

Payment Adjustment for Changes in the Steel Price Index

Special Provision No. 100S72

DRAFT March 2023

.01 **Definitions**

For the purpose of this Special Provision, the following definitions apply:

Piles means H-piles, sheet piles and tube piles.

Storage Site means a location in Ontario away from the Working Area, where the Owner is named as a tenant via a lease obtained from the property owner.

- .02 The Owner shall adjust the payment to the Contractor based on changes to the steel price index according to this Special Provision.
- .03 The steel price index shall be the applicable monthly index obtained from vector V1230996166, corresponding to product 312 "Basic and semi-finished iron and steel products" of monthly table 18-10-0266-01 "Industrial product price index, by product, monthly", published by Statistics Canada.
- .04 The payment adjustment for changes in the steel price index shall be applied only to the steel types and quantities specified in Table 1 that have been or will be permanently installed in the Work.

TABLE 1
Steel that Steel Price Index Applies

Steel Type	Location	Associated Item	Quantity (tonnes)
*	*	*	*

[* Designer Fill-Ins for Table 1, See Notes to Designer]

- .05 The payment adjustment for changes in the steel price index shall be applied unless the Contract Administrator is notified in writing of the request to opt out of the payment adjustment for changes in the steel price index. This notification shall be submitted within 5 Business Days of receiving a completed MTO form PH-CC-700, Permission to Start Work. Opting-out may be based on each steel type identified in Table 1. Once opting out is chosen, opting back in shall not be permitted.
- .06 The payment adjustment for changes in the steel price index shall be applied only when the difference between the published steel price index in the month and year for when the steel adjustment is made, and the published steel price index in the month prior to tender closing is great than or equal to a 10% difference.
- .07 The payment adjustment for reinforcing steel bars, and piles shall be calculated and applied based on the month of installation into the Work.
- .08 For structural steel, the payment adjustment calculation shall be based on the month of the mill test certificate or the month prior to tender closing, whichever is later. The payment adjustment shall be applied after the steel is delivered to the Working Area or stored at a storage site.
- .09 The Contractor shall submit the quantity in tonnes of each steel type specified in Table 1 for reconciliation by the Contract Administrator for each progress payment. Quantity stated in Table 1 shall not be exceeded.

.10 The steel payment adjustment shall be calculated monthly using the following formulae:

If $I_p > I_t$

$$A = I_p - (1.10 \times I_t)$$

If $A \leq 0$, $C_{spa} = 0$

If $A > 0$,

$$C_{spa} = Q_s \times \frac{R}{100} \times [I_p - (1.10 \times I_t)]$$

If $I_p < I_t$,

$$A = (0.9 \times I_t) - I_p$$

If $A \leq 0$, $C_{spa} = 0$

If $A > 0$,

$$C_{spa} = Q_s \times \frac{R}{100} \times [I_p - (0.9 \times I_t)]$$

Where:

C_{spa} = Steel payment adjustment paid to Contractor or Owner, in dollars (\$).

A = Difference between the published steel price index in the month and year for when the steel adjustment is made and the published steel price index in the month prior to tender closing.

I_p = Published steel price index in the month and year for when the steel adjustment applies.

I_t = Published steel price index in the month prior to tender closing.

Q_s = Quantity of applicable steel listed in Table 1, permanently installed in the Work or delivered to the Working Area, as applicable, during the month for when the payment adjustment applies (tonnes).

R = Reference price used to calculate the steel payment adjustment. For reinforcing steel bars, the reference price shall be of \$700/tonne. For structural steel, H-piles, sheet piles and tube piles, the reference price shall be of \$1,250/tonne.

.11 The calculated steel payment adjustment shall be administered as follows:

a) When C_{spa} is positive, the Contractor shall receive a steel payment adjustment amount equal to C_{spa} .

b) When C_{spa} is negative, the Contractor shall credit the Owner a steel payment adjustment amount equal to the absolute value of C_{spa} .

c) The Contractor shall show the steel payment adjustment as a line item on the payment certificate. The item shall be called steel payment adjustment.

.12 For progress payment purposes, payment adjustments shall be made on the monthly progress payment certificates for the months in which the steel adjustment applies.

NOTES TO DESIGNER:

* Designer Fill-In:

Fill-in the quantity based on design take-off only for the following steel type permanently installed in the Work:

1. H-Pile
2. Sheet Pile
3. Tube Pile
4. Reinforcing Steel Bar, not including stainless steel
5. Any steel provided for the tender item Fabrication of Structural Steel.

Example Fill-ins for Table 1:

TABLE 1
Steel that Steel Price Index Applies

Steel Type	Location	Associated Item	Quantity (tonne)
Structural Steel for Bridges	21X-0719/B0	906-0011	375
Reinforcing Steel Bar, Grade 500W	21X-0719/B0	905-0015	50
Reinforcing Steel Bar, Grade 500W	21X-0758/B0	905-0015	36

WARRANT:

For all contracts, where the quantity of steel for any of the individual items covered by the steel type mentioned, exceeds 30 tonnes for reinforcing steel, H-piles, tube piles, or sheet piles, or exceeds 50 tonnes for structural steel. The payment adjustment applies only to fabrication or supply items.