
CITY OF PORT LAVACA

COUNCIL MEETING: NOVEMBER 14, 2022

AGENDA ITEM __

DATE: 11.11.2022

TO: HONORABLE MAYOR AND CITY COUNCIL MEMBERS

FROM: JODY WEAVER, INTERIM CITY MANAGER

**SUBJECT: LESTER CONTRACTING'S REQUEST FOR REIMBURSEMENT OF EXTRA COST
DUE TO RISE IN FUEL COSTS**

BACKGROUND:

In July, we received the attached written request from Lester Contracting asking that the City consider paying for the extra cost they have incurred in the material cost of the limestone base for the CDBG-DR Phase 1 project. As explained in the letter, the material supplier was unable to hold the price which had been provided at the time the project was bid. This is unprecedented but occurred because the freight companies demanded more money to cover the increase in fuel prices and went on strike.

We have had discussions with the GLO and Anne Marie and find that there is language in the contract to make this adjustment if Council approves. We have found that we can realize about \$32,000 in savings to offset this additional cost by reducing the project scope as follows: provide grass sod to a single strip behind all curb and gutter with the area behind one strip being seeded instead of sod. In this way, additional City funds would not be required, beyond what has already been committed, should Council approve this request. Recall with Change Order No. 1 the current contract price has currently been reduced by \$9,081.00 less than what has been committed.

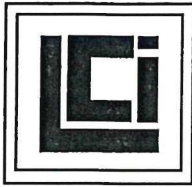
The contract includes scope to seed the ditch that runs within the cemetery property, but the cemetery association is working with us to replace the ditch with 2 each 30" storm pipe. It's possible that the seeding of this area may not be required, which would provide additional savings. We are near the end of the project, so we do not anticipate any new additional costs, but of course there are no guarantees until the project is complete.

FINANCIAL IMPACT:

By reducing the scope to provide a single row of grass sod behind the curbs and seeding behind that (as opposed to 2 or more rows of grass sod), we can realize enough savings to pay for this additional \$31,406.00.

ATTACHMENTS:

- Letter of Request and attachments from Lester Contracting



LESTER CONTRACTING, inc.

General Contractors

Site Work • Heavy Equipment • Excavating • Utilities • Erosion Control

P.O. Box 986 • Port Lavaca • Texas • 77979 • (361) 552-3024, FAX (361) 552-4049

SINCE 1959

July 22, 2022

ATTN: Jody Weaver
City Manager
City of Port Lavaca
(361)552-9793
jweaver@portlavaca.org

Re: City of Port Lavaca CDBG-DR Project GLO Contract No. 20-065-071-C198 Phase 1 (Lavaca St and Juanita St Benefit Area)

Mrs. Weaver,

Lester Contracting, Inc. is experiencing first-time pricing challenges from our limestone base supplier. With the recent fuel price increase, our supplier is no longer able to hold the material and freight pricing as originally quoted. Our supplier has always only guaranteed our pricing for 60 days. I have attached the original quote and the new quoted price from the supplier. Honoring this pricing has never been an issue until now. As a result of the high fuel cost, the freight companies hired to ship the limestone went on strike. This is forcing the supplier to pay more for hauling. The freight companies are demanding a 15% fuel surcharge be added to every load hauled.

This project has approx. 4,100 tons of limestone base estimated to build the streets. My original quote for the base was for (Base \$4.50 per ton and Freight \$23.01 per ton for a total cost of \$27.51 per ton). The new price my supplier is quoting now is (\$5.25 per ton and Freight \$29.92 per ton for a total cost of \$35.17). This new pricing equals a total cost of \$7.66 more per ton for the limestone base. The total extra cost LCI would have to cover is 4,100 tons x \$7.66 = \$31,406.00.

LCI is aware that this project is a quoted project. We are also aware that the world is facing challenges today that have never been seen before. LCI would like to ask the City of Port Lavaca to consider helping with this extra cost. LCI is not looking to make any profit from this extra cost. LCI is only looking to recover the expense of the extra cost. Would the City of Port Lavaca be willing to help us with this increase in supplier cost? I have attached a letter from our supplier which shows what they are using to determine the fuel rates and charges.

