

STEEL ESCALATION / DE-ESCALATION GUIDE

TABLE OF CONTENTS

SECTION	TITLE	PAGE(s)
Section 1	General Information	2 – 4
Section 2	Review of the Project Special Provisions	4 - 5
Section 3	Setting Up the SE Zero Estimate Worksheet	5 – 7
Section 4	Monthly Steel Escalation/De-Escalation Adjustments	8 – 11
Section 5	No Monthly Steel Escalation/De-Escalation Adjustment	12 - 14
Section 6	Making Changes to a Previously Entered/Paid Adjustment	15 – 19
Section 7	Processing SE Adjustments after Final Payment	20

This document explains the process to perform Steel Escalation/De-Escalations (SE) adjustments on projects in which the SE provisions are included (Section 0195.12). If you have any questions on this process, please contact the Contract Administration Unit at (503) 986-3050.

**OREGON DEPARTMENT OF TRANSPORTATION
STEEL ESCALATION / DE-ESCALATION PROCESS**

SECTION 1 – GENERAL INFORMATION

The intent of the SE specifications are meant to limit the risk to the Contractor if the cost of steel materials changes drastically between the time the project is bid, and the time the qualifying work is performed.

SE provisions are included in the project Special Provisions by the specification writer only if the project meets the minimum qualifiers shown on the [Steel Escalation Worksheet](#) (*this is a very large document so an example is not included here*). This document is maintained by the ODOT Specification Unit, Cost Estimating Section, and is posted on their website at:

http://www.oregon.gov/ODOT/HWY/ESTIMATING/manuals_forms_etc.shtml



Please note that only items that are listed in the spreadsheet are eligible for SE. At this time, steel Cable Median Barrier or Cable Guardrail bid items are exempt from Steel Escalation/ De-Escalation. If the Project Leader or Specification Writer believes that the quantity of Cable Median Barrier or Cable Guardrail meets the minimum qualifier for SE, then please contact John Riedl, at (503) 986-3886 for assistance in developing the required specification.

If the SE provisions are not applicable to the project, the following statement will be included in the Special Provisions:

00195.12(d) Steel Materials Pay Item Selection - Add the following to this subsection:

No Pay Items under this Contract qualify for the steel escalation/de-escalation program for this Project.

If the project contains the statement above, and the bid schedule contains SE related items such as Reinforcement, Guardrail or Sign Bridges, it is strongly recommended that the Project Manager (PM) complete a SE Worksheet using the bid item estimated quantities as a way to confirm that there are no eligible bid items. It is not uncommon for bid item estimated quantities to change, or for bid items to be added or deleted immediately prior to bid letting, and 00195.12(d) not be adjusted, if needed.



If this statement is included in 00195.12(d) – **Stop Here**. SE is not applicable to the contract, and no further action is required by the PM.

**OREGON DEPARTMENT OF TRANSPORTATION
STEEL ESCALATION / DE-ESCALATION PROCESS**

**IF QUALIFYING BID ITEMS ARE LISTED IN SECTION 00195.12(D) OF THE PROJECT CONTRACT
CONTINUE FOLLOWING THESE DIRECTIONS:**

If the project has bid item work that meets the minimum qualifiers for SE, the qualifying bid items will be listed in the Special Provisions, Section 00195.12(d):

**OR214: Front Street Ramp – Progress Way Sec.
Grading, Drainage, Structure and Paving**

00195.12(d) Steel Materials Pay Item Selection - Add the following to the end of this subsection:

The Contractor may elect to participate in the steel escalation/de-escalation program for this Project under 00195.12 through 00195.12(d) by marking each check box for each Pay Item in the list below the Contractor is selecting for participation in the program. The completed list must be submitted in writing, signed and dated by the Contractor, to the Project Manager before or within seven Calendar Days after the date of the preconstruction conference.

PARTICIPATE	PAY ITEM DESCRIPTION	COST BASIS (CB)
<input type="checkbox"/>	FURNISH PP 12-3/4 X 0.375 STEEL PILES	90%
<input type="checkbox"/>	REINFORCED PILE TIPS	90%
<input type="checkbox"/>	REINFORCEMENT	27%
<input type="checkbox"/>	3 TUBE STEEL RAIL	1%
<input type="checkbox"/>	SIGN BRIDGE	35%
<input type="checkbox"/>	LIGHTING POLES, FIXED BASE	35%
<input type="checkbox"/>	LIGHTING POLES, SLIP BASE	35%
<input type="checkbox"/>	LIGHTING POLE ARMS	35%

If the Contractor elects not to participate in the steel escalation/de-escalation program for this Project, the Contractor shall mark the check box indicating their intent to not participate and submit in writing, signed and dated by the Contractor, to the Project Manager before or within seven Calendar Days after the date of the preconstruction conference.

Election to not participate in the steel escalation/de-escalation program:

Regardless of the number of Pay Items listed by the Agency or selected by the Contractor, or if no Pay Items qualify for the steel escalation/de-escalation program for this Project or the Contractor elects not to participate in the steel escalation/de-escalation program for this Project, the steel price escalation/de-escalation clause (and program) contained in 00195.12 through 00195.12(d) are included in this Contract and are the only steel price escalation/de-escalation clause (and program) that apply to this Contract.

Contractor's Signature

Date

The Contractor has until seven Calendar Days after the Pre-Construction Conference to return the SE participation form to the PM. Effective with all projects bid on or after May 6, 2010, the Contractor will need to complete the form by either selecting the steel items he wishes to participate in the program, **OR**, marking the Election to Not Participate box. In either case, the notice must be signed, dated, and submitted by the Contractor. Projects bid prior to May 6, 2010 did not require the Contractor to return the form if they were electing not to participate.

OREGON DEPARTMENT OF TRANSPORTATION STEEL ESCALATION / DE-ESCALATION PROCESS

If the Contractor does not notify the PM in writing of their decision to not participate, the PM should confirm this election and make a notation in the project quantity / adjustment file. The RAS will also make a notation on the Documentation Review Report (DRR) as to the election to, or not to, participate in the SE program.

