

6/22/21

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Contract Amount Changes from 2020 contract price to June 22, 2021

Craig,

As you are well aware, the past calendar year has been unprecedented and has affected how we live, work, and continue to carry on our businesses and services provided to the community. Construction and building materials have seen drastic changes, as reflected in the following changes to the contract price for HHS2:

1. Sitework – utility piping made of steel has seen price increases resulting in a rise of \$76,140. Asphalt, being petroleum based, has seen a sharp increase in the last 4 months. Oil prices have gone from \$47.37 per barrel on 12/2/20 to \$73.08 per barrel on 6/22/21, or a 54% increase. Concrete has also been on the rise due to steel rebar increases and delivery fuel increases. Asphalt and concrete increases have resulted in a \$345,563 add. With a sizable site, requiring lots of equipment, site/earthwork fuel charges have increased \$288,833. The cumulative site add is \$710,536.
2. Landscaping increased \$33,953 due to increase shipping and fuel equipment costs.
3. As noted above, site concrete has increased due to higher costs of rebar and fuel. More recently welded wire mesh saw a shortage and has escalated sharply. On 6/18/21 we received a letter that ready-mix concrete is going up \$5/yard starting on August 1, 2021. Concrete for the project has increased \$145,157.
4. Masonry increased \$306,517 due to steel related masonry items including rebar and ties. Masonry block has also increased.
5. Steel increased \$2,427,593. The steel industry had COVID related plant shutdowns in 2020, yet global demand has remained high leading to low inventory and the associated price increase. Higher fuel costs also led to increases in energy and transportation costs. Steel beam prices have increased \$405/ton since 11/2/20; Hollow Structural Sections (HSS) steel has increased \$1,240/ton since 5/18/20; Plate steel has increased \$180/ton in the last two months. Channel and Shaped steel has increased \$370/ton since 9/14/20. Joists and Deck prices have literally tripled since 4/1/20. They've increased 299%.

6. Steel fencing also saw increases of \$62,884.
7. Wood products have been met with the same situation as steel, which include plant shutdowns and scale backs due to COVID, yet demand has remained high. From May 2020 to March 2021 softwood lumber has increased 98% per the Federal Reserve Economic Database. Wood blocking and sheathing increased \$108,275 for the project.
8. Casework increased \$65,923.
9. Fire sealants had a price increase resulting in a \$29,847 add.
10. Spray fireproofing had a price increase resulting in a \$10,481 add.
11. Waterproofing increased \$15,721.
12. Roofing had been holding steady, but in the last month, membrane roof manufacturers have seen an influx of orders resulting in very long lead times, and price escalation. Roofing has increased \$178,171.
13. Metal panels had the same steel related increase of \$189,569.
14. Doors, frames, and hardware increased \$123,269, as they are made of steel and wood.
15. Aluminum had a similar situation as steel, and had a \$518,370 increase for storefront and curtainwall.
16. Steel studs and drywall have an increase of \$1,019,237. Cold rolled steel bulk prices increased 92% from October 2020 to March 2021 per the Federal Reserve Economic Database. Cold formed suppliers also issued a 10% increase effective 4/1/21 and a notice of a 10% increase on 5/3/21. There are a number of reasons for this increase which include COVID plant shutdowns in 2020, trucking/fuel, and the fact that lumber skyrocketed in the second half of 2020 and people began to use more cold formed steel framing in lieu of wood. On the drywall side, CertainTeed issued a 20% increase on all wallboard products effective 4/1/21. USG did the same 20% increase effective 3/29/21, and National Gypsum the same 20% effective 4/5/21.
17. Wood gym flooring increased \$75,905. Plywood has increased 94% per the Federal Reserve index from 4/1/20 to 5/1/21, and with plywood, board flooring and athletic flooring has also increased exponentially.
18. Signage and flagpoles increased \$15,645.
19. Lockers, specialty shelving, and gym equipment had an increase of \$90,281.
20. Mobility shelving and library stack systems had an increase of \$27,434.
21. Food Service Equipment increased \$27,859.
22. Bleachers increased \$35,367.
23. Steel grandstands increased \$141,397.
24. Mechanical went up \$172,121.
25. Fire protection increased \$64,251.
26. Electrical increased \$876,680.
27. Geothermal wells increased \$100,000. The majority of the increase is from pricing increases for high density plastics. The three major producers (Dow Chemical, Flint Hills Resources, and Enterprise Products Partners) produce in

- Texas and were hit with plant shutdowns due to a deep freeze that hit Texas in February. Plant shutdowns reduced supply, demand stayed constant, and prices increased.
28. Our general conditions have increased \$117,891 as we are getting a later start in the year on restarting the site, foundations, and masonry, which will push us into winter weather. This has resulted in a 3 month extension to the duration of the project. We are also dealing with increased fuel and material cost tied to our general conditions.
 29. Grimm + Parker also had a \$75,000 increase due to the prolonged restart and 1-year inflation.

The cumulative increase is \$7,765,334. Most items included in this increase are tied to steel, wood, plastics, and petroleum, and the increases in these commodities. Though material prices have surged, we have kept our labor and management costs at a comparable minimum, as we are committed to doing our part in keeping the project viable.

Please call with questions.

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