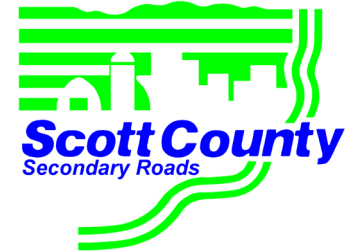


SCOTT COUNTY ENGINEER'S OFFICE

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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: June 14, 2022

On November 9, 2021, our department awarded a contract to Courtesy Ford for the purchase of four Ford Explorer, Police Interceptor Utility Vehicles for the Sheriff's Office for a total cost of \$136,864.00. On December 21, 2021, Risk Management awarded a contract to Courtesy Ford for the purchase of one Ford Explorer, Police Interceptor Utility Vehicle for the Sheriff's Office for a cost of \$34,216.00.

Courtesy Ford notified our department on June 8, 2022, that Ford issued a price concession of \$250 per vehicle on the five Ford Explorers that our department ordered. Courtesy Ford requested that Scott County cover the increase in cost.

Many vehicle manufacturers, like Ford, 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. The Ford Explorers are in the process of being built and delivered to Courtesy Ford.

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 price concession for the Ford Explorer is an increase in cost of 0.73%.

Based on the present state of vehicle manufacturing, I would not expect to obtain better pricing on these vehicles 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 \$250 for each vehicle for a total cost of \$1,250. There are sufficient funds in the vehicle replacement budget to pay for the additional cost.

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

JUNE 23, 2022

A RESOLUTION APPROVING A PRICE CONCESSION AND INCREASE IN COST
FOR THE PURCHASE OF FIVE (5) FORD EXPLORER, POLICE INTERCEPTOR
UTILITY VEHICLES FOR THE SHERIFF'S OFFICE

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

- Section 1. That the bid for four (4) Ford Explorer, Police Interceptor Utility Vehicles for the Sheriff's Office was approved on November 9, 2021, and awarded to Courtesy Ford, Davenport, IA., in the amount of \$136,864.
- Section 2. That the bid for one (1) Ford Explorer, Police Interceptor Utility Vehicle for the Sheriff's Office was approved on December 21, 2021, and awarded to Courtesy Ford, Davenport, IA., in the amount of \$34,216.
- Section 3. That a price concession and increase in cost of \$250 per vehicle for a total cost of \$1,250 is hereby approved and awarded to Courtesy Ford, Davenport, IA.
- Section 4. This resolution shall take effect immediately.