



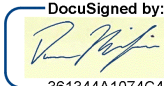
MEMO

April 5, 2022

To: District Engineers
District Directors of Construction

From: Duane S. Milligan, P.E.
Director, Construction Division

Subject: Materials Availability and Price Issues

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Due to recent circumstances affected by world events, there has been significant volatility in the market for various construction materials. We have seen the availability of some materials become very limited or the material lead time has increased significantly. We have also seen significant increases (over 100% in some cases) in some material prices. Due to these ongoing issues that are outside of TxDOT's and our contractors' control, we are providing the following nine points to consider for mitigating these issues and keep projects moving.

1. Material On Hand (MOH)

Consider paying MOH as early as possible. MOH can be paid as soon as the contract is activated in SiteManager. There is no need to wait for a preconstruction meeting or for work to begin. Also consider offering department-owned locations for storage of materials that will be incorporated into the projects. Provide expedited shop drawing reviews when possible.

2. Quantity Increases

When the department finds it necessary to increase quantities of a material that has experienced a significant price increase, the department should strongly consider paying the increased material costs. Increased payment should be considered when there are change orders adding work, design errors, and significant overruns.

3. Price Increases Due to TxDOT Delay

When the department is responsible for delays that caused materials to be ordered at a time when prices were higher, the department will pay the increased material costs.

4. Substitutions

For materials with significant increases in cost or unavailability, give strong consideration for substitution of materials when the substituted material and design serves the same function of the original design.

5. Item Deletions

Consider deletion of work or materials from the contract when materials are unavailable or have experienced significant price increases when the deletion will not affect the safety of the completed project. This consideration should also be made for non-site-specific contracts.

6. Delayed Starts

Utilize delayed start provisions as necessary for contracts that require materials that are experiencing availability issues. Consider increasing the length of the delayed start to give contractors more time to procure long-lead items.

7. Avoid Sole Sourcing

Avoid using contract provisions that limit a contractor to a single producer or manufacturer. Allow equivalent materials and products to be used when possible.

8. Time Considerations

Consider granting additional time when material availability negatively affects the critical path.

9. Last Resort

If none of the above options are possible, price increases can be referred to TxDOT Administration for further consideration. The Construction Division will coordinate the submission of any requests for Administration consideration.

This memorandum addresses fuel price increases only in the case of Item number 3 above and for added work.

Thank you for your leadership to address these issues as they come up. If you have any questions regarding these strategies or need to submit a request for Administration consideration, please contact Duane S. Milligan, P.E. (512) 416-2501.

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