



### Request for Contract Update

Pursuant to the terms of contract number R191811 for OMNIA Contractor must notify and receive approval from Region 4 ESC when there is an update in the contract. No request will be officially approved without the prior authorization of Region 4 ESC. Region 4 ESC reserves the right to accept or reject any request.

National Office Furniture, Inc.  
(Contractor) hereby provides notice of the following update on  
this date 2.3.2022.

**Instructions:** Contractor must check all that may apply and shall provide supporting documentation. Requests received without supporting documentation will be returned. This form is not intended for use if there is a material change in operations, such as assignment, bankruptcy, change of ownership, merger, etc. Material changes must be submitted on a "Notice of Material Change to Vendor Contract" form.

**Authorized Distributors/Dealers**  
\_\_\_\_ Addition  
\_\_\_\_ Deletion  
\_\_\_\_ Supporting Documentation

**Price Update**  
X Supporting Documentation

**Products/Services**  
\_\_\_\_ New Addition  
\_\_\_\_ Update Only  
\_\_\_\_ Supporting Documentation

**Discontinued Products/Services**  
\_\_\_\_ Supporting Documentation

**States/Territories**  
\_\_\_\_ Supporting Documentation

**Other** \_\_\_\_\_  
\_\_\_\_ Supporting Documentation

Notes: Contractor may include other notes regarding the contract update here: (attach another page if necessary).

Due to ongoing supply chain issues, National Office Furniture has experienced increases in raw goods materials and freight, as outlined on the attached. We respectfully request an update to the price list which will occur March 1, 2022. This update replaces the 10% surcharge that went into effect on December 3, 2021.

Submitted By: Kelli Jenkins

**Approved by Email:** Date 2/8/2022 | 8:50 AM CST

Title: Trade Manager - Strategic Contracts

**Denied by Email:** Date \_\_\_\_\_

Email Address: kelli.jenkins@kimballinternational.com

DocuSigned by:  
Robert Eichelmann  
Region 4 ESC: \_\_\_\_\_  
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**February 3<sup>rd</sup>, 2022**

Region 4 ESC

Re: National Office Furniture Contract Omnia R191811

As requested, please review the following supporting information regarding our request for acceptance of the March 1, 2022 Pricelist, for the National Office Furniture contract on March 1, 2022. On average, this a 15% increase. This price list update replaces the 10% surcharge that went into effect on December 3, 2021.

The factors driving a request for current pricing are urgent and unrelenting. Below is a summary of recent cost increases we have borne for key elements utilized in the production of furniture for your members:

- Steel Raw Material 169%
- Steel Components 60%
- Aluminum Extrusions 46%
- OSB Board (used in Lounge seating) 85%
- Particleboard 16%
- Seating Foam 29%
- Corrugated Packaging 13%
- Freight 14%

While the cost pressures have been remarkable, we have met them with strategic and intentional actions to mitigate them, including the following:

Material Substitutions

- Using slow moving, lower yielding steel blanks to delay the need to spot-buy material or purchase new higher cost material.
- Substituting/ interchanging OSB and plywood on lounge based on which is lower cost.

Supplier Deviations

- Deviated steel tubes on Footings seating to use slow moving material on hand with electric routing vs. the material outage on parts without the electric routing.
- Deviated several times to a larger steel sheet stock size to obtain material quickly, as well as avoid "slitting" costs to get the larger material to the size we typically use.
- Deviated on hinges for case goods products to save on cost and product outages.



#### Spot Buys

- Spot-buy on 12ga steel material for Narrate series end trims due to longer lead times from the mill so our supplier can make our orders with less delays.
- Ordered spot-buy of Brazilian Plywood to avoid six figure cost impact of domestic plywood/OSB inflation.

#### Nearshoring (switch to domestic supplier)

- Nearshored steel top plates for legs on the Footings series to avoid significant container costs and delays.
- Sourcing various solid wood components domestically to offset international transit times and freight costs.

#### Insourcing (produce internally)

- Insourced various steel components and assemblies to reduce cost and/or maximize reliability in dealing with supplier reliability challenges.
- Insourcing tackboard production.

#### Hedging Inventory

- Purchased 5 weeks of additional steel inventory on Narrate end trims to avoid potential misses and increased costs.
- Increased Narrate steel component inventory to mitigate rising costs and part outages by 25%.
- Increased steel sheet stock inventory to mitigate rising costs and part outages.

