

14-May-2004

Serial Letter: KFM-LET-000799

California Department of Transportation  
SFOBB – Skyway Project  
345 Burma Road  
Oakland, CA 94607

Attention: Douglas Coe, P.E.

Reference: Skyway Bridge Project (Caltrans Contract No. 04-012024)  
KFM Job No. 36413726

Subject: Pre-cast Fender Panels - Request for Change Order on Rebar Escalation

Dear Doug:

Please see attached letter from Kie-Con requesting additional compensation to cover the rise in steel costs. KFM respectfully extends a request for a change order in the amount of \$389,753.51, including KFM mark-up to accommodate the unforeseen increase in price passed on by the steel mills.

If you have any questions or comments, please contact our office at your immediate convenience.

Sincerely,  
**KIEWIT/FCI/MANSON, a JV**

Ex, A.T. (Tom) Skoro  
Project Director

cc: file  
Farshad Mazloom

RECEIVED  
022836 MAY 18 2004

# KIE - CON

A DIVISION OF KIEWIT PACIFIC CO

Contractor License #433 176

An Equal Opportunity Employer

3200 Busch Road  
Pleasanton, CA 94566  
925.462.1088  
925.462.8794 (Fax)

3551 Wilbur Avenue  
Antioch, CA 94509  
925.754.9494 ext. 223  
925.754.7673 (Fax)

May 11, 2004

VIA FACSMILE: (5 10) 839-0666

KIEWIT / FCI / MANSON, A JV  
220 Burma Road  
Oakland, CA 94607  
KC Let 7201-017

Attention: Veronica Moczygemba  
Subject: SKYWAY Fender Modules  
Request for Change Order on Rebar Escalation

Dear Ms Moczygemba,

In the recent months, all the rod suppliers and the steel mills in the industry have substantially increased prices. The rate of increase is not consistent with the normal trend. KIE-CON has not been able to secure the epoxy rebar price for fenders yet due to the constant changes made to our shop drawing submittals.

As results, KIE-CON has been exposed to a change in epoxy rebar price from what it was bid originally. I have enclosed our original rebar price as well as our latest rebar price for your information. The new price is good only if shipments of steel have been made by September 1<sup>st</sup> of 2004.

We kindly request that a change order will be issued to KIE-CON for the amount of \$354,321.37 as calculated on attached work sheet.

Attached you will also find some of our rebar suppliers rebar price changes for your information

Sincerely,

**KIE-CON, a Division of Kiewit Pacific Co.**

  
Farshad Mazloom

Encl.



Improving Life by Building with Precast Concrete



# EXTRA WORK SHEET

CO NO./JOB NO __17-7200__	KIE-CON A DIVISION OF KIEWIT PACIFIC CO	CCO .....
CONTRACT NO __04-012024__	3551 WILBUR AVE ANTIOCH, CA 94509	
TO —CALIFORNIA DEPARTMENT OF TRANSPORTATION	MTRL OR SUBCONTRACTOR _____	
SFOBB	OWNER FORCE ACCOUNT WORK_X _____	
	OUTSIDE WORK _____	
	EQUIP LEASE OR VENDOR INVOICE _____	

## DESCRIPTION: Rebar Escalation Price

DESCRIPTION	EQUIP/ LAB CLASS	QUANTITY	UNIT	EQUIP MAKE	EQUIP CODE	TYPE (E, M, L)	ROW Delay FACTOR	HRS	\$ / UNIT	EQUIP COST	MTRL COST	LABOR COST	TOTAL
ORIGINAL REBAR PRICE	MAT	-705600	CWT	N/A	N/A	M	N/A	1.00	4925	-	(347,508.00)	-	(347,508.00)
REBAR PRICE FOR SHIPMENT OF 9/1/04	MAT	705600	CWT	N/A	N/A	M	N/A	1.00	91.40	-	644,918.40	-	644,918.40
SUE TOTALS										-	297,410.40	-	297,410.40
											LABOR MARKUP 28%		
											EQUIP MARKUP 10%		
											MATERIAL MARKUP 10%	29,741.04	
											<b>SUB TOTAL</b>	<b>\$327,151.44</b>	
											<b>TAX</b>	78% (OAK) @ 8.25%	\$21,052.20
												22% (SF) @ 8.5 %	\$6,117.73
											<b>TOTAL</b>	<b>\$354,321.37</b>	

Approved by - *Caltrans* KFM

05/11/2004 TUE 09:34 LTX/RX NO 80931

05/11/2004 10:33 FAX 1928/P40624 KIE-CON ANTIOCH



355 So. Vasco Road  
Livermore, CA 94550

Date: February 25, 2004

Number of pages including cover sheet 2

If you don't receive all of the pages, please call.

