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January 11, 2023

Mr. Brad Brickel
Nowak & Fraus Engineers
46777 Woodward
Pontiac, Michigan 48432

RE: City of Madison Heights
R3 2022 RESIDENTIAL STREETS PAVEMENT
RECONSTRUCTION & SECTIONAL REPAIR

Dear Mr. Brickel,

Cipparrone Contracting, Inc. (CCI) is providing Notice that we will be unable to fulfill the one-year and two-year extensions on the above referenced contract. Since the time of our bid in March, our concrete supplier and trucking broker have each experienced significant cost increases such that they are unable to honor previously quoted pricing on projects.

As a result of a volatile cement market the past six months, the industry has seen shortages in material and unprecedented price increases. Our Ready-Mix Concrete supplier has sent us an increase in an amount of 23% for the 2023 season.

An increase in market demand as well as rising fuel costs have led our Trucking Broker to increase their pricing by 22% for Hourly Trucking in the 2023 season.

These significant costs are above and beyond what was factored into the extension of contract percent increase to the original bid unit prices.

CCI asks the City to understand the financial burden these unprecedented cost increases would put us in by extending this contract for two additional years.

If you have any questions or require additional information, feel free to contact me.

Sincerely,

Robert Hallerman Robert Hallerman
Jan 11 2023 10:41 AM

Robert Hallerman
Cipparrone Contracting, Inc.

-AN EQUAL OPPORTUNITY EMPLOYER-

www.cipparrone.com