taken as a fixed value for the duration of the
43 Contract.
44

45 For each month that steel material is incorporated into the permanent Work of the
46 Contract or paid for as Materials on Hand and the MV is more than 110 percent or
47 less than 90 percent of the BV the Contractor shall provide the Engineer with the
48 following for each eligible Bid item by the end of the following month:
49

- 50 1. The weight of steel material for the month, and
51

2. Documentation of the weight and shipment to the Contractor of the steel material by bills of lading, invoices, or purchase orders.

Should the Contractor not provide the required documentation as specified the following shall apply:

1. Steel material that has an MV that is more than 110 percent of the BV will not be eligible for a steel cost adjustment.
2. The steel cost adjustment for a Bid item with an MV that is less than 90 percent of the BV will be calculated using a weight of steel determined by the Engineer.

Steel materials will not be eligible for cost adjustments until all requirements of the Contract have been met. Steel added to a Contract as part of a Value Engineering Change Proposal will not be eligible for steel cost adjustment. Steel cost adjustments made in accordance with this Special Provision will not be reflected on payments made to the Contractor until after the index value required for the calculation becomes final. Preliminary index values may be used to establish the BV, but will not be used to establish the MV in calculations.

For each Bid Item selected by the Contractor on the Steel Cost Adjustment Opt-In Bid Item List form a cost adjustment evaluation will be made. A cost adjustment will only be made if the MV for the month the Work associated with the Bid Item is performed differs by more than ten-percent from the BV.

The steel cost adjustment will be determined as follows:

1. If the MV is within ten-percent of the BV, there will be no adjustment.
2. If the MV is more than 110-percent of the BV, then

$$CA = (((MV - BV) \div BV) - 0.10) \times (ICB \times WS)$$

3. If the MV is less than 90-percent of the BV, then

$$CA = (((MV - BV) \div BV) + 0.10) \times (ICB \times WS)$$

Where:

CA = Cost Adjustment, dollars

MV = Monthly Steel Materials Index Value from BLS for the month determined above

BV = Base Steel Materials Index Value taken as the most recent value published on the BLS website on the day of bid opening.

ICB = Initial Cost Basis of steel per pound

WS = Weight of steel (in pounds) eligible for cost adjustment

The following Bid Items are eligible for the steel cost adjustment program for this Project:

*** \$\$2\$\$ ***

1
2
3
4
5
6
7
8

Payment

Payment will be made for the following bid item when included in the bid proposal:

“Steel Cost Adjustment”, by calculation.

To provide a common proposal for all bidders, the Contracting Agency has entered an amount in the proposal to become a part of the Contractor’s total bid.