

## FY2023 Savings In the IIF

- In a previous meeting we approved lighting at Guy Whitten with the commitment to irrigate and restore Guy Whitten at a current cost of \$182,000. Recommending we assign FY2023 Savings in the IIF for the irrigation/restoration.

Balance of FY23 Savings in Infr Impmt Fund	\$	324,830
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*Recommended Allocation*

**Fund Irrigation/Restoration of Guy**

<b>Whitten</b>	\$	<b>(182,000)</b>
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Bal of FY23 savings in the IFF	\$	142,830
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## Fire Department Pumper Contract

- **ATM Approved \$950,000 for Pumper Engine**
- **Accepted and Approved Bid was \$924,551**
- **\$25,449 less than Available Funds.**

## Fire Department Pumper Contract

- Although not included in the bid, the proposed contract for the pumper engine includes the following clause, which would possibly require the town to be financially responsible for cost, as defined.
- Meaning the bid and contract price is not guaranteed.
- This is the clause, (bold added):

***If the Producer Price Index of Components for Manufacturing [[www.bls.gov](http://www.bls.gov) Series ID: WPUID6112] (“PPI”) has increased at a compounded annual growth rate of 5.0% or more between the month Pierce accepts our order (“Order Month”) and a month 14 months prior to the then predicted Ready For Pickup date (“Evaluation Month”), then pricing may be updated in an amount equal to the increase in PPI over 5.0% for each year or fractional year between the Order Month and the Evaluation Month.***

***The seller will document any such updated price for the customer’s approval before proceeding and provide an option to cancel the order without charge if the updated price isn’t accepted.***

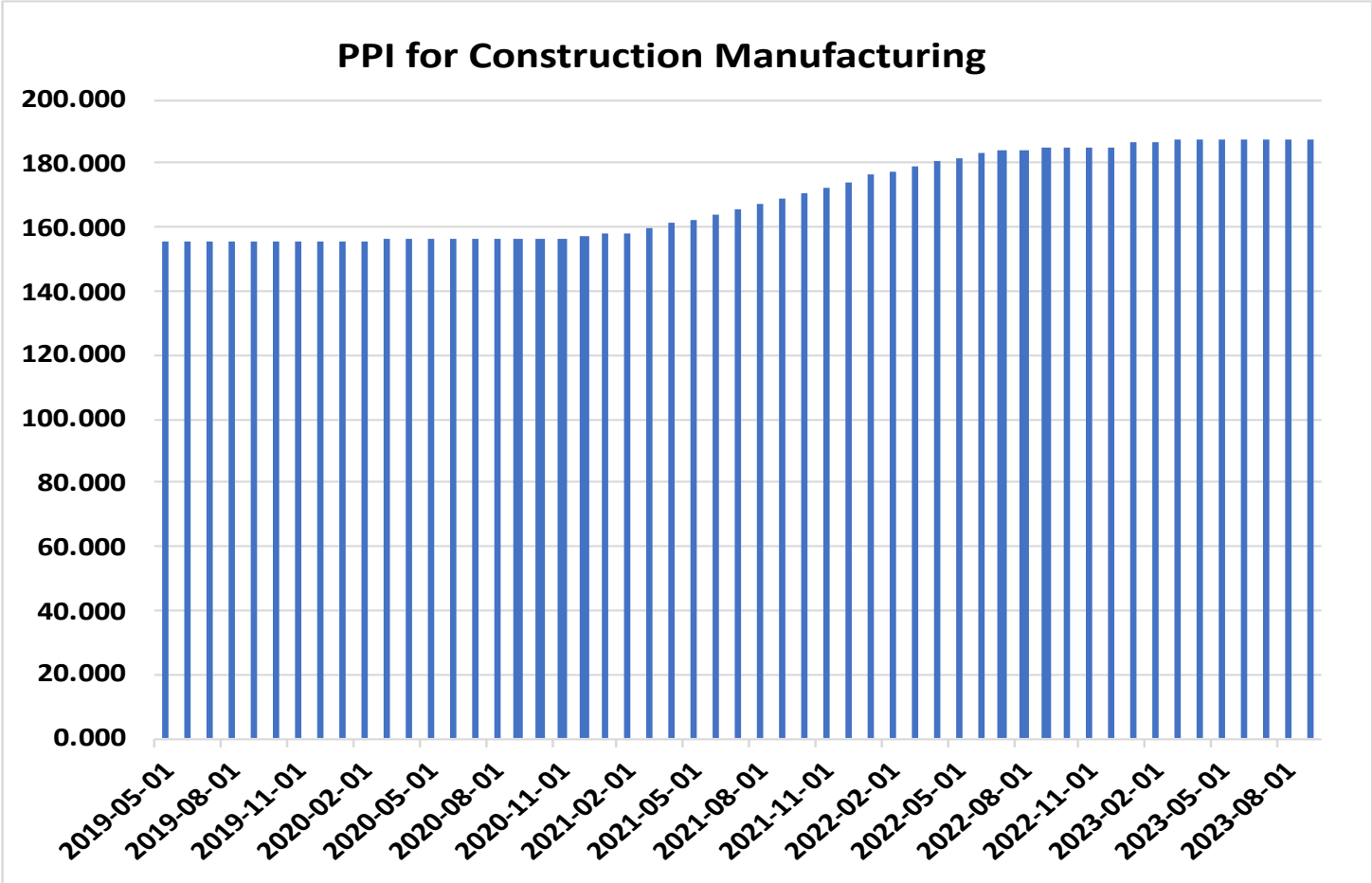
## Fire Department Pumper Contract

- The other bidder also didn't provide a firm price nor were they able to guarantee key components of the engine.
- When making inquiries, this situation is not unique.
- Who do we proceed?
  - Start over with new RFQ. Would we have any different result?
  - Determine the risk of the Pierce bid and reserve according?

# Fire Department Pumper Contract

What is the recent volatility in the PPI of Components for Manufacturing?

The Index grew from 155.4 on 5/1/19 to 187.755 on 9/1/23,  
with a high of 187.917 on 1/1/23





## Fire Department Pumper Contract

Based on a delivery period of 1200 days, there are approximately 25 months between our order month (Dec 2023) and our evaluation month (Jan 2026).

The Board of Selectmen should consider

- *Over that 25 month period is there a possibility there will be a compounded growth in the PPI for Components of Manufacturing (PPI-CM) greater than 5%.*
- *If so, what is the possible range of any excess, and*
- *Based on the range, what contingency is necessary?*
- *If more than the current contingency of \$25,449, how to fund the required additional contingency?*
  - Reduce contracted options to be added back based on available contingency.
  - Authorize funds from the .25% allocation of the FY2024 or FY2025 budgeted reserve.
  - Authorize funds from FY2023 savings in the IIF.

## Fire Department Pumper Contract

- Risk looks low for other Pandemic-type event with a similar federal government response.
  - The last time prior to the pandemic/post-pandemic that the PPI-CM average compounded rate exceeded 5% was WWII.
- If we were very conservative and reserved 10% (meaning the compounded rate was 15%), we would reserve \$70,000, or about half of the remaining FY2024 savings in the IFF.
- The BOS could review the PPI ever six months and adjust the reserve downward if current trend continues.