



PRESS RELEASE

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Bonding Company Takes \$800,000 Hit on HDPE Pipe Failure *Settlement with city due to “completely under-engineered” installation sends ripples throughout surety industry*

TYNDALL, SD (September 18, 2012) – In the spring of 2009, city employees here noticed that a stretch of asphalt roadway was developing unusual cracks and settlement. They soon discovered that a significant portion of a 4,000-foot HDPE pipeline installation completed little over two years earlier had severely deflected – as much as 25 percent in some sections – from its original shape.

Fearing an impending catastrophic failure, the original contractor was notified that replacement of the pipeline was inevitable. The surety company holding the performance bond eventually stepped in to investigate the cost of replacing the failed pipeline. They requested bids from several area contractors for replacement of the pipeline again using HDPE pipe.

However, after H&W Contracting was awarded the contract, the company reviewed the specification for the replacement and convinced the City to use reinforced concrete pipe (RCP) instead. The decision was reached due to the significant risk of another failure if HDPE were used again. In addition, although the RCP purchase price was marginally higher than HDPE, a significant cost savings was realized due to the need for less backfill materials and the avoidance of extra labor required to ensure proper compaction in the pipe envelope surrounding the HDPE. The 48-inch corrugated HDPE pipeline had been installed at depths of nearly 17 feet, requiring 13 feet of backfill.

The Tyndall HDPE failure, and resulting replacement with concrete pipe, cost the bonding company roughly \$800,000, per the terms of its settlement with the City of Tyndall. But the repercussions have spread far beyond this small community of 1,100 in South Dakota.

The fallout from this costly incident has greatly increased the degree of scrutiny given to engineering specifications by bonding companies, specifically when flexible pipe products are recommended. At least one surety bond association has even gone to the effort of posting alerts on its web site to ensure that the financial risks of poorly engineered installations are top-of-mind amongst its members.

“The lesson here is as clear as it was costly,” said a surety industry professional familiar with the Tyndall case. “We have long taken for granted that when a contractor orders a bond, the engineer has specified the right products. We learned the hard way that’s not always the case and that we must do our due diligence, particularly when a municipality or engineer specifies a flexible product whose structural integrity is so dependent on proper bedding and backfill.”

“Somebody dropped the ball on the Tyndall project, which was completely under-engineered,” he continued. “Now, the first thing we do when a bond order comes across our desk is ask if the project has been appropriately specified. This isn’t always easy to determine, since we’re not experts on pipe. From my standpoint, I always feel more comfortable when a rigid product is called for.”

Scott Hofer, then General Manager of Hanson Pipe & Precast in Sioux Falls, which won the bidding on the replacement contract, provided the following assessment: “This project was complex and offered a higher risk of failure with the use of flexible conduits. The use of RCP simplified the replacement project and reduced the risk to all involved because of the inherent strength and durability concrete pipe offers.”

More background on the Tyndall case is available at <http://www.concretepipe.org/wp-content/uploads/2015/03/2010SpringCPNewsWebEdition.pdf>.

For more information on the benefits of concrete pipe, visit the ACPA’s web site at www.concretepipe.org.

About the ACPA

The American Concrete Pipe Association (ACPA) is a nonprofit organization composed primarily of manufacturers of concrete pipe and related conveyance products located throughout the United States, Canada and in more than 40 foreign countries. ACPA membership also includes manufacturers of equipment and/or providers of products and services related to the concrete pipe industry. Established in 1907, ACPA (www.concretepipe.org) provides members with research, technical and marketing support to promote and advance the use of concrete pipe for drainage and pollution control applications.

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