TO: Kie-Con

Attn: Farshad

Phone: 925-754-9494

Fax phone: 925-754-7673

CC: \_\_\_\_\_

FROM: Richard A Martini

President

Phone: (925) 373-0733 Ext. 103

Fax phone: (925) 373-0136

REMARKS:  Urgent  Per you request  Reply ASAP  For your record

Farshad, our original price of \$ .4925 / lb dated August 16, 2002 was firm for shipments through August of 2003.

Please see our revised proposal per your fax.

Thanks,

Rich



PROPOSAL / AGREEMENT

This Agreement dated this February 25, 2004 between Harris Salinas Rebar Inc. (Harris) and Kie-Con Antioch (Contractor). Attention: Farshad Mazloom

PROJECT; Skyway Fender Project

Proposal based on Kie-Cons' 7 page fax dated 2/20/04 and 2 page dated 2/24/04 fax dated 2/23/2004

SCOPE: Harris agrees to provide epoxy coated rebar F.O.B. Antioch. CA.

In consideration of the performance of this Agreement by Harris, Contractor agrees to pay, or cause to be paid to Harris Salinas Rebar, a sum of money computed as follows.

PRICE: Approximate WT 6,831 CWT \$ .9140 /lb

Terms:

- 1. The above price excludes tax,
2. Price firm for 30 days from bid date, and good for releases through August 31, 2004, shipments schedule for delivery after September 1st of 2004, are subject to change.
3. Payment terms are net 30 day
4. Accessories and tie wire are not included in material only quotes.
5. All fabrication is based on customer details and order List.
6. Harris Requires 4 weeks order notice for delivery.

EXCLUDED BY HARRIS:

- 1. Harris excludes testing and inspection fees. mill certificates are provided.
2. Harris excludes cost associated with quality control, manager (QCM) and certified welding inspector (CWI)
3. Retention on F.O.B. material.
4. Harris excludes warranty in excess of two (2) years.

We reserve the right to modify/negotiate amendments to any Contractor issued forms of Agreement, as required to properly describe scope of work, pricing, and mutually agreed terms and conditions.

ACCEPTANCE:

Contractor: Sub-Contractor: Harris Salinas Rebar Inc.

By: Date: By: Date:

Richard A. Martini, President

355 South Vasco Road Livermore, CA 94560 Phone (925)373-0733/ Fax (925) 373-0136
Contractor's License # C50-695035



355 Sa. Vasco Road  
Livermore, CA 94550

Date: 8/16

Number of pages including cover sheet f

If you don't receive all of the pages, please call,

TO: KIE CON

Attn: DANNY

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Phone: \_\_\_\_\_

Fax phone: 754-0624

CC: \_\_\_\_\_

FROM: **Brian K. Hartlin**

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Phone: (925)373-0733 Ext. 106

Fax phone: (925) 373-0136

QUOTE: EPOXY COATED REBAR FOR  
 DAY BRIDGE WT = 6831 CWT (PER FAX)  
 SPEC. ASTM 934M. QUOTE IS FOB  
 ANTIOCH YARD  
 .4925/LB  
 NO COUPLERS INCLUDED IN PRICE

Thanks,  
 Brian

**TAMCO**

P.O. BOX 325 • RANCHO CUCAMONGA, CALIFORNIA 91739-0325

February 11,2004

TO OUR CUSTOMERS

SUBJECT: PRICE INCREASE

With the continuing rise in the prices of scrap, additives and electricity, TAMCO will increase the price of all rebar by \$40.00 per ton (\$2.00 cwt) on shipments starting March 1,2004.

Please note that all prices will be "price in effect at time of shipment."

If you have any questions, please feel free to contact your sales representative or give us a call.

We appreciate your continued support.

A handwritten signature in cursive script, appearing to read "Carl P. Krepper", followed by a horizontal line.

Carl P. Krepper  
Vice President, Sales



(909) 899-0660 ✦ FAX: (909) 899-1910 (ADMINISTRATION) ✦ FAX (909) 899-4293 (SALES)

**Rebar – Cages – Fabrication**

Phone: 510-743-5300 Fax: 510-490-3952

MAR 24 2004

42560 Osgood Rd. Fremont, CA 94539

[www.pjsrebar.com](http://www.pjsrebar.com)**URGENT NEWS****March 17, 2004****To: Owners-General Contractors – Project Management Contractors****Re: Update on current rebar/steel market conditions**

PJ's believes it has a duty to let the buyers of rebar and miscellaneous metal products know about the volatility of the steel market. The ongoing building boom in China, raw materials shortages and strong domestic demand for steel has caused nationwide prices increases never before seen. Bar shortages and no availability is now occurring as well. We estimate by June 2004 prices could be over \$1,000 per ton and 51,200 by years end. If this does occur we want you to be prepared and have an opportunity to react.