If the Contractor elects to participate in the SE program, continue following the directions below.



If the Contractor elects to Not Participate in the SE Program - **Stop Here**. No further action will be required by the PM office. Make sure a copy of the notice submitted by the Contractor is included in the project pay documents to show why no SE adjustments are completed on the project. Also send a copy of the participation notice to the ODOT Contract Administration Unit.

IF THE CONTRACTOR HAS SELECTED STEEL MATERIAL ITEMS FOR PARTICIPATION IN THE STEEL ESCALATION/DE-ESCALATION PROGRAM:

The Agency will adjust the payment to the Contractor if the current steel price differs more than 10% from the established Steel Base Price (BV). SE adjustments **must** be calculated using the ODOT [SE Worksheets](#), which are available on the ODOT Construction Section forms website at:

<http://www.oregon.gov/ODOT/HWY/CONSTRUCTION/HwyConstForms1.shtml>

SECTION 2 – REVIEW THE PROJECT SPECIAL PROVISIONS

As early as possible after the project has been bid, the Project Manager (PM) or staff must review the project Special Provisions to determine if the SE provisions are included.

It is also very important to understand that if the project contains **any** Federal funds, any bid items added to the SE provisions after contract award may not be eligible for participation. Under no circumstances can federal funds be used to pay for SE adjustments if the SE provisions are added to the contract after award. It is extremely important for this information to be reviewed and verified as early in the bid/award process as possible.

When reviewing the SE provisions under 00195.12, here are some things to look for:

1. Confirm that all of the Pay Items listed in 00195.12 are also listed in the Schedule of Items.
 - *A common error is adding or deleting a bid item from the Schedule of Items, and not reflecting the change on the SE Worksheet or in 00195.12.*
2. Confirm that the Cost Basis (CB) for any pay items shown in 00195.12(d) match the CB listed on the SE Worksheet. If the CB is incorrect, it must be corrected via addendum during the bidding period.
3. Confirm that the correct estimated quantities have been used to calculate the eligibility for each pay item. Only those pay items meeting the criteria for qualification listed on the SE Worksheet can be listed in 00195.12(d) as eligible for participation in the SE program.

OREGON DEPARTMENT OF TRANSPORTATION STEEL ESCALATION / DE-ESCALATION PROCESS

If you have any questions regarding the validity of, or the basis used to determine the bid items listed under 00195.12(d) as eligible for SE, your first contact should be the Specification Writer for the project who can provide you a copy of the completed SE Worksheet. Since the SE Worksheets are submitted as part of the PS&E package, a copy is also available from the [Office of Project Letting](#) (if needed).

Assuming all 00195.12 issues have been addressed during the bidding period, and after the contract has been awarded to the low bidder, it is time to set up the SE Zero Estimate Worksheet.

SECTION 3 – SETTING UP THE SE ZERO ESTIMATE WORKSHEET

For each project containing the SE provisions in 00195.12, a SE Zero Estimate Worksheet must be customized with the project-specific information.

3-1 Filling out the SE Zero Estimate Worksheet

The SE Worksheet is posted on the ODOT Construction Section Forms website. Be sure to download this form from the website each time you set up the worksheet for a new project to get the most current version. Save the worksheet on your computer.

Open the tab on the bottom of the workbook labeled “Steel Esc – Zero Est”. Complete the SE Zero Estimate Worksheet by entering the required information in the blue-shaded fields as follows:

Project Name – Enter the project name as shown on the Special Provisions.

Contract Number – Enter the 5-digit contract number shown on the Special Provisions (C12345).

Adjustment Item – This field will automatically fill in with “Zero Estimate”. You cannot overwrite this field.

Current Date – This field will automatically fill in with the current date and time. You cannot overwrite this field.

Base Price Month and Year – You will need to enter the month and year for the Steel Base Price. This will be the month of the bid opening date. The bid date is shown in the bottom right-hand corner of the Special Provisions cover page. You can also obtain the bid opening date for the project on the ODOT Procurement Office website at:

[ODOT Procurement Office - Construction Contracting Section 2010 Bid Tabulations - Tabulations are the official ODOT bid opening results](#)

Steel Base Price (BV) – The Steel Base Price (BV) is the monthly steel value for the month of the bid opening. To find this value, pull up the Monthly Steel Material Values posted on the ODOT Specifications Unit, Estimating, at:

<http://www.oregon.gov/ODOT/HWY/ESTIMATING/steel.shtml>

OREGON DEPARTMENT OF TRANSPORTATION STEEL ESCALATION / DE-ESCALATION PROCESS

2009	
<i>Posting Month</i>	<i>Monthly Steel Value (MV)</i>
January	182.2
February	175.3
March	171.1
April	161.7
May	158.0
June	158.2
July	160.9
August	166.0
September	172.4
October	177.1
November	
December	

A Monthly Steel Material Value (MV) is established each month. The MV is from the IDWPUSISTEEL1 Bureau of Labor Statistics (BLS), Producer Price Indexes (PPI) using non-seasonally adjusted indexes only. The agency will only publish values for use after the IDWPUSISTEEL1 BLS PPI establishes the numbers as final numbers.

If the project had a bid opening date of March 15, 2009, the Steel Base Price (BV) would be the Monthly Steel Material Value (MV) for March, 2009 of \$171.1. Enter this value exactly as shown on the Monthly Steel Material Values sheet. Attach a hard copy of the Monthly Steel Materials Value sheet to the Zero Estimate Worksheet.

Prepared By / Date – The person completing the SE Zero Estimate Worksheet will need to sign and date the worksheet after completion.

Reviewed By / Date – As with any formal pay document, the SE Zero Estimate must be checked by a second person for data entry. The reviewer/checker will need to sign and date the worksheet.

Bid Item – Enter the bid item number for the first item of work listed under 00195.12(d). For an example, let's use the items of work shown in Example 1-1.

