

# Texas Steel Quality Council Meeting

April 2nd, 2004

## Meeting Minutes

### Attendees

John Holt, TxDOT	Paul McDad, TxDOT
Alex DeHart, Trinity	David McDonnold, TCB
Walter Gatti, Tensor	Ronnie Medlock, TxDOT
Dean Krouse-Consultant	Brian Merrill, TxDOT
Heather Gilmer, TxDOT	Randy Cox, TxDOT
Robert Sarcinella, TxDOT	Chris White, HNTB
Reagan Herman, U. of Houston	Dennis Noernberg, AFCO Steel
George King, TxDOT	Doug Spruill, PBS&J
Jeff Cotham, TxDOT	Robert Sarcinella, TxDOT
Harold Maier, Hirschfield Steel	Thomas Bohuslav, TxDOT
Walter R. Fisher III, TxDOT	Lori Dullnig-Warlen, HTNB
Patrick Hays, Unitech Consulting Engr.	Peter Chang - FHWA
J.R. McConnell, Grand Junction Steel	Alan Kowalik, TxDOT
Kelly Masters, Grand Junction Steel	Gilbert Sylva, TxDOT
Tom Ashcraft, Chaing, Patel & Yerby	Tom Yarbrough, TxDOT
Pat Bachman, HDR	Ray Barker, KBR
Richard Crane, FHWA	Frank Abugattas, KBR
Doug Ames, Grand Junction Steel	Michel Maksoud - Dannenbaum
Dennis Moser, Grand Junction Steel	Danny Holtman, Hirschfeld Steel
Little Bill Kohutck, TxDOT	

### Morning Session – General Discussion

1. **Welcome/Introductions**
2. **Discussion on “Steel Costs, Pricing, and Availability”**

Sarc. led the discussion on the status of getting steel and paying for it. Comments were as follows:

Jim McConnell, owner, Grand Junction Steel: Lead time has gone, over a few months (July 1, 2004 to mid-January 2004), from 3 weeks to 24 weeks. Recently (April 04) got steel at 50% more than bid (October 03), partly due to a US Steel plant shutdown. Scrap & coke surcharges are over 5¢/lb. Lead time is a problem with tight schedules.

Dennis Noernberg, Bridge Detailing Manager, AFCO Steel: Same story at AFCO. Order might not be accepted till 4 weeks after the order is placed. Lead time is not that big a deal because contractors generally don't actually want the steel when they say they do. Rolled beam lead time not as bad. Prices up 30-40% (as opposed to 40-50% for plate). The surcharge is priced at

delivery-may go up since the quote. Mills aren't honoring quotes. Not much difference in lead time for different size plates.

Danny Holtman, VP Purchasing, Hirschfeld Steel: \$132/ton surcharge since January 04.

McConnell: The problem is not just rolling. There is a bottleneck at ISG for heat treatment; steel is stacked 40' high. There are also rail car shortages and bottlenecks.

Tom Guzek, VP, Bridge & Special Products, Trinity Industries: Same story at Trinity as at other fabricators.

Walter Gatti, President, Tensor Engineering (detailer): Heard that the Department of Defense has bought lots of high-performance steel to reinforce the Hummers.

McConnell: For new bids, should they just go ahead and double steel prices?

Gatti: Florida has a formula-bid at today's price, but the state will pay a percentage of the surcharge (or the reduction)

Noernberg: Some fabricators are quoting firm prices, some aren't. Contractors might give preference to those offering firm prices.

Guzek: But then those fabricators might not be able to meet their firm quoted prices, which means jobs might have to be relet, or other problems.

Doug Ames, Grand Junction Steel: If current projects aren't included in any remedy plan but then adjustments are added to later contracts, then fabricators will have assumed all the risk for increasing prices, but then will have to pay out for decreases.

McConnell: For mini-mills, it's a real problem. For the big mills, this may just be an excuse to have higher prices. Prices may go back down when scrap & coke shortages go back down.

Gatti: The loss of Bethlehem Steel made for less competition.

Noernberg: There is only one company making plate thicker than 2". Many mini-mills have limitations on grade (e.g., Ipsco doesn't make weathering steel).