Our proposal is simply, with subcontractor knowledge, to allow the GC or owner the opportunity to pay directly for the rebar on their projects. This **will** accomplish two goals. First, it will help to reduce costs by eliminating the subcontractor markup that typically occurs from financing **and** handling expenses, Second, paying PJ's directly for the rebar keeps your project going forward as some jobs may be delayed if payment does not occur within the 30-day term. It is imperative for the owners and general contractors to know that all fabricators are in the same position of having to pay the nulls as early as five days after a purchase order is given,

We were recently informed that the largest U.S. mill we purchase from is three weeks behind their rolling schedule and another mill is completely shut down for two weeks due to a facility mishap. Steeper prices, drastically reduced bar availability and tighter payment terms will not change anytime in the foreseeable future. This is unprecedented and will no doubt leave numerous materials suppliers scrambling to provide rebar to their customers if not proactive. If we work cooperatively with each other we can help to minimize these impacts. Again, it is our goal to work with owners, general contractors and subcontractors in an effort to keep materials available for your projects and to do our part to help contain costs. We welcome your suggestions and comments.

Regards,  
Mike Lampley, General Manager



March 3, 2004

KIE-CON  
355 1 Wilbur Avenue  
Antioch, CA 94509

Post-it® Fax Note	7671	Date	3-3-04	# of pages	1
To	Allen	From	Lyle		
Co./Dept.	Kiecon	Co.			
Phone #		Phone #			
Fax #	925 754 0624	Fax #			

Attention: Allen Kung

Reference: Reinforcing Material Escalations

Dear Allen,

Further to our attached open letter to all customers **explaining** the situation related to the recent severe reinforcing material escalation and looming shortages, we offer the following twelvemonth cost history:

	<i>Mill Pricing (approx.) (#4 - #11 A706 Material)</i>	<i>Prepared Scrap Value</i>
January 2003 to June 2003	\$280/ton	\$100/ton
July 2003	\$290/ton	\$110/ton
August 2003	\$290/ton	\$120/ton
September 2003	\$320/ton	\$130/ton
October 2003	\$340/ton	\$130/ton
November 2003	\$360/ton	\$130/ton
December 2003	\$400/ton	\$162/ton
January 2004	\$449/ton	\$182/ton
February 2004	\$469/ton	\$210/ton
March 2004	\$493/ton	\$255/ton
April 2004 (Anticipated)	\$550/ton	?

Three other key changes have also contributed to the current increases and shortages. There has been mill consolidation on the West Coast, Nucor, Cascade and Tamco are the only mills West of the Rockies. One year ago there were five different mill operations, Nucor acquired The Birmingham Mill in Seattle and the North Star Mill in Arizona was shut down and sold off.

Secondly, the US. dollar has dropped significantly against foreign currencies, which combined with high demand for reinforcing worldwide has prevented much import steel from entering the market.

Thirdly, the mills in the summer of 2003 stopped providing job quotations **and** asked all fabricators to pay current prices for all work **as** shipped. This now forces fabricators to consider all the risk for material escalations when quoting work.

355 South Vasco Road Livermore, CA 94550 Phone (925) 373-0733 Fax (925) 373-0136

Contractor License # C50-695035

KIE-CON  
March 3, 2004  
Page 2 of 2

There are no easy solutions for the current reinforcing pricing **and supply** crisis. Inventories **at** the mill are not available and all fabricators *are* on allocation. **This takes away any** opportunity to purchase and stock-pile reinforcing even where **an** owner **wants** to set **up** and **pay** for material on hand. Please note attached recent letter dated March 2, 2004 from Nucor Plymouth discussing rolling schedules and **lead-time** for orders.

We will continue to **keep** you posted on recent developments, however **we** ask you to factor all these issues **into** your **thinking** for **future** orders. **At** this time, we must continue to quote prices based on 30 to 60 day deliveries.

Sincerely,

HARRIS SALINAS REBAR INC.



Lyle Sieg  
Vice President

LS/tm  
Attachment



# Harris Salinas Rebar

INC

February 12, 2004

## Steel Shortages – An Open Letter to All customers

In recent months steel costs have been escalating at unprecedented rates. In recent weeks this escalation has accelerated. Our belief is that this is but the tip of the iceberg and that acute and prolonged shortages of steel are looming.