Group No. – The group number for each bid item of work will be shown on the monthly progress estimate in the Contract Payments System (CPS). You will need to look there to find this information. Some bid items may have multiple group numbers. If this is the case, you will need to make a separate line entry for each bid item group number

Description – Enter the bid item description. Try to match the bid item description as shown in the Schedule of Items as closely as you can. The field size is limited, so some abbreviations may be required.

Cost Basis – Enter the cost basis as shown in 00195.12(d) for each pay item.

**OREGON DEPARTMENT OF TRANSPORTATION
STEEL ESCALATION / DE-ESCALATION PROCESS**

If the bid item has additional group numbers, continue entering the same information on separate lines for each group number.

Group No. – You will need to manually enter each of the group numbers used in the bottom portion of the worksheet in the Group No. field at the top right-hand corner of the worksheet. For this example, we only used one group number, “011”.


Steel Base Price Range – This field will automatically calculate the steel price range. This is $\pm 10\%$ from the Steel Base Price (BV). Any monthly steel prices falling outside this range, either “+” or “-“, will require an adjustment be made on any eligible bid item work performed that month. If the Monthly Steel Material Value (MV) stays within the range, then no adjustment for that month will be required.

Comments – This field is for use by the PM staff to enter any descriptive comments needed.

RAS Review / Date - The Region Assurance Specialist (RAS) will need to review the SE Zero Estimate Worksheet, and sign and date the worksheet. The SE Zero Estimate Worksheet is the basis off which all SE adjustments are made so it is critical that it be checked for accuracy and completeness.

At this point, the SE Zero Estimate Worksheet is complete, and the first SE adjustment can now be calculated. Be sure to file the electronic worksheet, and print out a hard copy to place in the project Adjustment file. Be sure to attach a copy of the Monthly Steel Material Value sheet to the SE Zero Estimate Worksheet.

Once completed, the SE Zero Estimate will look like this:

STEEL (10%) ZERO ESTIMATE						
COMPLETE INFORMATION FOR BLUE SHADED CELLS				TOTALS FOR ZERO ESTIMATE		
Project Name	OR214: Front Street Ramp - Progress Way Section				Group No.	Total Adjustment by Group Number
Contract No.	C14025				011	
Adjustment Item	ZERO ESTIMATE					
Current Date:	10/4/2010 12:29					
Base Price Month & Year	March, 2009					
Steel Base Price (BV)	\$171.1				Steel Base Price Range	\$154.0 \$188.2
PREPARED BY			DATE		Comments	
	<i>Thomas J. Smith, CAS</i>		4-9-09			
REVIEWED BY			DATE	RAS REVIEW		
	<i>Sandy Sanderson, QCCS</i>		4-10-09	<i>Kevin T. Inspector, RAS</i>	5-1-09	
STEEL (10%) ZERO ESTIMATE						
Project Name	OR214: Front Street Ramp - Progress Way Section		Contract Number	C14025	Adjustment Item	ZERO ESTIMATE
Bid Item	Group No.	Description	Dollar Amount Paid (PIP)		Cost Basis	Individual Item Adjustment
0710	011	Furnish PP 12-3/4 x 0.375 Steel Piles			90%	
0720	011	Reinforced Steel Piles			90%	
0820	011	Reinforcement			27%	
0830	011	3 Tube Steel Rail			1%	
0910	011	Sign Bridge			35%	
0940	011	Lighting Poles, Fixed Base			35%	
0950	011	Lighting Poles, Slip Base			35%	
0960	011	Lighting Pole Arms			35%	

**OREGON DEPARTMENT OF TRANSPORTATION
STEEL ESCALATION / DE-ESCALATION PROCESS**

SECTION 4 – MONTHLY STEEL ESCALATION/DE-ESCALATION ADJUSTMENTS

Typically the SE adjustment will be the last item added to the monthly pay estimate each month. Any adjustments made, either “+” or “-”, will be dependent on the monthly steel price and the pay quantities for the associated bid items.

It will be necessary for the monthly progress estimate to include all bid items and CCO work before you begin to calculate the SE adjustment.

The first time you process a SE adjustment, you will open the “SE 6800A” worksheet at the bottom of the SE workbook.

Once you open this worksheet you will notice that all of the information you entered on the SE Zero Estimate worksheet has automatically transferred over. Again, you will only be entering data into the dark blue shaded fields.

Here is what SE 6800A will look like before you enter any data:

STEEL (10%) ADJUSTMENT ITEM 6800A						
COMPLETE INFORMATION FOR BLUE SHADED CELLS				TOTALS FOR 6800A		
Project Name	OR214: Front Street Ramp - Progress Way Section			Group No.	Total Adjustment by Group Number	
Contract No.	C14025			011	\$0.00	
Adjustment Item	6800A				\$0.00	
Current Date:	10/4/2010 12:58				\$0.00	
Base Price Month & Year	March, 2009				\$0.00	
Steel Base Price (BV)	\$171.1			Steel Base Price Range	\$154.0	\$188.2
Est. Number				INSERT REVISION COMMENTS BELOW		
Month of Work						
Monthly Steel Materials Value (MV)						
PREPARED BY			DATE			
REVIEWED BY			DATE			
STEEL (10%) ADJUSTMENT ITEM 6800A						
Project Name	OR214: Front Street Ramp - Progress Way Section		Contract Number	C14025	Adjustment Item	6800A
Bid Item	Group No.	Description	Dollar Amount Paid (PIP)	Cost Basis	Individual Item Adjustment	
0710	011	Furnish PP 12-3/4 x 0.375 Steel Piles		90%		
0720	011	Reinforced Steel Piles		90%		
0820	011	Reinforcement		27%		
0830	011	3 Tube Steel Rail		1%		
0910	011	Sign Bridge		35%		
0940	011	Lighting Poles, Fixed Base		35%		
0950	011	Lighting Poles, Slip Base		35%		
0960	011	Lighting Pole Arms		35%		

OREGON DEPARTMENT OF TRANSPORTATION STEEL ESCALATION / DE-ESCALATION PROCESS

Enter the following information on SE 6800A:

Estimate Number – Let's assume for this example that you are on Estimate #5. Enter 5 in this field.

