



SAP	199-115-004	MN Project No.:	NA	Change Order No.	1
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Project	2022 Riverdale Drive Trunk Utility Improvements				
Local Agency	City of Ramsey	Local Project No.	22-05		
Contractor	Douglas-Kerr Underground LLC				
Address/City/State/Zip	2142 330 th Avenue, Mora, MN 55051				
Total Change Order Amount \$	(41,952.50)				

The 2022 Riverdale Drive Trunk Utility Improvements project is required to provide public utility service to the Riverstone South development.

The project was designed, and bids were opened on March 11, 2022, with 11 bids being received. The project was awarded to the low bidder, Douglas-Kerr Underground LLC.

Due to supply shortages of raw materials associated with the manufacturing of ductile iron pipe, product availability has become an issue within the industry. The issue has become more pronounced over the past several weeks as demonstrated by the attached notices from AMERICAN Ductile Iron Pipe and U.S. Pipe. The notices are attached for reference.

Douglas-Kerr Underground LLC, along with the other 10 bidders had included pricing for ductile iron pipe in their bids. None of the 11 contractors had indicated during the bidding process that ductile iron pipe would be an issue to obtain. A review of the bids received indicates consistent unit pricing for ductile iron pipe from the bidders. This further validates the recent nature of the extreme supply issue being experienced in the industry.

PVC C900 pipe is also being used widely within the industry for watermain installations. Douglas-Kerr Underground LLC has provided pricing for the use of PVC C900 pipe on the 2022 Riverdale Drive Trunk Utility Improvements project in lieu of ductile iron pipe. The following table depicts additions and deletions from the contract as a result of the change from ductile iron pipe to PVC C900 pipe. Fire hydrants and fire hydrant leads will remain as ductile iron products due to availability for the limited quantity of each required for the project.

Estimate Of Cost: *(Include any increases or decreases in contract items, any negotiated or force account items.)*

Item No.	Description	Unit	Unit Price	+ or - Quantity	+ or - Amount \$
43	8" WATERMAIN DUCTILE IRON CL 52	LIN FT	\$59.25	(900)	(\$53,325.00)
44	12" WATERMAIN DUCTILE IRON CL 52	LIN FT	\$81.45	(3,950)	(\$321,727.50)
CO1 - 1	8" PVC WATERMAIN	LIN FT	\$50.60	900	\$45,540.00
CO1 - 2	12" PVC WATERMAIN	LIN FT	\$72.80	3,950	\$287,560.00
Net Change this Change Order					(\$41,952.50)

Due to this change, the contract time: *(check one)*

(X) Is NOT changed () May be revised as provided in MnDOT Specification 1806

SIGNATURES NEXT PAGE



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Approved by Project Engineer: Kevin P. Kielb Date: March 30, 2022

Print Name: Kevin P. Kielb, P.E. Phone: 651-968-7760

Approved by Contractor: [Signature] Date: 4-4-22

Print Name: Darren Douglas Phone: 320-674-0560

Approved by City Engineer: _____ Date: _____

Print Name: _____ Phone: _____

DSAE Portion: The State of Minnesota is not a participant in this contract. Signature by the District State Aid Engineer is for FUNDING PURPOSES ONLY and for compliance with State and Federal Aid Rules/Policy. Eligibility does not guarantee funds will be available.

This work is eligible for: Federal Funding State Aid Funding Local funds

for District State Aid Engineer: _____ Date: _____



AMERICAN

THE RIGHT WAY

March 21, 2022

To: Customers, Distributors and Stakeholders OF
AMERICAN Ductile Iron Pipe, American SpiralWeld Pipe & American Flow Control

Subject: Impacts of Global Supply Constrictions on Product Availability and Cost

For several weeks now, the world has both observed and been affected by the conflict between Russia and Ukraine. The global economy has struggled to adjust to the impacts of the conflict, and the already stretched global supply chain has now been further limited due to constrictions on supply from those countries. As a result of this supply shortage, many of the raw materials necessary for the production of our products have already experienced critically lengthened lead times and extreme cost volatility. Additionally, costs to transport our products to market have been impacted by rising fuel prices, equipment shortages, and limited workforce. The unusual nature of this current economy has made it very difficult to predict how the flow of products to market and production costs will fluctuate.

