

South Dakota Department of Transportation
Division of Operations
700 E Broadway Avenue
Pierre, South Dakota 57501-2586

MEMORANDUM

Date: March 16, 2022

To: SDDOT Field Staff, SDDOT Materials and Surfacing Staff, SDDOT Design Staff, FHWA, AGC, and Contractors

From: Craig Smith, Division Director of Operations

Re: Construction Material Availability and Supply Chain Issues

Purpose

Nationwide supply chain issues and delivery delays have resulted in volatile pricing and challenges in securing timely delivery of construction materials. The South Dakota Department of Transportation recognizes that this impacts the ability of contractors not only to bid DOT highway projects but also the ability to obtain specified material to meet contract completion dates. It is anticipated that these market conditions will persist for the foreseeable future.

Excusable / Non-Compensable

Request for additional time and compensation

Specification Section 8.7 Extension of Contract Time does allow granting additional time based on delays the contractor could not have foreseen or prevented. When material availability is a concern, it is expected, these provisions are followed to determine justification for adding time to the contract. Specifications do not allow for additional monetary compensation related to the current market conditions and ongoing changes, except for contracts that include price escalation clauses. When Contractors have material delivery delays that will affect contract completion dates, they should notify SDDOT project management staff immediately. Only material delays that effect the project schedule will be eligible for contract time extensions.

Consideration of Other Solutions and Factors

Material Substitution

When material availability will delay work and completion of the project, the Department will consider proposals from contractors to substitute materials. Proposals will only be considered provided the quality of the product and safety of the public are not compromised. Buy America requirements remain in effect for any material substitutions considered. Price change requests may be considered on a project-by-project basis. Factors to consider are public safety, betterment to the Department or benefit to the Department. Acceptance of a price change is at the sole discretion of the Department and should be reviewed with FHWA staff prior to approval.

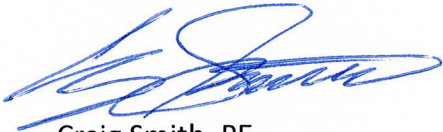
Future Project Schedules

Department staff are encouraged to consider supply issues in preparing designs and plans.

Consideration may include:

- pre-purchasing of materials;
- modifying completion dates to reduce length of time for contractors to carry the actual contract prices;
- consideration of removal of items that could be done under a separate later contract (e.g. pavement marking);
- other innovative approaches to minimize the impacts.

Sincerely,

A handwritten signature in blue ink, appearing to read 'Craig Smith', with a stylized flourish at the end.

Craig Smith, PE
Director of Operations