Month of Work – If the project was bid in March, 2009 let's assume for this example that the estimate month is September, 2009. Enter this date in this field. Remember, you may be working on the estimate during the first few days of October, 2009, but the estimate month, and the month in which the work was performed, will be September 2009.

Monthly Steel Materials Value – You will need to pull the current steel materials value from the ODOT website at: <http://www.oregon.gov/ODOT/HWY/ESTIMATING/steel.shtml>. Print out a copy of the Monthly Steel Materials Value sheet and highlight the value for September, 2009. Attach the printout to the monthly adjustment worksheet.

Enter the monthly steel value shown for September, 2009, which will be \$172.4. Remember to enter the price exactly as shown.

IMPORTANT NOTE REGARDING MONTHLY STEEL MATERIAL VALUES:

The Agency will only publish values on the ODOT website once the values become final. Values may not be final for up to six (6) months. Since the Agency has no control over when the final values are posted, adjustments to the Contractor can be delayed for up to two (2) months after the final values are posted. Therefore, adjustments made for eligible work performed in January, will not be paid until the values are finalized in June, and may be posted on the pay estimate as late as August.

This means that the PM will have to postpone processing SE adjustments until the final Steel Material values are posted on the website.

At this point you will need to look to see if the Monthly Steel Materials Value (\$172.40) falls within the Steel Base Price Range shown on SE 6800A - \$154.0 - \$188.20:

- If the Monthly Steel Value **does** fall within the price range, or if no eligible bid item work was performed during the month, then no monthly SE adjustment will be required for this month. You will need to process a "NO ADJUSTMENT" worksheet – Skip ahead to **SECTION 5 – NO ADJUSTMENT WORKSHEET**.
- If the Monthly Steel Value **does not** fall within the price range and, if eligible bid item work has been performed, you will need to continue processing the SE adjustment for this month. This means that the Monthly Steel Value has gone either 10% above or below the Steel Base Price and the Contractor will be subject to either a "+" or "-" adjustment.

For this example, a Monthly Steel Value of \$272.40 has been entered in order to show how the SE Adjustment would calculate if the MV were outside the Steel Base Price Range. This is for example only!

Dollar Amount Paid (PP) – Enter the dollar amount paid during the estimate month for each of the eligible bid items. This information is taken from the final monthly progress estimate. You are entering

**OREGON DEPARTMENT OF TRANSPORTATION
STEEL ESCALATION / DE-ESCALATION PROCESS**

the total dollar amount paid for each eligible bid item - not the “units” completed – just the total dollar amount.

The SE 6800A worksheet will automatically calculate the total adjustment due the Contractor separated out by group number. At this point, your SE 6800A adjustment worksheet will look like this:

STEEL (10%) ADJUSTMENT ITEM 6800A						
COMPLETE INFORMATION FOR BLUE SHADED CELLS				TOTALS FOR 6800A		
Project Name	OR214: Front Street Ramp - Progress Way Section			Group No.	Total Adjustment by Group Number	
Contract No.	C14025			011	\$23,538.02	
Adjustment Item	6800A				\$0.00	
Current Date:	10/4/2010 12:56				\$0.00	
Base Price Month & Year	March, 2009				\$0.00	
Steel Base Price (BV)	\$171.1			Steel Base Price Range	\$154.0	\$188.2
Est. Number	5			INSERT REVISION COMMENTS BELOW		
Month of Work	September, 2009					
Monthly Steel Materials Value (MV)	\$272.4					
PREPARED BY	DATE					
REVIEWED BY	DATE					
	Thomas J. Smith, CAS		10-3-09			
	Sandy Sanderson, CCS		10-4-09			
STEEL (10%) ADJUSTMENT ITEM 6800A						
Project Name	OR214: Front Street Ramp - Progress Way Section		Contract Number	C14025	Adjustment Item	6800A
Bid Item	Group No.	Description	Dollar Amount Paid (PIP)	Cost Basis	Individual Item Adjustment	
0710	011	Furnish PP 12-3/4 x 0.375 Steel Piles	\$35,000.00	90%	\$15,499.62	
0720	011	Reinforced Steel Piles	\$12,000.00	90%	\$5,314.16	
0820	011	Reinforcement	\$18,950.00	27%	\$2,517.58	
0830	011	3 Tube Steel Rail	\$0.00	1%		
0910	011	Sign Bridge	\$1,200.00	35%	\$206.66	
0940	011	Lighting Poles, Fixed Base	\$0.00	35%		
0950	011	Lighting Poles, Slip Base	\$0.00	35%		
0960	011	Lighting Pole Arms	\$0.00	35%		

You will now need to print out the SE 6800A adjustment worksheet. The person preparing the adjustment will need to sign and date the document. The worksheet, which is now the “Source document” or “paynote” for the adjustment, will need to be checked by a second person. The reviewer/checker will also need to sign and date the document. Remember to attach a copy of the Monthly Steel Material Values showing the current monthly value to the adjustment worksheet.



The SE Adjustment is now ready to be entered into CPS under the 6000 series. (Reference the CPS Manual, and The ODOT Construction Manual, Chapter 25 – Contractor Payments). Be sure to enter it as 6800A to correspond with the paynote. Remember to enter the SE adjustment for each group number separately. Use the following naming convention when entering the SE adjustment in CPS:

- **Steel Escalation, September 2009** – Use if the adjustment is positive (escalation)
or
- **Steel De-Escalation, September 2009** – Use if the adjustment is negative (de-escalation)

**OREGON DEPARTMENT OF TRANSPORTATION
STEEL ESCALATION / DE-ESCALATION PROCESS**

The SE Workbook only has 26 tabs: 6800A – 6800Z. If you need more worksheets, you will need to start a new SE Workbook, and rename the SE adjustment tabs as “6801A – 6801Z”. If you need assistance with this task, please contact either the RAS, or the contact person identified at the beginning of these instructions.

