



Scott L. Melnick

When someone mentioned to me that the local White Hen Pantry had instituted a meat surcharge on sandwiches, I thought it was just a bad joke. Unfortunately, it wasn't. And neither is the current scrap surcharge being instituted on almost all steel products, including wide flange and rebar.

One of structural steel's strengths is that it is produced primarily from recycled content—in fact, all of the wide flange rolled in the U.S. comes from nearly 100% recycled material. However, that strength is proving to be a weakness due to current international market conditions for steel scrap.

During the past decade, the price of steel scrap has hovered around \$100-to-150/ton. Today, it has shot past \$200/ton and some believe it may approach \$300/ton. As a result, steel mills have instituted a "scrap surcharge," which changes on a monthly basis. For example, as of the end of February, Nucor-Yamato had this message posted on their website: "Effective with shipments March 1, 2004, the applicable raw materials surcharge for reinforcing, merchant & structural products is \$93/ton or \$4.65/cwt." TXI Chaparral and Steel Dynamics had the same surcharges.

So what does all of this mean?

Obviously, the cost of construction is going up. And frankly, however, at least for wide flange, that's about it. You can still buy just about any shape you need—if not directly from the mills, then from service centers.

The rest of the issues are almost purely contractual and estimating. And when estimating, it's important to remember that—even with the recent increases—material

represents less than one-third of the price of fabricated and erected structural steel.

With the price increases, it's more important than ever for designers and fabricators to work together early in the project. For more than a score of years, AISC has preached that least weight is not least cost. That's still true, but the equation might have changed slightly. Working with your fabricator will give you a better indication of true costs—for example, when it's better to up a member size or when it's more economical to use stiffeners.

The scrap surcharges are sure to be a hot issue at the upcoming North American Steel Construction Conference (March 24-27 in Long Beach, CA; visit www.aisc.org/nascc for more information) and MSC will continue to update our readers on any new information.

SOME GOOD NEWS...

On the positive side of things, the U.S. Green Building Council (the purveyors of the LEED™ system) has finally issued an interpretation of whether a LEED point is obtained based on whether the steel mill is located within 500 miles of the project or whether the steel fabricator is located within 500 miles of the project. The new ruling states that:

"For the purpose of this LEED credit, 'manufacture' is defined by the LEED v2.1 Rating System as 'final assembly.' Therefore, the fabricator's shop should be used as the location of manufacture for your steel."

Hope to see you at the Steel Conference in Long Beach.

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