

# UNIVERSITY OF CALIFORNIA

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SANTA BARBARA • SANTA CRUZ

OFFICE OF THE EXECUTIVE VICE PRESIDENT – CHIEF FINANCIAL OFFICER

OFFICE OF THE PRESIDENT  
1111 Franklin Street, 10<sup>th</sup> Floor: Oakland, California 94607-5200

Date: April 6, 2022

To: Participating Organizations, Education Entities, State Agencies, and Suppliers

From: Marilyn Biscotti, Senior Commodity Manager

RE: Kimball International Brands, Inc. Fuel Surcharge Contract 2019.001896

Effective April 4, 2022, Kimball International implemented a 3% fuel surcharge. All orders placed under University of California Agreement 2019.001896 for both the UC Campus and OMNIA National Program are affected. All products within the Kimball brand (including David Edward), National, Etc., and Interwoven brands will realize the fuel surcharge. This surcharge does not apply to the Poppin brand.

Current global events have caused extraordinary increases in inbound and outbound domestic and international freight, as well as internal logistics costs. Due to these sustained, escalated fuel and transportation expenses, suppliers and freight forwarders have started to pass these incremental costs on to Kimball International – resulting in increased costs to manufacture and delivery of products. This surcharge is necessary to adjust for costs which Kimball International cannot continue to absorb.

While various efforts in the market are being made to moderate fuel prices, including the recent announcement to release energy reserves, we foresee inflated prices to endure for the foreseeable future.

The following are key details:

1. The surcharge will appear as a separate line item on all acknowledgements and invoices, calculated as a percentage of the net subtotal of your order on all orders received on/after April 4th.
2. CET will be updated with a reminder regarding the surcharge. While it is not possible to update specific prices at the model level, a notation will be featured in this tool.
3. Continuous improvement and intentional actions to mitigate the escalating cost increases are actively being pursued to help offset the above necessary actions. We will continue to monitor and adjust the surcharge accordingly.

4. The surcharge will NOT be applied to orders in-house prior to April 4<sup>th</sup> which are acknowledged with standard lead times. Orders placed in advance for future projects, beyond standard lead times, will be assessed the 3% fuel surcharge.

In further communication with Kimball International, UCOP has inquired as to the benchmarking method of these costs to mitigate the escalating cost increases. We will continue discussions with Kimball International to monitor their efforts to manage fuel and transportation expenses.

All other terms and conditions of the agreement shall remain in full unless changed, altered, or amended on a formal contract amendment signed by both parties per the requirements of the contract.

Thank you,

*Marilyn Biscotti*

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cc: Paul Williams – UCOP Chief Procurement Office and Associate Vice President  
Sean Parker – UCOP Associate Director Facilities, Maintenance, & Capital Programs  
Gerhard Stadel – Kimball International, Public-Sector Sales Manager, Workplace  
Kelli Jenkins – Kimball International, Trade Manager – Strategic Contracts, Workplace