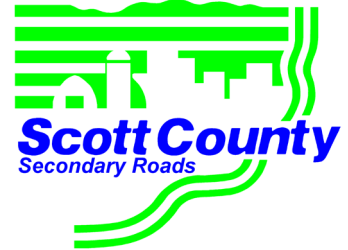


SCOTT COUNTY ENGINEER'S OFFICE

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ANGELA K. KERSTEN, P.E.
County Engineer

ELLIOTT R. PENNOCK, E.I.T.
Assistant County Engineer

TARA YOUNGERS
Senior Administrative Assistant

MEMO

TO: Mahesh Sharma
County Administrator

FROM: Angie Kersten, P.E.
County Engineer

SUBJ: Approval for Material Surcharges

DATE: April 18, 2022

On April 29, 2021, our department awarded a contract to Thompson Truck & Trailer for the purchase of one single axle cab and chassis for \$74,766.00. On September 16, 2021, our department awarded a second contract to Thompson Truck & Trailer for the purchase of one water truck for \$128,890.00.

Thompson Truck & Trailer reached out to us requesting a surcharge fee for material and tire costs. The original equipment manufacturer (OEM) has increased costs for heavy duty trucks built after December 31, 2021. Our two trucks have not been built yet, but are in line for production. At this time, in order for our trucks to continue towards production, Thompson Truck & Trailer has requested a surcharge fee of \$4,100 per truck for a total of \$8,200.

Many equipment manufacturers and heavy duty truck suppliers, like Thompson Truck & Trailer, are encountering difficulties with delays in production, material shortages, increases in freight costs, sufficient labor, surging costs for labor, scarcity of truck drivers, along with several other logistical challenges. Our single axle is presently in line for production in September 2022 and our water truck for February 2023. However, these production times may be delayed further into 2023.

The annual inflation rate in the United States in April 2021 was 4.2 %. The inflation rate in March 2022 was 8.5%. The requested surcharge for the single axle truck is an increase in cost of 5.5% and the water truck is an increase in cost of 3.2%.

Both the single axle truck and water truck are vital pieces of equipment utilized by our department. Based on the present state of heavy equipment manufacturing, I would not expect to obtain better pricing on these pieces of equipment if we were to cancel these orders and re-solicit bids. In addition, canceling these orders would further delay production. I recommend amending our purchase agreements to include an additional cost of \$4,100 for each truck.

THE COUNTY AUDITOR'S SIGNATURE CERTIFIES
THAT THIS RESOLUTION HAS BEEN FORMALLY
APPROVED BY THE BOARD OF SUPERVISORS ON

DATE

SCOTT COUNTY AUDITOR

R E S O L U T I O N

SCOTT COUNTY BOARD OF SUPERVISORS

APRIL 28, 2022

A RESOLUTION APPROVING A SURCHARGE FEE FOR THE PURCHASE OF ONE SINGLE AXLE CAB AND CHASSIS FOR SECONDARY ROADS

BE IT RESOLVED BY the Scott County Board of Supervisors as follows:

- Section 1. That the bid for one 2022 single axle International HV507 SFA for Secondary Roads was approved on April 29, 2021, and awarded to Thompson Truck & Trailer, Davenport, IA., in the amount of \$74,766.00.
- Section 2. That a surcharge fee of \$4,100.00 for purchase of said 2022 single axle International HV507 SFA is hereby approved and awarded to Thompson Truck & Trailer, Davenport, IA.
- Section 3. This resolution shall take effect immediately.

THE COUNTY AUDITOR'S SIGNATURE CERTIFIES
THAT THIS RESOLUTION HAS BEEN FORMALLY
APPROVED BY THE BOARD OF SUPERVISORS ON

DATE

SCOTT COUNTY AUDITOR

R E S O L U T I O N

SCOTT COUNTY BOARD OF SUPERVISORS

APRIL 28, 2022

A RESOLUTION APPROVING A SURCHARGE FEE FOR THE PURCHASE OF ONE 2023 INTERNATIONAL HV607, 2,000-GALLON WATER TRUCK FOR SECONDARY ROADS

BE IT RESOLVED BY the Scott County Board of Supervisors as follows:

- Section 1. That the bid for one 2023 International HV607, 2,000-gallon water truck for Secondary Roads was approved on September 16, 2021, and awarded to Thompson Truck & Trailer, Davenport, IA, in the amount of \$128,890.00.
- Section 2. That a surcharge fee of \$4,100.00 for purchase of said 2023 International HV607, 2,000-gallon water truck is hereby approved and awarded to Thompson Truck & Trailer, Davenport, IA.
- Section 3. This resolution shall take effect immediately.