A very nice feature of the SE Workbook is the “SE SUMMARY” Tab. This summary page will automatically summarize the SE adjustments completed each month. **(NOTE: Normally, there should have already been SE worksheets for estimates 1-4, but for this example we are showing the first SE adjustment being paid on estimate #5).** This is what the SE Summary Sheet should look like after you have completed SE 6800A:


STEEL (10%) SUMMARY SHEET	
Project Name	OR214: Front Street Ramp - Progress Way Section
Contract No.	C14025
Current Date:	10/4/2010 12:53
 	
6800A	
Est. Number	6
Est. Month	September, 2009
Group Number	Total Adjustment by Group Number
011	\$23,708.66
	\$0.00
	\$0.00
	\$0.00
	\$0.00
	\$0.00
TOTALS:	\$23,708.66
6800B	
Est. Number	NO 6800B ESTIMATE THIS MONTH
Est. Month	
Group Number	Total Adjustment by Group Number
011	\$0.00
	\$0.00
	\$0.00
	\$0.00
	\$0.00
	\$0.00
TOTALS:	\$0.00

**OREGON DEPARTMENT OF TRANSPORTATION
STEEL ESCALATION / DE-ESCALATION PROCESS**

SECTION 5 – NO MONTHLY STEEL ESCALATION/DE-ESCALATION ADJUSTMENT

If the Monthly Steel Value **does** fall within the price range, or if no eligible bid item work was performed during the month, then no monthly SE adjustment will be required for this month. However, you will still be required to process a “NO ADJUSTMENT” worksheet. By completing a worksheet for each month, either an adjustment or a no-adjustment paynote, you are verifying that the SE provisions were reviewed and calculated each month during the life of the contract.

Pull up the NO ADJUSTMENT worksheet from the tab at the bottom of the SE Workbook. The blank No Adjustment worksheet looks like this:

STEEL (10%) NO ADJUSTMENT ITEM FOR ESTIMATE NUMBER						
COMPLETE INFORMATION FOR BLUE SHADED CELLS				TOTALS FOR NO ADJUSTMENT		
Project Name	OR214: Front Street Ramp - Progress Way Section				Group No.	Total A djustment by Group Number
Contract No.	C14025				011	\$0.00
Adjustment Item	NO ADJUSTMENT				\$0.00	
Current Date:	10/4/2010 12:53				\$0.00	
Base Price Month & Year	March, 2009				\$0.00	
Steel Base Price (BV)	\$171.1				\$0.00	
Est. Number				Steel Base Price Range	\$154.0	\$188.2
Month of Work				REASON FOR NO ADJUSTMENT ITEM THIS PERIOD		
Monthly Steel Materials Value (MV)				<input type="checkbox"/> CURRENT AVERAGE STEEL PRICE WITHIN NON-ADJUSTMENT RANGE		
PREPARED BY			DATE	<input type="checkbox"/> NO WORK PERFORMED ON ELIGIBLE BID ITEMS		
REVIEWED BY			DATE			
STEEL (10%) NO ADJUSTMENT ITEM FOR ESTIMATE NUMBER						
Project Name	OR214: Front Street Ramp - Progress Way Section		Contract Number	C14025	Adjustment Item	NO ADJUSTMENT
Bid Item	Group No.	Description	Dollar Amount Paid (PIP)		Cost Basis	Individual Item Adjustment
0710	011	Furnish PP 12-3/4 x 0.375 Steel Piles			90%	
0720	011	Reinforced Steel Piles			90%	
0820	011	Reinforcement			27%	
0830	011	3 Tube Steel Rail			1%	
0910	011	Sign Bridge			35%	
0940	011	Lighting Poles, Fixed Base			35%	
0950	011	Lighting Poles, Slip Base			35%	
0960	011	Lighting Pole Arms			35%	

Again, all of the data you entered on the SE Zero Estimate Worksheet is automatically transferred into the No Adjustment Worksheet. You will only be entering the data into the dark blue shaded fields.

For this example, let's enter information for the next pay estimate (6):

Estimate Number - Enter the estimate number. For this example, we will use estimate 6.

**OREGON DEPARTMENT OF TRANSPORTATION
STEEL ESCALATION / DE-ESCALATION PROCESS**

Month of Work – Enter the estimate month. Remember, this is the month in which the work was performed, not the month in which it is processed, or uploaded. For this example, we will use October, 2009.

Monthly Steel Materials Value – Enter the Monthly Steel Materials Value listed on the ODOT website for the month of October, 2009. In this case it is \$177.10.

Dollar Amount Paid (PIP) – Enter the amount of eligible bid item work performed, in dollars, in this field. In this case, the Monthly Steel Value of \$177.10 is within the Steel Base Price Range ($\pm 10\%$), so the work performed is not eligible for an SE adjustment.

Print out the No Adjustment worksheet. Also print out a copy of the Monthly Steel Material Values sheet and attach to the No Adjustment worksheet. The person preparing the adjustment will need to sign and date the document. A second person will need to check the document and sign/date when their review is complete. You will notice that there is no box included for the RAS signature and date. Since there are no pay calculations to check, the RAS does not need to sign/date the document. The RAS will review to ensure the No Adjustment worksheet is on file and may initial the document, but a signature is not required.

The hard copy No Adjustment worksheet will need to be kept with the SE Adjustments along with the SE 6800 paynotes.

