

**109.09 Steel Escalation.** The Steel Escalation Clause, as described herein, may be enacted when requested by the Contractor or deemed necessary by the Department. Enactment of the Steel Escalation Clause will only be considered when the "Adjustment Price" is more than a 10% increase or decrease from the "Benchmark Price" for steel as defined herein.

The use of the price adjustment provisions developed for the Steel Escalation Clause are intended to minimize the cost effects of price uncertainty to the Contractor and the Department, for most steel used in the construction of this contract. The price adjustment provisions are not intended to compensate the Contractor for what would be considered normal day-to-day fluctuations or seasonal changes. The price adjustment provisions are not intended to serve as a guarantee for full compensation for steel price fluctuations but are intended to provide for a sharing, by the Department, in a portion of the Contractor's risk which could result from unusual price fluctuations. The price adjustment provisions do not serve to relieve the Contractor of risks associated with fluctuation in prices beyond the amount adjusted by the provisions.

If the Steel Escalation Clause is activated, the clause will apply from the period of time the unusual price for steel began, until the end of the contract.

The price adjustment provisions will only apply to **reinforcing steel, structural steel, steel piling, dowel bars and tie bars for concrete pavement, and beam elements and metal posts for guardrail**. No other steel materials are covered by this price adjustment provision. **Edit items per contract**

### **Steel Escalation Clause**

The progress payment will be adjusted upward or downward as calculated by the "Steel Cost Adjustment." The adjustment will be determined by the Department using the average of the 20-City Average for "Grade 60, #4 Reinforcing Bars" and "Hot-Rolled Carbon Steel Plate" from Engineering News-Record, published in the fourth weekly publication of the month. The adjustment will be calculated by comparing the "Benchmark Price" to the "Adjustment Price."

The method for calculating the "Steel Cost Adjustment" will be as described in the following paragraphs:

- (a) Benchmark Price (BP). The "Benchmark Price" (BP) will be the current published price at the time bids are opened.

The "Benchmark Price" for steel will be available on an informational basis to interested parties. The price may be obtained by contacting the Construction Division in the Department's Headquarters, 1263 South Stewart Street, Carson City, NV 89712, Phone No. (775) 888-7460.

- (b) Adjustment Price (AP). The "Adjustment Price" (AP) will be the published price for the month that the steel is shipped from the mill.

The Contractor shall submit copies of the mill or warehouse invoices, showing the shipping dates and quantity shipped, for all steel referenced above. These invoices shall cover all steel materials to be placed. The Contractor shall also submit documentation showing where the steel will be placed and the theoretical waste of

the material in the fabrication process.

- (c) Compensation Formula. The compensation payable as part of each bi-weekly progress payment will be subject to increase or decrease in accordance with the following provisions for steel price fluctuations exceeding 10%. The bi-weekly steel adjustment will be determined in accordance with the following formula:

For an increase in steel adjustment prices that exceed 10% of the "Benchmark Price" (BP):

$$A = [AP - BP(1.10)] \cdot Q/100$$

For a decrease in steel adjustment prices that exceed 10% of the "Benchmark Price" (BP):

$$A = [(0.90)BP - AP] \cdot Q/100$$

Where: A = "Steel Cost Adjustment" in dollars rounded to the nearest dollar  
AP = "Adjustment Price" in dollars per 100 pounds  
BP = "Benchmark Price" in dollars per 100 pounds  
Q = Quantity of steel material in pounds

- (d) Compensation Adjustment. The adjustment in compensation for steel shall also be subject to the following:

1. Payment of compensation provided herein will be made as part of the progress payment. The Contractor shall be liable to the state for decreased compensation adjustments and the Department may deduct the amount thereof from any monies due or that may become due the Contractor.
2. The maximum adjustment allowed under the terms of this specification occurs when the "Adjustment Price" exceeds the "Benchmark Price" by 75%.

The Department reserves the right to cancel the contract whenever the adjustment exceeds 75%. The contract may be canceled in part or in whole by the Department. If the Department elects to cancel the contract, in part or in whole, price adjustments will not be allowed for other than major bid items. Adjustments to major bid items will be in accordance with Subsection 104.02.

3. The contract unit prices will be considered to include the initial cost of the steel used and all costs for furnishing, hauling, manufacturing, fabrication, shipping, storage, etc. of the material as required. Changes in the cost of steel that occur between the date of bid opening and the date the material is shipped from the mill will be addressed using the adjustment provisions previously described.
4. No steel cost adjustments will be made for any items manufactured from

steel having a mill shipping date prior to the bid date of the contract. The maximum quantity of steel material that this provision will apply to will be theoretical plan quantity shown in the plans or as determined.