



**FINANCE,  
ENGINEERING  
SERVICES AND  
FIRE DEPARTMENT**

**To: Mayor and Town Council**

**From: January Calhoun, Purchasing Manager  
Hulon T. Webb, Jr., Director of Engineering Services  
Stuart Blasingame, Fire Chief**

**Through: Harlan Jefferson, Town Manager  
Rebecca Zook, Executive Director of Development and Infrastructure Services**

**Re: Town Council Meeting – March 29, 2022**

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**Agenda Item:**

Discuss and update the Town Council regarding increases in project construction costs, commodities/equipment costs and delivery time challenges.

**Description of Agenda Item:**

As a result of numerous factors, the Town of Prosper is experiencing significant increases in costs associated with construction projects and commodities/equipment, as well as impacts related to the delivery of those commodities/equipment. Some of the factors impacting the costs and deliveries include labor and material shortages, inflation and more recently, fuel prices.

Early on in the pandemic and due to uncertainty in the market (2020), a number of the Town funded projects came in under budget. Understanding that prices vary and are often cyclical, staff was not surprised in 2021 to see the bid numbers increase and align more closely with the engineer's estimates. However, the Town is now seeing construction costs at an all-time high, and unfortunately, all capital construction projects are being affected including horizontal (water, sewer, paving, etc...) and vertical (structures/buildings, bridges, signals, etc...) projects. Since it is not just one factor, such as the cost of steel, utilizing past methods, such as modifying a design, are no longer an option. Not only are the costs incredibly high, but they are also volatile and often fluctuating on a daily basis making it difficult to estimate future and even near future project costs.

In addition to construction projects, the Town is also experiencing price increases in commodities/assets such as monitors and other IT equipment, fuel, vehicles, and field and safety equipment to name a few. Similar to the construction costs, and since the factors are numerous, staff and consultants are having difficulty anticipating and estimating the extent of rising costs. With that said, staff is working diligently to identify opportunities to minimize the impacts to the Town while continuing to provide exceptional customer service.

Finally, the Town is also experiencing delays and cancellations on the delivery of numerous items and in almost every area of the Town's operations. The delay might be for a laptop or a vehicle for a new employee or a replacement for an existing employee. Or it might be for a piece of equipment necessary for a staff member in the field to do their job. It should be noted that in the worst case, some orders have simply been cancelled after months of waiting leaving staff to identify alternative methods to accomplish their tasks. Regardless of the various issues, the Town is working hard to address the delays in an effort to ensure that staff is able to conduct business as usual.

During the update to Council, staff will provide specific examples of projects and equipment costs increases and delays.

**Town Staff Recommendation:**

Town staff is providing this update for informational purposes and is interested in feedback from the Town Council.