#### Resourcing/Competitive Bids

- Have raw steel package out to several other suppliers for competitive bidding.
- Have a fixed height leg package out for competitive bidding.
- Several misc. parts being competitively bid due to long lead times at suppliers.
- Re-bidding particleboard, drawer box components, and seating components.

#### International Shipments

- Expanded the number of Freight Forwarders that we use to execute international shipments. This not only helps us increase capacity but also gives us the ability to use contracted rates vs spot rates which are running much higher with all the supply chain constraints.
- Utilizing the different vendor contracts administered by individual brands across all of Kimball International for the best rates as capacity in lanes or on ship lines become available.

#### Domestic Shipments

- Expanded our dedicated fleet (JB Hunt) since is a lowest cost provider; provides us the opportunity for more favorable full Truck Load rates
- Added regional carriers and other contract carriers to our truck load capacity to reduce the use of high-cost brokers on the spot market.



- Entered additional LTL national contracts that reassigned regional LTL carriers to more favorable cost models for LTL shipments.

In light of the above conditions, we are requesting that Region 4 ESC/Omnia move to **March 1, 2022 pricing effective March 1, 2022**. As always, we continue to monitor the situation with supply chain disruption and material increases. Should there be a stabilization in the supply chain which decreases the price of key production materials, this decrease will be reflected in the pricing offered to participating agencies.

Sincerely,

Scott Fischer  
Trade Manager Distribution  
812-630-8048

 An official website of the United States government [Here is how you know](#)


## U.S. BUREAU OF LABOR STATISTICS

**PPI Commodity Data - <https://www.bls.gov/ppi/>  
Original Data Value**

Series Id: WPU101707  
 Series Title: PPI Commodity data for Metals and metal products-  
 Group: Metals and metal products  
 Item: Cold rolled steel sheet and strip  
 Base Date: 198206  
 Years: 2011 to 2021

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2020	218.6	212.0	216.5	212.9	209.7	206.9	206.6	197.3	198.8	196.8	204.6	245.8
2021	250.1	273.5	377.9	478.9	482.6	506.7	621.968	634.059	650.288	701.663	711.696	

Series Id: WPU102501  
 Series Title: PPI Commodity data for Metals and metal products-  
 Group: Metals and metal products  
 Item: Aluminum mill shapes  
 Base Date: 198200  
 Years: 2011 to 2021

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2020	192.3	187.9	185.7	177.9	171.1	169.4	172.0	175.8	182.4	181.8	182.4	188.4
2021	193.5	196.4	200.3	211.0	218.4	226.0	226.843	235.604	241.764	251.624	257.449	

Series Id: WPU08220108  
 Series Title: PPI Commodity data for Lumber and wood products-  
 Group: Lumber and wood products  
 Item: Other engineered structural wood members, excluding  
 Base Date: 200312  
 Years: 2012 to 2021

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2020	133.0	133.0	132.8	132.4	132.6	132.4	124.7	124.0	140.6	149.3	148.5	150.8
2021	157.3	156.1	162.0	167.0	191.7	205.3	204.3	205.0	234.8	244.4		

Series Id: WPU072603  
 Not Seasonally Adjusted  
 Series Title: PPI Commodity data for Rubber and plastic products-  
 Group: Rubber and plastic products  
 Item: Foam components for furniture  
 Base Date: 198212  
 Years: 2011 to 2021

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2020	230.3	230.2	229.9	229.9	230.2	230.2	230.2	224.8	224.4	219.8	220.2	219.5
2021	219.5	219.9	218.9	219.6	247.1	251.9	266.445	269.835	295.700	296.736	296.736	

Series Id: WPU09150301  
 Not Seasonally Adjusted  
 Series Title: PPI Commodity data for Pulp, paper, and allied  
 Group: Pulp, paper, and allied products  
 Item: Corrugated shipping containers  
 Base Date: 198706  
 Years: 2011 to 2021

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2020	266.2	265.6	264.9	264.3	264.2	264.2	264.3	264.0	263.9	263.9	264.2	265.9
2021	272.2	274.7	277.3	279.6	283.6	286.4	295.591	297.448	302.685	313.663	314.429	