Sincerely,

Trent Tagliabue
Project Manager
Lester Contracting, Inc.

trent@lestercontracting.com

From: Tony C Jones <tonyc.jones@cemex.com>
Sent: Tuesday, October 5, 2021 1:19 PM
To: trent@lestercontracting.com
Subject: RE: City of Port Lavaca

Gr 2 base \$ 4.50 per ton

Freight \$ 23.01 per ton

\$27.51 per ton

From: trent@lestercontracting.com <trent@lestercontracting.com>
Sent: Tuesday, October 5, 2021 10:22 AM
To: Tony C Jones <tonyc.jones@cemex.com>
Subject: City of Port Lavaca

CAUTION: External Email | PRECAUCIÓN: Correo electrónico externo | VORSICHT: Externe E-Mail |
ATTENTION: Courriel externe

Tony – I need a price on 4,100 tons of TY A GR 2 Limestone Base delivered to the corner of Austin Street and Juanita Street in Port Lavaca. This jobs bid on the 12th at 2:00. Let me know if you have any questions.

Thank You,

Trent Tagliabue
General Manager
Lester Contracting, Inc.
361-552-3024

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trent@lestercontracting.com

From: Tony C Jones <tonyc.jones@cemex.com>
Sent: Tuesday, July 19, 2022 2:02 PM
To: trent@lestercontracting.com
Subject: RE: City of Port Lavaca

Gr 2 base \$ 5.25 per ton
Freight \$ 29.92 per ton
\$35.17 per ton



TONY JONES
ACCOUNT MANAGER/TEXAS AGGREGATES
CELL 830-832-0121
EMAIL tonyc.jones@cemex.com

From: trent@lestercontracting.com <trent@lestercontracting.com>
Sent: Monday, July 18, 2022 6:06 PM
To: Tony C Jones <tonyc.jones@cemex.com>
Subject: RE: City of Port Lavaca

CAUTION: External Email | PRECAUCIÓN: Correo electrónico externo | VORSICHT: Externe E-Mail |
ATTENTION: Courriel externe

Tony – Can you get me an updated cost for this material also?

Thank You,

[Trent Tagliabue](#)
[Construction Manager](#)
[Lester Contracting, Inc.](#)
[361-552-3024](#)

From: Tony C Jones <tonyc.jones@cemex.com>
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[Trent Tagliabue](#)
[General Manager](#)
[Lester Contracting, Inc.](#)
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Trent,

The attachment is what Cemex is using to keep up with the rapid increases in fuel prices. Our truckers refuse to haul materials that are not in line with these pricing because of the sudden increases in fuel. Cemex has no other choice but to price haul rates according to these pricing indexes. Prices are adjusted the first Monday of each month, to include price adjustments up or down. We are sorry for the inconvenience, but we need to adapt to this formula in order to contract haulers to deliver materials.

Thanks
Tony

Weekly Retail Gasoline and Diesel Prices

(Dollars
per
Gallon,
Including
Taxes)

https://www.eia.gov/dnav/pet/pet_pri_and_dcus_r30_w.htm

Area: Period:

Download Series History		Definitions, Sources & Notes						
Show Data By:		GraphClear						
<input checked="" type="radio"/> Product	<input type="radio"/> Area		02/28/22	03/07/22	03/14/22	03/21/22	03/28/22	04/04/22
Gasoline - All Grades			3.377	3.889	4.099	4.011	3.956	3.887
All Grades - Conventional Areas			3.381	3.890	4.115	4.024	3.983	3.913
All Grades - Reformulated Areas			3.366	3.887	4.063	3.980	3.894	3.829
Regular			3.307	3.820	4.029	3.939	3.884	3.815
Conventional Areas			3.316	3.826	4.049	3.957	3.915	3.845
Reformulated Areas			3.284	3.804	3.978	3.895	3.809	3.743
Midgrade			3.655	4.163	4.380	4.295	4.245	4.178
Conventional Areas			3.677	4.180	4.416	4.333	4.302	4.230
Reformulated Areas			3.613	4.132	4.315	4.225	4.138	4.081
Premium			3.925	4.442	4.652	4.578	4.520	4.456
Conventional Areas			3.968	4.475	4.704	4.628	4.595	4.528
Reformulated Areas			3.860	4.394	4.574	4.501	4.406	4.347
Diesel (On-Highway) - All Types			3.872	4.703	5.110	4.964	4.972	4.929
Ultra Low Sulfur (15 ppm and Under)			3.872	4.703	5.110	4.964	4.972	4.929

United States Operations

2682 Wald Road, New Braunfels, Texas 78132, USA, Phone: (830) 625-9186, Metro: (830) 606-1940, Fax: (830) 620-8447