



**Hallandale Beach**  
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400 South Federal Hwy  
Hallandale Beach, FL 33009

## City of Hallandale Beach City Commission Agenda Cover Memo

<b>Meeting Date:</b>	April 18, 2018		<b>Item Type:</b> <small>(Enter X in box)</small>	<b>Resolution</b>  X	<b>Ordinance</b>	<b>Other</b>
<b>Fiscal Impact:</b> <small>(Enter X in box)</small>	<b>Yes</b>	<b>No</b>	<b>Ordinance Reading:</b> <small>(Enter X in box)</small>	<b>1<sup>st</sup> Reading</b>		<b>2<sup>nd</sup> Reading</b>
		X		<b>Public Hearing:</b> <small>(Enter X in box)</small>	<b>Yes</b>	<b>No</b>
<b>Funding Source:</b>	Water Fund, Production Division, Chemical and Lab Supplies: 490-3320W- 552060		<b>Advertising Requirement:</b> <small>(Enter X in box)</small>	<b>Yes</b>		<b>No</b>
						X
<b>Account Balance:</b>	\$134,321		<b>Quasi-Judicial:</b> <small>(Enter X in box)</small>	<b>Yes</b>		<b>No</b>
						X
<b>Project Number :</b>	NA		<b>RFP/RFQ/Bid Number:</b>	City of Tamarac Bid # 17-22B (Through Southeast Florida Governmental Purchasing Cooperative Group)		
<b>Contract/P.O. Required:</b> <small>(Enter X in box)</small>	<b>Yes</b>	<b>No</b>	<b>Strategic Plan Priority Area:</b> <small>(Enter X in box)</small>			
		X				
<b>Sponsor Name:</b>	Roger M. Carlton, City Manager		<b>Department:</b> Public Works	Steven F. Parkinson, Assistant City Manager/Director of Public Works		

### Short Title:

A RESOLUTION OF THE MAYOR AND CITY COMMISSION OF THE CITY OF HALLANDALE BEACH, FLORIDA, AUTHORIZING THE CITY MANAGER TO EXECUTE A CHANGE ORDER PURSUANT TO SECTION 23-12 OF THE HALLANDALE BEACH CODE OF ORDINANCES TO LHOIST NORTH AMERICA OF ALABAMA, LLC IN ORDER TO CONTINUE TO PROCURE QUICKLIME FOR WATER TREATMENT IN AN AMOUNT NOT TO EXCEED FORTY FOUR THOUSAND FIVE HUNDRED AND TEN DOLLARS (\$44,510); AND PROVIDING FOR AN EFFECTIVE DATE.

## Staff Summary:

### **Background:**

The City of Hallandale Beach participates in the Southeast Florida Governmental Purchasing Co-operative Group (Co-op), which is comprised of governmental entities from Broward, Dade and Palm Beach Counties. Participation in this Co-op provides cost savings and cost avoidances to member entities by utilizing the buying power of many communities for common basic items.

The City of Hallandale Beach, as well as twenty other participating governmental agencies, presently purchases Quicklime via the Co-op. Quicklime is used in the water treatment process to raise the pH level of water and in doing so, make it less acidic. The City of Hallandale Beach has been actively participating in the Co-op to provide cost savings and cost avoidances that would be impossible for a City our size to accomplish without economies of scale

The City of Tamarac, acting as the lead agency for the Co-op solicited bids through Bid #17-22B to furnish, deliver and discharge Quicklime for the purpose of water treatment. Sealed bids were due on or before Tuesday, July 11, 2017 at 3:00pm (Exhibit 2). Two (2) vendors submitted bids and Lhoist North America of Alabama, LLC was deemed the lowest responsive and responsible bidder (Exhibit 3). On August 23, 2017 the City of Tamarac City Commission adopted Resolution No. R-2017-87 awarding Bid #17-22B to Lhoist North America of Alabama, LLC for the City of Tamarac and an additional twenty members of the Southeast Florida Governmental Purchasing Cooperative (Exhibit 4). The contract is for a term of three (3) years and includes an option for three (3) additional one (1) year renewals.