**** NOTE: Do not enter “No Adjustment” worksheets in CPS – These are \$0 pay items and cannot be entered. Place a hard copy in the adjustment file only!**

**OREGON DEPARTMENT OF TRANSPORTATION
STEEL ESCALATION / DE-ESCALATION PROCESS**

The completed No Adjustment worksheet should look like this:

STEEL (10%) NO ADJUSTMENT ITEM FOR ESTIMATE NUMBER 6						
COMPLETE INFORMATION FOR BLUE SHADED CELLS				TOTALS FOR NO ADJUSTMENT		
Project Name	OR214: Front Street Ramp - Progress Way Section			Group No.	Total Adjustment by Group Number	
Contract No.	C14025			011	\$0.00	
Adjustment Item	NO ADJUSTMENT				\$0.00	
Current Date:	10/4/2010 12:41				\$0.00	
Base Price Month & Year	March, 2009				\$0.00	
Steel Base Price (BV)	\$171.1			Steel Base Price Range	\$154.0	\$188.2
Est. Number	6			REASON FOR NO ADJUSTMENT ITEM THIS PERIOD		
Month of Work	October, 2009			<input checked="" type="checkbox"/> CURRENT AVERAGE STEEL PRICE WITHIN NON-ADJUSTMENT RANGE		
Monthly Steel Materials Value (MV)	\$177.1			<input type="checkbox"/> NO WORK PERFORMED ON ELIGIBLE BID ITEMS		
PREPARED BY	Thomas J. Smith, CAS		DATE	11-5-09		
REVIEWED BY	Sandy Sanderson, QCCS		DATE	11-6-09		
STEEL (10%) NO ADJUSTMENT ITEM FOR ESTIMATE NUMBER 6						
Project Name	OR214: Front Street Ramp - Progress Way Section		Contract Number	C14025	Adjustment Item	NO ADJUSTMENT
Bid Item	Group No.	Description	Dollar Amount Paid (PIP)	Cost Basis	Individual Item Adjustment	
0710	011	Furnish PP 12-3/4 x 0.375 Steel Piles	\$35,000.00	90%	\$0.00	
0720	011	Reinforced Steel Piles	\$19,630.00	90%	\$0.00	
0820	011	Reinforcement	\$22,500.00	27%	\$0.00	
0830	011	3 Tube Steel Rail	\$0.00	1%		
0910	011	Sign Bridge	\$0.00	35%		
0940	011	Lighting Poles, Fixed Base	\$0.00	35%		
0950	011	Lighting Poles, Slip Base	\$1,200.00	35%	\$0.00	
0960	011	Lighting Pole Arms	\$1,200.00	35%	\$0.00	

**OREGON DEPARTMENT OF TRANSPORTATION
STEEL ESCALATION / DE-ESCALATION PROCESS**

SECTION 6 – MAKING CHANGES TO A PREVIOUSLY ENTERED/PAID ADJUSTMENT



There may be instances where you will need to make an adjustment to a previously entered / paid SE Adjustment. If there is an overpayment or underpayment discovered for any of the eligible SE bid items, you will need to correct the eligible bid item quantity in CPS, and the SE Adjustment will need to be corrected (if one was made).

There are two different methods you can use to correct a previously paid SE Adjustment:

METHOD #1 – Delete (zero out) the previously paid SE Adjustment, and recalculate the adjustment using the corrected bid item quantity. Example:

A SE Adjustment is prepared for work completed in September 2009. A total SE Adjustment of \$23,538.02 was paid to the Contractor on estimate #5:

Original SE Adjustment 6800A

STEEL (10%) ADJUSTMENT ITEM 6800A								
COMPLETE INFORMATION FOR BLUE SHADED CELLS				TOTALS FOR 6800A				
Project Name	OR214: Front Street Ramp - Progress Way Section			Group No.	Total Adjustment by Group Number			
Contract No.	C14025			011	\$23,538.02			
Adjustment Item	6800A				\$0.00			
Current Date:	10/4/2010 12:35				\$0.00			
Base Price Month & Year	March, 2009			\$0.00				
Steel Base Price (BV)	\$171.1			\$0.00				
Est. Number	5		Steel Base Price Range	\$154.0	\$188.2			
Month of Work	September, 2009		INSERT REVISION COMMENTS BELOW					
Monthly Steel Materials Value (MV)	\$272.4							
PREPARED BY	DATE							
REVIEWED BY	DATE							
	Thomas J. Smith, CAS 10-3-09		STEEL (10%) ADJUSTMENT ITEM 6800A					
	Sandy Sanderson, CCS 10-4-09		Project Name	Contract Number	Adjustment Item	6800A		
			Bid Item	Group No.	Description	Dollar Amount Paid (PIP)	Cost Basis	Individual Item Adjustment
	0710	011	Furnish PP 12-3/4 x 0.375 Steel Piles			\$35,000.00	90%	\$15,499.62
	0720	011	Reinforced Steel Piles			\$12,000.00	90%	\$5,314.16
	0820	011	Reinforcement			\$18,950.00	27%	\$2,517.58
	0830	011	3 Tube Steel Rail			\$0.00	1%	
	0910	011	Sign Bridge			\$1,200.00	35%	\$206.66
	0940	011	Lighting Poles, Fixed Base			\$0.00	35%	
	0950	011	Lighting Poles, Slip Base			\$0.00	35%	
	0960	011	Lighting Pole Arms			\$0.00	35%	

In the month of November it is discovered that payment for work under BI 0830 – 3-Tube Steel Rail, which was performed in September 2009, was not paid for. In this case you will need to make corrections to BI 0830 3-Tube Steel Rail in CPS, and make the correction to the SE Adjustment item 6800A.

