

## **SUPPLEMENT TO PROPOSAL SCHEDULE**

The Department recognizes that certain items of material to be incorporated into the project and/or consumed in the prosecution of the project have historically experienced large fluctuations in price due to local and/or global shortages in supply of the material and/or product used to create such material and that such price fluctuations are beyond the control and without the fault of the Contractor. The effect of such large price fluctuations in such short supply materials makes it difficult for the Contractor to bid with confidence.

Materials that the Department recognizes as historically experiencing such price fluctuations due to short supply are asphalt cement, portland cement, reinforcing steel, structural steel, galvanized steel, and prestress/post-tension strands.

Each bidder shall submit with the proposal a written statement from the supplier of each short supply material indicating the supplier's current posted price, effective date of that price and the location of the material at that posted price (by island).

If the price of such short supply material is increased or decreased by more than 5% by the supplier prior to the completion of that contract item requiring the short supply material, the Contractor shall submit to the Department a written statement from the supplier indicating the effective date and changed price the Contractor will thereafter be charged for such short supply material. The Contractor shall also obtain whenever possible, quotations for furnishing the material from other available local suppliers. The quotations shall be obtained sufficiently in advance of the need for the material to allow review by the Department so as not to delay the work. The Contractor's request to the Department for adjusted compensation due to such changed prices will be computed only with prices in effect at the time of delivery. Only the lowest quotation obtained will be accepted by the Department. Transportation, handling, loading, processing and other similar costs will not be subject to adjusted compensation.

No adjustment to the unit bid prices will be made when the increase or decrease in the price of the short material is less than 5% of the original posted price.

If the adjustment to the unit bid price is decreased in the price of the short supply material by more than 5% of the original posted price, the State will be credited.

When an adjustment in price is made in accordance with this section, the adjustment will be allowed only so long as the purchase price remains more or less than 5% of the original posted price.

If an increase in the price of any short supply material exceeds or is scheduled to exceed 35% of the original posted price, the Contractor must notify the State within five working days before using the short supply material. Upon receipt of such notification from the Contractor, the State will direct the Contractor to either (1) authorize work to proceed as usual with the assurance that the indicated incremental price increase above the 35% will be compensable, (2) issue such change orders as the State may deem necessary to reduce further requirements of the short supply material which is to be paid at the increased price, or (3) if the material is considered to have priced itself beyond reason or beyond what the State can pay, the State may order cessation of further use of such short supply material on the project. Such notification by the Contractor will be required at each instance of incremental price increase above the 35% limit. If the Contractor fails to notify the State of any such incremental price increase within five working days before using the short supply material and continues to utilize the short supply material on the project, the State will not be responsible for payment for the incremental cost increase of which the State was not forewarned.

Computation for the adjusted compensation will be as follows:

**(A) Portland Cement**

If  $X$  = Adjustment per cubic yard of concrete,

$P$  = Portland cement content of the approved mix design expressed in hundredweight per cubic yard of concrete,

$Q$  = Increase or decrease in the price of portland cement in dollars per hundredweight,

Then  $X = QP$

Example: Posted price of portland cement increases from \$1.40 to \$1.70 per cwt. and the hundredweight (cwt) of concrete is 5.6 cwt per c.y., then the adjustment shall be:

$$\begin{aligned} \$1.70 - \$1.40 &= \$0.30 \\ (\$1.40)(5\%) &= \$0.07 \\ \$0.30 - \$0.07 &= \$0.23 \\ X &= (\$0.23)(5.6) = \$1.29 \text{ per c.y. of concrete} \end{aligned}$$

**(B) Asphalt Cement**

If  $X$  = adjustment per ton of mix,

$P$  = asphalt cement content, expressed in percent of dry weight of the aggregates, as determined and accepted by the Department for each of the design plant mixes,

Q = increase or decrease in the price of asphalt cement, in dollars per ton,

$$\text{Then } X = \frac{Q(P)}{100+P}$$

Example: Posted price of asphalt cement increases from \$70 to \$80 per ton and the asphalt content of the A.C. mix was accepted at 6.0%, then the adjustment shall be:

$$\begin{aligned} \$80.00 - \$70.00 &= \$10.00 \\ (\$70.00)(5\%) &= \$3.50 \\ \$10.00 - \$3.50 &= \$6.50 \\ X &= \$6.50 \left( \frac{6}{100+6} \right) = \$0.37 \text{ per ton A.C. mix} \end{aligned}$$

### (C) Reinforcing Steel

If X = Adjustment for reinforcing steel,

P = Weight of reinforcing steel, expressed in hundredweight

Q = Increase or decrease in the price of reinforcing steel in dollars per hundred weight,

$$\text{Then } X = QP$$

Example: Posted price of grade 40 reinforcing steel increases from \$14.00 to \$15.00 per cwt and the weight of the grade 40 reinforcing steel is 80,000 pounds, then the adjustment shall be:

$$\begin{aligned} \$15.00 - \$14.00 &= \$1.00 \\ (\$14.00)(5\%) &= \$0.70 \\ \$1.00 - \$0.70 &= \$0.30 \\ X &= (\$0.30)(800) = \$240 \text{ for grade 40 reinforcing steel} \end{aligned}$$

The Contractor shall submit to the Department original receipted bills covering the short supply material used on the project as soon as practicable after shipments are completed. The bills shall be accompanied by a tabulation on which the bills are listed in chronological order showing for each bill the quantity, the date shipped from the supplier's terminal and the price per unit at the place indicated in the posted price (reflecting any deduction for quantity shipments). These bills shall be subject to audit verification.

The Department reserves the right to alter the quantities of material to be furnished in accordance with the provisions of Subsection 104.02.

The Department also reserves the right, during construction, to decrease or

increase the scope of work, because of limitations of funds, with no adjustment in unit prices other than that specified hereinabove.

If an increase in the price of any short supply material exceeds or is scheduled to exceed 35% of the original posted price, the Contractor must notify the State within five working days before using the short supply material. Upon receipt of such notification from the Contractor, the State will direct the Contractor to either (1) authorize work to proceed as usual with the assurance that the indicated incremental price increase above the 35% will be compensable, (2) issue such change orders as the State may deem necessary to reduce further requirements of the short supply material which is to be paid at the increased price, or (3) if the material is considered to have priced itself beyond reason or beyond what the State can pay, the State may order cessation of further use of such short supply material on the project. Such notification by the Contractor will be required at each instance of incremental price increase above the 35% limit. If the Contractor fails to notify the State of any such incremental price increase within five working days before using the short supply material and continues to utilize the short supply material on the project, the State will not be responsible for payment for the incremental cost increase of which the State was not forewarned.

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$$\text{Then } X = \frac{Q(P)}{100+P}$$

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