

PORT ST. LUCIE CITY COUNCIL  
AGENDA ITEM REQUEST

COUNCIL ITEM 13A  
DATE 11/28/11

Meeting Date: November 28, 2011

Public Hearing  Ordinance  Resolution  Motion

Item: Sealed Bid #20080141 Amendment #1- Polyethylene Pipe and Fittings

Recommended Action:

Approval of Amendment #1 to Ferguson Water Works for an annual price increase on three (3) products used by the Engineering Department. Annual expenditures will be based on Council approved budgets. The price increase will be for the period of twelve (12) months. Purchases will be made using the City's VISA procurement card.

Exhibits: Department memo attached  yes  no

Summary Explanation/Background Information:

Purchase of Polyethylene Pipe & Fittings used for drainage repair, and/or upgrade, and for lining swale areas to improve drainage throughout the City. Pursuant to Section XXI of the Contract, economic price adjustments up or down are permitted on the anniversary date of the Contract. Based on significant price increases on HDPE pipe resin costs, the Supplier is requesting a price adjustment on the related three (3) products.

Purchase is not a replacement

Purchase was budgeted.

Estimated Annual Expenditure: \$ 141,000.00

Department requests expenditure from the following:

Fund	401	Stormwater Utility Fund
Cost Center	4126	Drainage
Object Code	553000	Road Material & Supplies
Project	00000	

Director of OMB concurs with award: 

City Manager concurs with award: 

Submitted by: Patricia Roebling

Title: City Engineer

Date Submitted: 11/18/2011

**RECEIVED**

NOV 18 2011

City Manager's Office

# City of Port St. Lucie Contract Amendment No. 1

Contract # 20080141

Amendment #1

Date: \_\_\_\_\_

Contract Title: Poly Pipe & Fittings

Contractor's Name: Ferguson Waterworks

Contract Term: 11/13/2008 to 11/12/2013

Amendment Term: 11/13/2011 to 11/12/2012

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The following modifications to the terms and conditions are hereby incorporated and made a part of the Contract indicated above. All other terms and conditions of the original contract and/or Addenda are unchanged, with the exception that the City's performance and obligation to pay is contingent upon an annual appropriation by the City Council. The Contractor agrees that, in the event such appropriation is not forthcoming, the City may terminate this Contract and that no charges, penalties or other costs shall be assessed.

The following modifications are hereby incorporated and made a part of Contract 20080141:

1. As per Section III of the Contract, the annual economic price adjustment for the period of November 13, 2011 to November 12, 2012 is as follows:

Schedule A - 5.5.1:

Item #	ADA Code & Description	Current Unit Price	New Unit Price
2	1015 - 10" N12 Solid Ultra w/ an attached slide locking gasketed coupling	\$3.76	\$4.18
4	155-0020 1B 15" N12 Air Chambered w/ an attached slide locking gasketed coupling	\$5.75	\$6.63
6	2488-0020 1B 24" N12 Air Chambered w/ an attached slide locking gasketed coupling	\$13.83	\$14.84

2. All other line items remain the same unit price.
3. Should this Amendment conflict with the terms of the original Contract, this Amendment will control.
4. All other terms and conditions of the original Contract and/or Addenda remain in full force and effect.

*Balance of page left intentionally blank*

IN WITNESS WHEREOF, the parties have executed this Contract at Port St. Lucie Florida, the day and year first above written.

CITY OF PORT ST. LUCIE FLORIDA

By: \_\_\_\_\_  
City Manager

ATTEST:

By: \_\_\_\_\_  
City Clerk

By: \_\_\_\_\_  
Authorized Representative of Ferguson Waterworks

State of: \_\_\_\_\_

County of: \_\_\_\_\_

Before me personally appeared: \_\_\_\_\_  
(please print)

Personally known \_\_\_\_\_

or Produced Identification: \_\_\_\_\_  
(type of identification)

Identification No. \_\_\_\_\_

known to me to be the person described in and who executed the foregoing instrument, and acknowledged to and before me that \_\_\_\_\_ executed said instrument for the purposes therein expressed.  
(he/she)

WITNESS my hand and official seal, this \_\_\_\_\_ day of \_\_\_\_\_, 2011.

\_\_\_\_\_  
Notary Signature

Notary Public-State of \_\_\_\_\_ at Large

My Commission Expires \_\_\_\_\_

(seal)



"A City for All Ages"

**CITY OF PORT ST. LUCIE  
ENGINEERING DEPARTMENT**  
*Accredited Agency – American Public Works Association*



MEMORANDUM

To: Robyn Holder – Contract Specialist  
Thru: Kimberly Graham, P.E. – Assistant City Engineer  
From: Mike Davis – Operations Manager  
Date: November 16, 2011  
Re: Contract #20080141 – Ferguson Waterworks

Pursuant to the renewal option (Section 21) of the subject contract with Ferguson Waterworks, the contractor may request periodic economic price adjustments to supply identical materials required in the contract. These requests must be agreed upon by both parties and staff recommends approval of the following price adjustments:

<u>Description</u>	<u>Current Price</u>	<u>Proposed Price (2011-2012)</u>
Item 2 (10" N12 Solid Pipe)	\$3.76	\$4.18
Item 4 (15" N12 Solid Pipe)	\$5.75	\$6.63
Item 6 (24" N12 Solid Pipe)	\$13.83	\$14.84

Staff from the Engineering Department's Drainage Division analyzed the contractor's request and determined that the price increases will not have a significant affect on job costs or production as the products listed are seldom used. Approval of this request would conclude any further price adjustments for another 12 months as referenced in the contract.

