



## City of Hallandale Beach City Commission Agenda Cover Memo

Meeting Date:	File No.:	Item Type:		1 <sup>st</sup> Reading	2 <sup>nd</sup> Reading
<b>5/21/2025</b>	<b>25-132</b>	<input checked="" type="checkbox"/> <b>Resolution</b> <input type="checkbox"/> <b>Ordinance</b> <input type="checkbox"/> <b>Other</b>	Ordinance Reading	<b>N/A</b>	<b>N/A</b>
			Public Hearing	<input type="checkbox"/>	<input type="checkbox"/>
			Advertising Required	<input type="checkbox"/>	<input type="checkbox"/>
			Quasi-Judicial:	<input type="checkbox"/>	<input type="checkbox"/>
Fiscal Impact (\$):	Account Balance (\$):	Funding Source:		Project Number:	
<b>\$309,796.00</b>	<b>\$4,489,215.33</b>	<b>490-3595S-565000-P2002</b>		<b>P2002</b>	
Contract/P.O. Required		RFP/RFQ/Bid Number:	Sponsor Name:		Department:
<input checked="" type="checkbox"/> <b>Yes</b>	<input type="checkbox"/> <b>No</b>	<b>N/A</b>	<b>Jeffrey Towne Interim Director</b>		<b>Public Works</b>
Strategic Plan Focus Areas:					
<input type="checkbox"/> <b>Fiscal Stability</b>	<input type="checkbox"/> <b>Resident Services</b>	<input type="checkbox"/> <b>Public Safety</b>	<input checked="" type="checkbox"/> <b>Infrastructure &amp; Mobility</b>	<input type="checkbox"/> <b>Economic Development &amp; Affordable Housing</b>	
Implementation Timeline:					
Estimated Start Date: 5/7/2025			Estimated End Date: 6/30/2025		

### SHORT TITLE:

**A RESOLUTION OF THE MAYOR AND CITY COMMISSION OF THE CITY OF HALLANDALE BEACH, FLORIDA, RATIFYING TERMINATION OF THE BID # FY 2022-2023-002 LIFT STATION #1 IMPROVEMENTS CONTRACT AWARDED TO HINTERLAND GROUP, INC. AND RATIFYING THE DIRECT PURCHASE OF EQUIPMENT ORDERED BY THE CONTRACTOR FOR A TOTAL NOT TO EXCEED AMOUNT OF THREE HUNDRED AND NINE THOUSAND, SEVEN HUNDRED AND NINETY-SIX DOLLARS (\$309,796); AND PROVIDING FOR AN EFFECTIVE DATE.**

### STAFF SUMMARY:

#### Summary:

The purpose of this item is to ratify the cancellation of the contract for the Lift Station #1 Rehabilitation Project with Hinterland Inc. and to ratify the processing of tax-exempt purchases from two vendors.

**Background:**

On February 1, 2023, Bid # FY 2022-2023-002 Lift Station #1 Improvements was awarded to Hinterland via Resolution #2023-004 (Exhibit 2). Hinterland Inc. demonstrated significant shortcomings during the construction phase of the Lift Station #1 Rehabilitation Project. Despite multiple attempts to address performance issues, the contractor failed to meet the required standards for timely project execution. As a result, a decision was made to terminate the contract to prevent further delays and cost overruns (Exhibit 3).

**Need for a New Construction Vendor:**

With the cancellation of the contract completed, a new vendor needs to be solicited for project construction. The City is evaluating all legal options. At the latest, if this process requires issuing a new Invitation to Bid (ITB) and selecting a qualified contractor, based upon current projections, and with additional design work currently being performed, the earliest a new contractor can be in place pursuant to ITB is most likely September 2025. Other options may be available. Due to the delay in the project timeline, concerns were raised regarding the long lead times associated with acquiring the necessary materials for the project, which have been proactively addressed to prevent further delays.

One key issue is that Hinterland Inc. had already placed orders for critical materials. Given the long lead times associated with these items, it was proposed that the City directly purchase the materials from the existing orders to avoid an additional fourteen to eighteen month delay to accommodate a new procurement process, significantly pushing back the project timeline.

Additionally, purchasing these materials by Direct Purchasing offered a significant tax savings advantage, which resulted in cost reductions. These savings are particularly beneficial given that the original pricing for the materials was secured in 2023. Ordering these materials in 2025 from a new contractor would have resulted in significantly higher costs due to inflationary pressures.

This is a unique situation whereby the City was able to purchase some of the equipment that was previously ordered by Hinterland.

**Current Situation:**

There were two pieces of equipment, see chart below, that were ordered by Hinterland but were not paid for by Hinterland, and the City desires to purchase the items directly from the vendors – Barneys Pumps and Florida Detroit Diesel – Allison, Inc. (Exhibits 4 & 5). The following vendors received purchase orders from the City for the amounts below for this project, which we request City Commission ratify:

Equipment/Material Supplier	Equipment/Material Description	Amount (Without Taxes)	Tax Savings

BARNEYS PUMPS	Controls and Instrumentation Package	\$151,800.00	\$9,158.00
FLORIDA DETROIT DIESEL-ALLISON, INC	Generator	\$157,996.00	\$9,529.76
<b>Direct Purchase Total</b>		<b>\$309,796.00</b>	<b>\$18,687.76</b>

**Why Action is Necessary:**

The items authorized for direct purchase herein were previously authorized for purchase at these prices by the City Commission as part of the contract with Hinterland Inc., in accordance with all competitive procurement requirements of the Code. However, upon termination of that agreement, the payment for the items would need to be made directly to the supplier rather than the previously authorized vendor. While no section of the Code directly addresses these circumstances, the item is submitted in the best interest of the City for full transparency.

**Cost Benefit:**

The cost benefit is the tax savings on the direct purchase of equipment, which equates to \$18,687.76. Another cost benefit is the ability to utilize the 2023 pricing rather than an increased pricing if the items had to be ordered at the present time, as well as the mitigation of additional project delays.

**PROPOSED ACTION:**

The City Commission considers the attached Resolution.

**ATTACHMENT(S):**

- Exhibit 1 – Resolution
- Exhibit 2 – Resolution #2023-004 February 1, 2023
- Exhibit 3 – Hinterland Group Inc. - Contract Cancellation Notification
- Exhibit 4 – Barney’s Pump – Equipment Quote
- Exhibit 5 – Florida Detroit Diesel – Allison, Inc – Equipment Quote

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