### **Current Situation:**

During the October 4, 2017 meeting the City Commission authorized an expenditure in an amount not to exceed \$195,490 to procure Quicklime for FY17/18 using contract Bid #17-22B (Exhibit 5). Purchase Order #20180162 was generated and processed in the amount of \$195,490. As of March 30, 2018, \$98,244 remains in the Purchase Order.

The City of Hallandale Beach uses approximately 900 tons of Quicklime annually. The marketplace for Quicklime in South Florida is currently very volatile. Section 5 of contract Bid #17-22B provides that Lhoist may adjust the price of Quicklime on a quarterly basis each October 1<sup>st</sup>, January 1<sup>st</sup>, April 1<sup>st</sup>, and July 1<sup>st</sup>. This contract adjustment model allowing for pricing adjustments has minimized price fluctuations for Co-op Lhoist Quicklime users throughout the duration of the previous contract.

Staff budgeted \$195,490 in FY17/18 for the purchase of Quicklime. Budget recommendations were made prior to the award of contract Bid #17-22B. This limited staff's ability to anticipate the increase in price.

As of the October 4, 2017 City Commission meeting, staff anticipated that the total expenditure for Quicklime during FY17/18 would be approximately \$220,000 (based upon a 6% increase applied to the FY16/17 expenditure of \$205,000). In the October 4, 2017 cover memo staff noted that an item would be brought back to the City Commission at a later date to request a change order to the initially approved amount of \$195,490. It was also noted that any unanticipated change in fuel, raw material market prices or water usage patterns could significantly impact staff cost and quantity assumptions and cause a larger change order than initially estimated.

As of mid-March 2018 staff now anticipates that the FY17/18 expenditure for Quicklime has the potential to reach \$240,000. This fiscal year has seen a continuous rise in the cost of lime. The main drivers of this rise are the increases in coal and crude oil prices. This cost is driven by the Producer Price Index performance and rate adjustments typically rise and fall throughout the year. The City is also subject to a rise in fuel surcharges from both the rail and trucking industries. These surcharges vary for each quicklime delivery.

**Fiscal Impact:**

Staff is bringing forward this item to request approval to issue a change order (to Purchase Order 20180162) in the amount of \$44,510 to increase the level of expenditure for Quicklime from \$195,490 to \$240,000 for FY17/18. The amount requested is available in the same account currently used to purchase Quicklime (490-3320W-552060).

**Why Action is Necessary:**

Pursuant to Code of Ordinances, Chapter 23, Section 23-12 Procedures for purchases in excess of \$50,000, item (7) Change Orders. Any change in the contract price, scope of work or time for completion of any project following the award of a contract shall be by a written change order, approved by the City Manager and executed with the same formalities as the contract. However, the City Manager may approve and execute change orders without City Commission approval subject to the following: a. The City Manager may approve any change order, so long as the total sum of all change orders does not exceed the total amount awarded by the City Commission by more than either ten percent (10%) of the contact cost or \$50,000, whichever is less. The scope of any project may not be changed without prior approval of the City Commission.

This item must be brought forth to the City Commission because the requested change order exceeds 10% of the Purchase Order.

**Proposed Action:**

Staff recommends approval of the attached Resolution authorizing the City Manager to execute a change order, in the amount of \$44,510, to Purchase Order 20180162 with Lhoist North America of Alabama, LLC to purchase Quicklime for FY17/18.

**Attachment(s):**

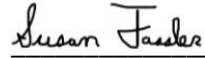
- Exhibit 1 – Ordinance
- Exhibit 2 – City of Tamarac Invitation to Bid 17-22B

Exhibit 3 – Lhoist Bid Documents


Exhibit 4 – Lhoist Contract Terms and City of Tamarac Resolution R-2017-87

Exhibit 5 – Resolution 2017-115

Prepared by:

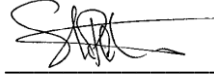


Susan Fassler, Green Initiatives Coordinator



John Fawcett, Water Plant Manager

Department Head Review:



Steven F. Parkinson, Assistant City  
Manager/Director of Public Works