If you have any questions or require additional information, please do not hesitate to contact me.

cc: Jesus Merejo – Utility Systems Director  
Patricia Roebing, P.E. – City Engineer

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Branch #1730  
4510 Prosperity Drive  
Ft. Pierce, FL 34981

November 8, 2011

Subject: Contract #20080141, Polyethylene Pipe and Fittings  
-Proposed price adjustment on three bid items-

Attn: OMB City of Port St. Lucie

Due to rising raw material cost we would like to request a price increase on the following Bid Items only:

Bid Sheet 5.5.1

Item 2

(10" N12 solid pipe) current price per ft = \$3.76 proposed 2012 price = \$4.18

Item 4

(15" N12 solid pipe) current price per ft = \$5.75 proposed 2012 price = \$6.63

Item 6

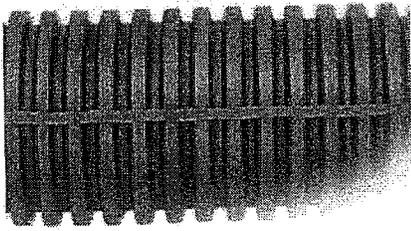
(24" N12 solid pipe) current price per ft = \$13.83 proposed 2012 price = \$14.84

The remaining bid items on Contract #20080141 will not be affected. We value the City as a customer and look forward to providing the excellent level of service the City expects.

Sincerely,

A handwritten signature in black ink, appearing to read 'Ferney Montoya', written over a horizontal line.

Ferney Montoya  
Branch Manager  
Ferguson Waterworks Inc.  
Ft. Pierce, FL  
772-467-0137



THE MOST ADVANCED NAME IN DRAINAGE SYSTEMS



April 27, 2011

Dear Valued Customer:

As a follow up to my letter dated April 20, 2011, we continue to see significant upward price pressure on HDPE resin costs. This is a direct result of record low ethylene supplies coupled with high crude oil prices and the rising cost of other materials used to manufacture ethylene and polyethylene.

Additionally, the U.S. & Canadian HDPE resin producers are able to take advantage of low cost natural gas enabling them to export more of their HDPE resin to Latin America and Asia at higher prices. This has further depleted HDPE resin inventories in the U.S. and Canada.

These factors have enabled the HDPE resin producers to push through another significant price increase, effective April 1, 2011, with further price increases announced for May 1. We do not have a clear picture of when this rapid price escalation might end.

We understand the burden these ever rising prices have on your business, and like you, we at ADS cannot absorb these cost increases without passing them on. However, we are only passing on actual resin cost increases incurred. Accordingly we are increasing our pipe and fittings prices by 3% effective June 1, 2011.

This 3% increase will be implemented as follows:

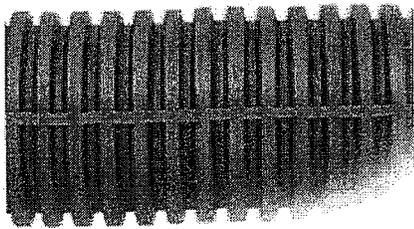
**Quotes:** Effective May 2, all quotes will reflect the 3% increase.

**Orders:** Orders that ship prior to June 1 will be invoiced at current prices. Shipments that occur after June 1 are subject to the 3% increase.

We will work with you on an individual basis to minimize the effect this volatile pricing environment has on your business. Please contact your local sales representative with any specific questions you may have.

Sincerely,

Frank Seymour  
Vice President Sales



THE MOST ADVANCED NAME IN DRAINAGE SYSTEMS



October 1, 2010

Dear Valued Customer:

Over the last 60 days, we have received two HDPE price increase announcements from the major resin producers. The resin manufacturers are justifying the increase because their inventories are at very low levels, even though we have not seen any hurricane related supply disruptions, and that supply and demand is not in balance.

Originally, we did not give these resin increase announcements a high probability of being implemented, so we did not announce a corresponding pipe price increase. It is now apparent that a significant portion of these increases has been successfully implemented, and we are left with no choice but to raise our pipe and fittings prices.

Effective October 1<sup>st</sup>, we will be increasing our prices on pipe and fittings by 5%. Orders in house prior to October 1<sup>st</sup> will be honored through October, but will be subject to the increase if shipped after October 31<sup>st</sup>. As always, annual contracts are exempt from this announcement.

If there is anything we can do for you, please contact your local ADS representative. As always, we will work with you on individual situations to help mitigate any issues with this increase.

Sincerely,

Bob Klein