McConnell: Now there are standard widths-can't get current widths so wind up buying extra steel

Peter Chang, FHWA: Has TxDOT considered going to government-provided material? State provides material and assumes the risk.

Guzek: Some states are going to direct letting of steel. Helpful for lead time. Can give up to 6-month jump on fabrication.

Chang: Can't use federal funds to pay the surcharge. There will be no Buy America waiver. The federal goal is "nobody goes out of business". Contractors aren't sure how to bid the Katy Freeway job (Beltway 8 & IH10).

Robert Sarcinella, Structural Steel Branch manager, TxDOT/CSTM&P: It's not that fabricators can't get the steel, it's that they can't get it in time.

Gatti: If they run out of material, they're out of business.

Guzek: Sometimes shops are waiting for the truck to pull in to see if they will work that day.

Ames: Mills are not cooperating with priority scheduling-they just ship whatever happens to be ready.

Gatti: Heard that there will be major failures if nothing is done about current orders-projects will go back to bonding agency.

Thomas Bohuslav, Director of Construction, TxDOT: The feds don't allow adjustments to existing contracts. But delays may be cause for extensions. The feds continue to monitor. Would support escalation policy on future contracts. Florida starts this next week, and Nebraska, Minnesota, and Montana will as well. Texas is not looking at escalation clauses; it looks like the damage is already done, so escalation won't help. TX is considering, for very large projects, MOH payment for new material; possibility for 2 projects coming up in Houston. On these projects there is a sever time constraint, so need to make sure materials are available and the contractor can buy them. MOH payment would allow them to buy material potentially a year or two in advance. It would be our material; couldn't use it for other projects. We'd have to work out storage issues.

McConnell: Right now they're willing to buy anything, just can't get it.

Gatti: Not addressing the problems that are already happening will be a serious problem.

Sarcinella: Us paying more won't solve the delivery time issue.

Harold Maier, Bridge Division, Hirschfeld Steel: There are two issues-price and delay. Price issues can drive fabricators out of business (which will drive up fabricated steel prices). Delay is more of an inconvenience.

McConnell: Doesn't know how to bid jobs, because the price will be set at time of delivery.

Noernberg: 40% increase in material cost is 25% increase in total cost. No one has that kind of markup. Every job is a money-loser.

Sarcinella & Gatti: Just before this, steel prices were at their lowest in 10 years.

Noernberg: If current projects are not addressed, will be serious problems.

Noernberg/Holtman/Gatti: Probably about \$20 million lost in this room.

Grand Junction had some pricing info to give TxDOT (not for general distribution). Hirschfeld handed out some pricing info.

### **3. Steel Pricing – M. Engestrom (Cancelled )**

4. **Bar Coded Shipments – M. Engestrom (Cancelled )**
5. **Showcase (Richard Crane-FHWA)**  
Discussion on South Eastern States Group showcase Sept 14-15 in Arkansas
6. **Enforcing Cambering of Continuous Rolled Beam Bridges (David McDonold)**  
Do we use Frame Option 1 for rolled sections?  
What about hump section @ field splice?  
Answer: No problem if you camber the beams. Can use chords and cut beam ends to match slope.  
John Holt to address in Preferences and Plans
7. **Spec rewrite update – Heather**
  - Book in printing, due out soon, in use early 05
  - Bridge is putting out statewide Pedestrian Bridge Spec
  - NOTE: Old spec does not require blasting of weathering steel - New spec will.
8. **Railroad Fabrication Issues (Lloyd Wolf, TxDOT)**  
Presentation
9. **Diafram Detailing and Fabrication Issues (Brian Merrill, TxDOT)**  
Presentation
10. **Shop Drawing Routing (Heather)**  
One additional copy marked for the TxDOT inspector.
11. **Electronic Submittals**  
Looking for all documents electronically (soon)
12. **Update on Electroslag (Heather)**  
Proceeding
13. **Clarification of Blast Cleaning (Paul)**  
Make SP to address this
14. **Heat Assisted Cold Bending (Paul)**

Next Meeting (October 8???)

Open Discussion