Many of you may have heard that the turmoil in the steel markets is because of China. This explanation is only partly right. In fact the rapid development of steel making capacity in China is contributing to a global shortage in metallics of all forms, Scrap, from which virtually all rebar in the world is made, is in perhaps the shortest supply. It could take months if not years for alternate sources of metallics to enter the markets in sufficient quantities to right the supply demand equation,

Harris is taking several steps to deal with these events. In anticipation of rapid cost increases we have built very sizeable inventories in most of our branches. Although these inventories are insufficient to cover all of the requirements of our backlog of work, they act as a buffer to deal with supply shortages as they arise. We are the largest purchaser of rebar in North America. We also believe we are the best financed in our industry. These factors taken together mean we are uniquely positioned to insure that supply to your job will not be interrupted.

This rapid build-up of inventories (both in per unit terms and in terms of total quantities) is requiring us to make an extraordinary investment in working capital. We need your help to carry *this* heavy load. **Straight and simple - timely payment will be required to assure timely shipment.**

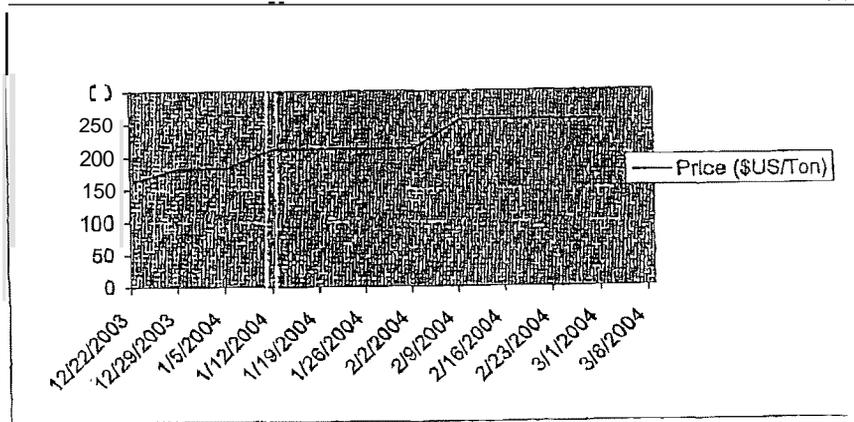
These are challenging times indeed for all of us. Please know that our whole team at Harris is committed to continue to provide to you our customer the best service in the rebar industry.

Richard A. Martini  
President

Lyle Sieg  
VP, General Manager

355 South Vasco Road Livermore, CA 94550  
Phone (925) 373-0733 / Fax (925) 373-0136

Date	Price(\$US/Ton)	Base Line
22-Dec-03	162	
29-Dec-03	182	
5-Jan-04	182	
12-Jan-04	211	
19-Jan-04	211	
26-Jan-04	211	
2-Feb-04	211	
9-Feb-04	255	
16-Feb-04	255	
23-Feb-04	255	
1-Mar-04	255	
8-Mar-04		



**NUCOR**  
BAR MILL GROUP

PLYMOUTH DIVISION

March 2, 2004

Dear Valued Customer:

Nucor Steel - Plymouth Division makes every effort possible to roll according to our **published** schedule. Due to uncontrollable circumstances our mill's production is behind our **published** schedule, and it is necessary to revise our 2<sup>nd</sup> Quarter 2004 schedule. A revised rolling schedule will be sent upon completion. Our semi-annual shutdown for March 5-14 cannot be changed.

Additionally, we find it necessary to keep 3<sup>rd</sup> Quarter rollings closed for orders until June 1, 2004, unless otherwise advised. We will take RECEIPT of purchase orders for 3<sup>rd</sup> Quarter prior to June 1 if customers choose to submit them, but will be **unable** to acknowledge CONFIRMATION of orders scheduled for production until our books are open for 3<sup>rd</sup> Quarter rollings. Tons confirmed for production might vary from tons submitted for order. We will monitor all customers' orders **and** reference historical quantities to enable us to provide as much product to as many of our current customers as possible. These measures will help us prevent over bookings of specific rollings.

Please be advised that our shipments have also been higher than normal. We are subject to the availability of transportation and the limits of loading within our warehouse, and will make every effort to ship as requested. Priority will be given to the earliest ship dates in our system.

Your support and understanding is appreciated, as always. If you have any questions please contact your Nucor Steel - Plymouth Division sales representative.

Sincerely,



Michael Reddin  
Sales Manager  
Nucor Steel - Plymouth Division