Like many manufacturers who rely on raw materials which have been impacted by global shortages, AMERICAN has been forced to update our supply structure. Customers can expect further lengthening lead times and price volatility. For our ADIP/ASWP products, base pricing can be provided at bid time, and we will provide a bid-time volatility adder or escalator (as listed by various market indexes). Final, confirmed pricing will be provided at time of shipment. As for our AFC products, we have recently updated our pricing, but further pricing updates may be necessary as supply volatility continues to impact our ability to manufacture our products and get them to market. We will work to minimize the impacts of this market unpredictability, but we have no choice other than to adapt to these historic market circumstances. No longer can there be any long-term guarantees of price or availability.

As AMERICAN (and many other companies) adjusts to these new market realities, we recommend that you consider including provisions within your bid and contract process to allow for supply and cost volatility. This will reduce the unexpected impacts of supply extensions and cost increases. Our personnel are available to discuss strategies to minimize the impacts of this volatility.

While there is no perfect solution for these volatile market conditions, our new supply structure is intended to help our customers and partners to plan for and adapt to current and future market impacts. As always, we at AMERICAN appreciate your support, and we thank you for your business.

Sincerely,

W.D. "Skip" Benton
VP, Sales – ADIP & ASWP

John E. Hagelskamp
VP, Sales – AFC



A Forterra Company

March 14, 2022

To: Valued Distribution Partners and Customers
Re: Scrap Surcharge

As you are aware, the Russia-Ukraine conflict has resulted in additional disruptions to an already stretched supply chain. This conflict has impacted multiple inputs to our manufacturing process, the biggest of which is our scrap metal costs. Given the current situation, demand for steel and iron to be supplied by other countries is quickly growing. Those manufacturers are looking to buy more scrap, the same scrap we buy for daily operations. As a result, scrap costs are rising very quickly. The restrictions on pig iron coming from Russia and Ukraine further exacerbates the demand for scrap.

Effective April 1, 2022, all product shipping from our facilities will incur a scrap surcharge to cover these increased scrap costs. While we hope this is a short-lived market condition, we have to prepare for the likely reality that this persists until the conflict has come to resolution, global sanctions on that region of the world are lifted, or some other market mechanism helps compensate for the increase in demand.

That surcharge will be based on the national increase in shredded scrap pricing as tracked by Fastmarkets (<https://www.fastmarkets.com>). The prior month average is released on the first business day of the month (i.e., the increase for March will be confirmed on April 1st). It will be communicated on the second of the month and made effective the fifth day of the month. The shredded scrap index is highly correlated to the busheling index which was up \$175/ton between February and March. Because of the even higher demand for busheling, we expect the shredded index to be up, but not more than busheling. Based on what we know as of this time, a good planning number should be between \$125-175/ton. All surcharges will be noted as a separate line item on your invoice.

As you know, our typical approach is to absorb increases and movements in raw materials pricing both small and large; however, the movement over the last two weeks is historically unprecedented. We believe a surcharge is the most effective mechanism for an adjustment because we intend for this to be temporary. When scrap pricing returns to February 2022 levels, we will pull back the surcharge. Should the conflict last longer and scrap prices remain higher for an extended period of time, we may consider converting the surcharge to a more permanent price increase, but it would be premature to determine that now.

Also note, we will continue to strictly enforce our terms and conditions. If you wish to cancel your order for Made to Stock (MTS) material in lieu of paying a surcharge, you may do so with no cancellation fees. Cancellation fees still apply to Made to Order (MTO) materials.

We regret having to take these actions; however, the metals markets have been greatly impacted by the situation abroad. We appreciate your support and patience while we all navigate these uncertain times.

Best Regards,

A handwritten signature in black ink, appearing to read "Vik Bhatia".

Vik Bhatia
President
214-693-1578

A handwritten signature in black ink, appearing to read "Howard Smith".

Howard Smith
Sr. Vice President of Marketing & Sales
919-757-5411