**OREGON DEPARTMENT OF TRANSPORTATION
STEEL ESCALATION / DE-ESCALATION PROCESS**

For this method of making a SE Adjustment correction, you will make the corrections required to the SE Adjustment item 6800A in the SE Worksheet, and include an explanation in the revision comment box. As you can see, when the new amount for BI 0830 is entered, it changes the SE Adjustment 6800A from \$23,538.02 to \$23,708.66 (increase of \$170.64):

Revised SE Adjustment 6800A


STEEL (10%) ADJUSTMENT ITEM 6800A						
COMPLETE INFORMATION FOR BLUE SHADED CELLS				TOTALS FOR 6800A		
Project Name	OR214: Front Street Ramp - Progress Way Section			Group No.	Total Adjustment by Group Number	
Contract No.	C14025			011	\$23,708.66	
Adjustment Item	6800A				\$0.00	
Current Date:	10/4/2010 12:41				\$0.00	
Base Price Month & Year	March, 2009				\$0.00	
Steel Base Price (BV)	\$171.1			Steel Base Price Range	\$154.0	\$188.2
Est. Number	6			INSERT REVISION COMMENTS BELOW		
Month of Work	September, 2009			11-1-09: SE Adjustment 6800A corrected. Original 6800A deleted on Est #6. 6800A recalculated to include payment for work under BI 0860 - 3-Tube Steel Rails, which was performed in September 2009 but omitted on Est. #5. Recalculated SE Adjustment 6800A posted on Est #6.		
Monthly Steel Materials Value (MV)	\$272.4					
PREPARED BY	DATE					
<i>Thomas J. Smith, CAS</i>	11-3-09					
REVIEWED BY	DATE					
<i>Sandy Sanderson, ECCS</i>	11-4-09					
STEEL (10%) ADJUSTMENT ITEM 6800A						
Project Name	OR214: Front Street Ramp - Progress Way Section		Contract Number	C14025	Adjustment Item	6800A
Bid Item	Group No.	Description	Dollar Amount Paid (PIP)		Cost Basis	Individual Item Adjustment
0710	011	Furnish PP 12-3/4 x 0.375 Steel Piles	\$35,000.00		90%	\$15,499.62
0720	011	Reinforced Steel Piles	\$12,000.00		90%	\$5,314.16
0820	011	Reinforcement	\$18,950.00		27%	\$2,517.58
0830	011	3 Tube Steel Rail	\$34,680.00		1%	\$170.64
0910	011	Sign Bridge	\$1,200.00		35%	\$206.66
0940	011	Lighting Poles, Fixed Base	\$0.00		35%	
0950	011	Lighting Poles, Slip Base	\$0.00		35%	
0960	011	Lighting Pole Arms	\$0.00		35%	

**OREGON DEPARTMENT OF TRANSPORTATION
STEEL ESCALATION / DE-ESCALATION PROCESS**

For auditing purposes, you will need to make sure you clearly show exactly what took place when the correction was made. Even though the original 6800A paynote is deleted, you should clearly mark it as "Deleted" and keep it in the adjustment file with the new 6800A paynote. Mark the deleted paynote something like this:

Deleted SE Adjustment 6800A

**** DELETED ****



STEEL (10%) ADJUSTMENT ITEM 6800A							
COMPLETE INFORMATION FOR BLUE SHADED CELLS			TOTALS FOR 6800A				
Project Name	OR214: Front Street Ramp - Progress Way Section			Group No.	Total Adjustment by Group Number		
Contract No.	C14025			011	\$23,538.02		
Adjustment Item	6800A				\$0.00		
Current Date:	10/4/2010 12:35				\$0.00		
Base Price Month & Year	March, 2009				\$0.00		
Steel Base Price (BV)	\$171.1				\$0.00		
Est. Number	5			Steel Base Price Range	\$154.0 \$188.2		
Month of Work	September, 2009			INSERT REVISION COMMENTS BELOW			
Monthly Steel Materials Value (MV)	\$272.4			<p><i>11-1-09: Paynote 6800A deleted. Corrected SE adjustment 6800A paid on Est. #6.</i></p>			
PREPARED BY	DATE						
Thomas J. Smith, OAS	10-3-09						
REVIEWED BY	DATE						
Sandy Sanderson, OES	10-4-09						
STEEL (10%) ADJUSTMENT ITEM 6800A							
Project Name	OR214: Front Street Ramp - Progress Way Section	Contract Number	C14025	Adjustment Item	6800A		
Bid Item	Group No.	Description	Dollar Amount Paid (PIP)	Cost Basis	Individual Item Adjustment		
0710	011	Furnish PP 12-3/4 x 0.375 Steel Piles	\$35,000.00	90%	\$15,499.62		
0720	011	Reinforced Steel Piles	\$12,000.00	90%	\$5,314.16		
0820	011	Reinforcement	\$18,950.00	27%	\$2,517.58		
0830	011	3 Tube Steel Rail	\$0.00	1%			
0910	011	Sign Bridge	\$1,200.00	35%	\$206.66		
0940	011	Lighting Poles, Fixed Base	\$0.00	35%			
0950	011	Lighting Poles, Slip Base	\$0.00	35%			
0960	011	Lighting Pole Arms	\$0.00	35%			

**OREGON DEPARTMENT OF TRANSPORTATION
STEEL ESCALATION / DE-ESCALATION PROCESS**

METHOD #2 – In this method for correcting a SE Adjustment, you will not delete the original SE Adjustment payment, but just correct it. Example:

A SE Adjustment is prepared for work completed in September 2009. A total SE Adjustment of \$23,538.02 was paid to the Contractor on estimate #5:

Original SE Adjustment 6800A

STEEL (10%) ADJUSTMENT ITEM 6800A							
COMPLETE INFORMATION FOR BLUE SHADED CELLS				TOTALS FOR 6800A			
Project Name	OR214: Front Street Ramp - Progress Way Section		 	Group No.	Total Adjustment by Group Number		
Contract No.	C14025			011	\$23,538.02		
Adjustment Item	6800A				\$0.00		
Current Date:	10/4/2010 12:35				\$0.00		
Base Price Month & Year	March, 2009				\$0.00		
Steel Base Price (BV)	\$171.1			Steel Base Price Range	\$154.0	\$188.2	
Est. Number	5			INSERT REVISION COMMENTS BELOW			
Month of Work	September, 2009						
Monthly Steel Materials Value (MV)	\$272.4						
PREPARED BY	DATE						
REVIEWED BY	DATE						
	Thomas J. Smith, CAS 10-3-09						
	Sandy Sanderson, CACS 10-4-09						
STEEL (10%) ADJUSTMENT ITEM 6800A							
Project Name	OR214: Front Street Ramp - Progress Way Section		Contract Number	C14025	Adjustment Item	6800A	
Bid Item	Group No.	Description	Dollar Amount Paid (PIP)	Cost Basis	Individual Item Adjustment		
0710	011	Furnish PP 12-3/4 x 0.375 Steel Piles	\$35,000.00	90%	\$15,499.62		
0720	011	Reinforced Steel Piles	\$12,000.00	90%	\$5,314.16		
0820	011	Reinforcement	\$18,950.00	27%	\$2,517.58		
0830	011	3 Tube Steel Rail	\$0.00	1%			
0910	011	Sign Bridge	\$1,200.00	35%	\$206.66		
0940	011	Lighting Poles, Fixed Base	\$0.00	35%			
0950	011	Lighting Poles, Slip Base	\$0.00	35%			
0960	011	Lighting Pole Arms	\$0.00	35%			

In the month of November it is discovered that payment for work under BI 0830 – 3-Tube Steel Rail, which was performed in September 2009, was not paid for. In this case you will need to make corrections to BI 0830 3-Tube Steel Rail in CPS, and make the correction to the SE Adjustment item 6800A.

For this method of correcting a SE Adjustment, you will create a 6800A-1 paynote, which is calculated adding in the BI 0830 work amount of \$34,680. The adjustment now calculates at \$23,708.66. The adjustment to the Contractor under the original 6800A adjustment item was \$23,538.02. The difference between the two is \$170.64 (\$23,708.66 - \$23,538.02). This is the amount that will need to be posted on estimate #6, under SE Adjustment item 6800A-1.



NOTE: You will not be able to change the adjustment number in the worksheet itself. You will need to hand-write the "-1" after the 6800A label on the printed copy of the adjustment.

OREGON DEPARTMENT OF TRANSPORTATION STEEL ESCALATION / DE-ESCALATION PROCESS

Once you make the correction to 6800A in the worksheet, the original information will be overwritten and only the revised 6800A information will show up on the SE Summary Sheet. Therefore it is very important that you make sure you have printed copies of both the original 6800A and the revised 6800A-1 adjustment paynotes to show exactly what changes were made.

Remember to label the revised 6800A adjustment as "6800A-1"

Revised SE Adjustment 6800A

STEEL (10%) ADJUSTMENT ITEM 6800A -1					
COMPLETE INFORMATION FOR BLUE SHADED CELLS			TOTALS FOR 6800A --1		
Project Name	OR214: Front Street Ramp - Progress Way Section		Group No.	Total Adjustment by Group Number	
Contract No.	C14025		011	\$23,708.66	
Adjustment Item	6800A -1			\$0.00	
Current Date:	6/2/2010 10:32			\$0.00	
Base Price Month & Year	March, 2009			\$0.00	
Steel Base Price (BV)	\$171.1		Steel Base Price Range	\$154.0 \$188.2	
Est. Number	5		INSERT REVISION COMMENTS BELOW		
Month of Work	September, 2009		11-1-09: AE Adjustment 6800A corrected. Original 6800A amount of \$23,538.02 corrected to include BI 0830 - 3-Tube Steel Rail work which was completed in 09-09. Difference of \$170.64 calculated using September 2009 MV. SE Adjustment 6800A-1 posted on Est #6, November 2009.		
Monthly Steel Materials Value (MV)	\$272.4				
PREPARED BY		DATE			
REVIEWED BY		DATE			
STEEL (10%) ADJUSTMENT ITEM 6800A					
Project Name	OR214: Front Street Ramp - Progress Way Section	Contract Number	C14025	Adjustment Item	6800A -1
Bid Item	Group No.	Description	Dollar Amount Paid (PIP)	Cost Basis	Individual Item Adjustment
0710	011	Furnish PP 12-3/4 x 0.375 Steel Piles	\$35,000.00	90%	\$15,499.62
0720	011	Reinforced Steel Piles	\$12,000.00	90%	\$5,314.16
0820	011	Reinforcement	\$18,950.00	27%	\$2,517.58
0830	011	3 Tube Steel Rail	\$34,680.00	1%	\$170.64
0910	011	Sign Bridge	\$1,200.00	35%	\$206.66
0940	011	Lighting Poles, Fixed Base	\$0.00	35%	
0950	011	Lighting Poles, Slip Base	\$0.00	35%	
0960	011	Lighting Pole Arms	\$0.00	35%	

If you have any questions about how to correctly post a correction to a previously-paid SE Adjustment, contact your RAS. The RAS will be able to guide you through the process and help you decide which revision method, either Method #1 or Method #2, makes the most sense to use given the project-specific information.

SECTION 7 – PROCESSING SE ADJUSTMENTS AFTER FINAL PAYMENT

Due to the fact that the final Steel Material values are not posted until after the values become final, which can take up to six months, there may be instances where an adjustment is required after final payment on the project has been made.

For example, if eligible steel materials are incorporated into the project in June, the final steel material value will not be available until December. If all work on the project is completed in August, and final payment to the Contractor is made in October, you will still need to wait until after December to obtain the monthly steel material value for the eligible work performed in June.

If this scenario occurs you will need to prepare a SE 6800 adjustment paynote following the process described in this document. Once completed, forward the paynote to the RAS for review. Once reviewed, the RAS will forward the paynote to the Contract Administration Unit (CAU) for processing.

Only the CAU can process the adjustment if final payment has already been made on the project. The PM will need to make sure that there are enough funds remaining on the project to pay the escalation. The PM will need to notify the CAU to keep the EA for the project open long enough to pay for any outstanding SE adjustment payments. Notify the Contract Payments Specialist immediately if this situation occurs.

If you have any questions on processing a SE adjustment after final payment to the Contractor has been made, contact either the RAS or the CAU for guidance **before** you take any action.