

April 5, 2022

Preferred Industrial Contactors (PIC) bid on a ground storage tank project (7-2020) for the City of Richwood on July 29, 2021. PIC was awarded the project on August 9, 2021. The pre-construction meeting was held in early October 2021. PIC sent submittals for the tank on October 25, 2021. On November 2, 2021, PIC alerted Strand Engineering that steel prices were highly volatile and that a decision was needed to finalize the tank submittal. Strand approved the tank submittal on November 5, 2021 and PIC issued a purchase order to lock in pricing shortly thereafter.

The timeline described above is typical for this type of work. However, in light of the volatility of the steel prices during this time and that PIC cannot issue a PO without approved submittal drawings, the cost of steel required for the project rose substantially during the nearly 4 months that it took to get an approved submittal. Please consider the following exhibits:

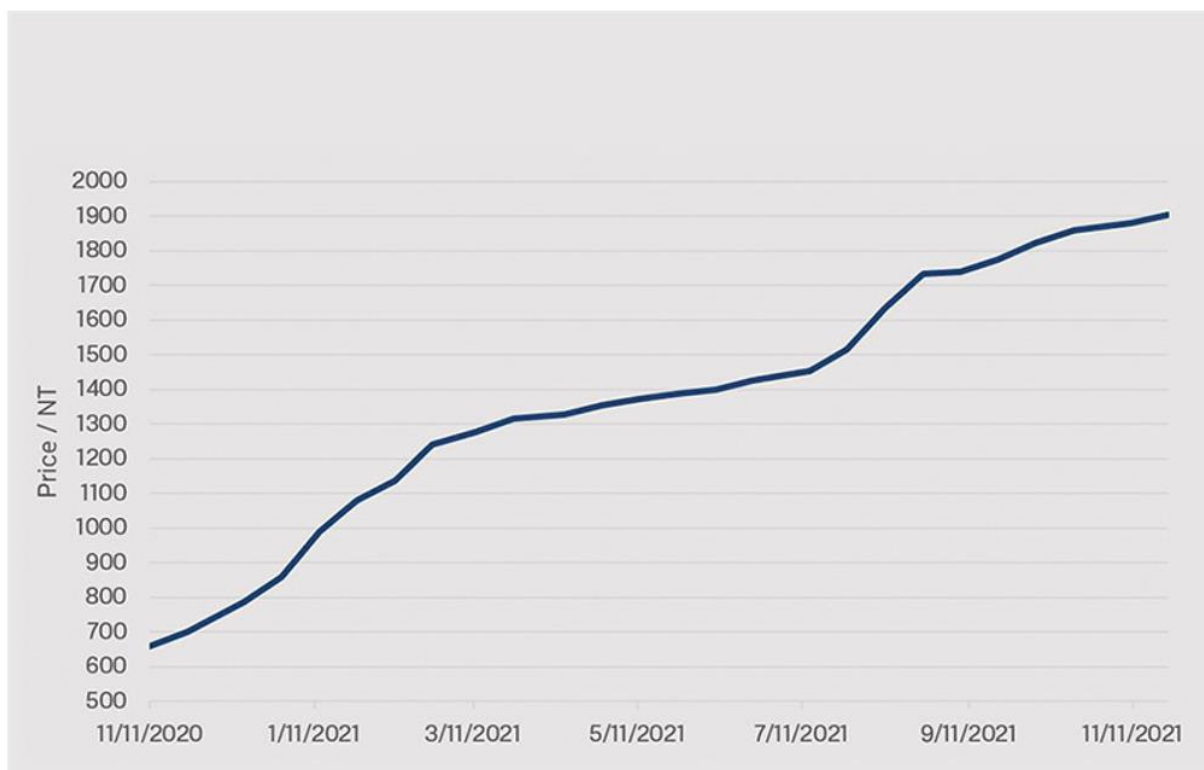


Exhibit 1. Steel Plate Prices Through 2021

As can be seen, the price of plate steel rose dramatically from July 2021 through November 2021. This sharp rise in pricing had the net effect of an 8% increase in the cost of the tank and foundation (due to rebar). The 8% delta equates to roughly \$37,000.00 which PIC wishes to pass through without markup.

Respectfully submitted to the City of Richwood Board by Tom Rogers, Municipal Division Director