

PORT ST. LUCIE CITY COUNCIL
AGENDA ITEM REQUEST

COUNCIL ITEM 7E
DATE 2/13/12

Meeting Date: February 13, 2012

Public Hearing _____ Ordinance _____ Resolution _____ Motion X

Item: Bid #20090002 Amendment #1 - Sulfuric Acid

Recommended Action:

Approval of Amendment #1 to Sulphuric Acid Trading Company, Inc. for a price increase in the amount of \$1.07106 per ton for a new price of \$180.62 per ton. This increase is based on the Producer Price Index (PPI) for Chemicals and Allied Products. The Amendment term begins February 18, 2012 and continues for the duration of the Contract. Purchase Orders will be issued on an "as needed" basis.

Exhibits: Department memo attached [X] yes [X] no

Summary Explanation/Background Information: Sulfuric Acid is used for water and/or wastewater treatment operations at the Utilities Department on a regular basis. The Contract allows for economic prices increases or decreases based on the Producer Price Index (PPI) for Chemicals and Allied Products. The increase or decrease must be agreeable to by both parties. This increase was based on the PPI for the period of December 2010 to December 2011 in the amount of \$1.07106 per ton raising the price to \$180.62 per ton. The new pricing shall remain in effect for the duration of the Contract period.

Purchase is not a replacement. Purchase was budgeted.

Estimated Annual Expenditure: \$300,000

Department requests expenditure from the following:

Fund	431	Water & Sewer Utility Fund
Cost Center	00000	
Object Code	141005	Inventory, Chemicals at Water Plant
Project	00000	

Director of OMB concurs with award. NAP

City Manager concurs with award JAS

Submitted by: Jesus Merejo

Title: Director

Date Submitted: 2/6/2012

RECEIVED

FEB 07 2012

City Manager's Office

INTEROFFICE MEMORANDUM

To: David K. Pollard, Budget Director
From: Jesus A. Merejo, Utility Director *JAM*
SUBJECT: Sulfuric Acid Contract Amendment
DATE: January 30, 2012

The Utility Systems Department has reviewed the Sulphuric Acid Trading Company Inc. price increase proposal to supply Sulfuric Acid based on the Producer Price Index (PPI).

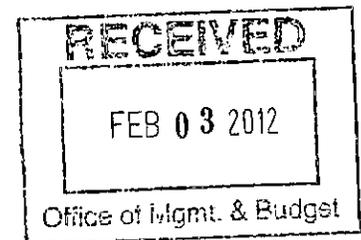
Utility staff recommends amending the contact at the proposed cost of \$180.62 per ton.

The amendment term is for 24 months and funding is available in account 431-00000-141005-00000.

Your assistance in forwarding this item for the City Council's consideration will be appreciated.

PV/

Copy: Brad Macek, Assistant Utility Director
Jeanette Thompson, Budget Manager
Pierre Vignier, Plant Superintendent
Robyn Holder, Contract Specialist



City of Port St. Lucie

Contract Amendment No. 1

Contract # 20090002

Date: _____

Contract Title: Sulfuric Acid

Contractor's Name: Sulphuric Acid Trading Company, Inc.

Contract Term: 2/18/2009 to 2/17/2014

Amendment Term: 2/18/2012 to 2/17/2014

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 20090002:

1. This Amendment includes a price increase from \$168.64 per ton to \$180.62 per ton for Sulfuric Acid used at the Utilities Department. This price increase is based on the Producer Price Index (PPI) for Chemicals and Allied Products.
2. The Amendment term begins February 18, 2012 and continues for the duration of the Contract.
3. Should this Amendment conflict with the terms of the original Contract, this Amendment will control.

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 **Sulphuric Acid Trading Company, Inc.**

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 _____, 2012.

Notary Signature

Notary Public-State of _____ at Large

My Commission Expires _____

(seal)

Producer Price Index-Commodities Original Data Value

Series Id: WPU06
 Not Seasonally Adjusted
 Group: Chemicals and allied products
 Item: Chemicals and allied products
 Base Date: 198200
 Years: 2001 to 2011

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Annual
2001	153.9	155.2	155.4	154.8	153.7	153.2	151.2	149.9	150.1	149.1	148.4	147.1	151.8
2002	147.1	147.3	148.8	150.5	150.6	151.3	152.9	153.6	154.1	155.3	155.6	155.1	151.9
2003	158.0	162.2	164.5	162.2	162.1	162.2	160.9	161.2	161.4	162.1	162.1	163.1	161.8
2004	166.6	167.5	168.0	170.1	170.9	172.2	173.7	176.5	179.4	181.0	183.0	183.9	174.4
2005	185.5	186.4	188.9	189.0	188.4	187.2	189.3	189.9	194.9	202.3	201.4	201.3	192.0
2006	203.7	203.4	203.4	203.1	205.7	207.9	208.3	209.8	207.6	206.9	204.5	205.3	205.8
2007	206.0	206.7	208.8	210.7	213.7	215.0	217.1	215.0	216.7	218.9	224.5	224.7	214.8
2008	229.2	231.3	235.6	240.4	246.5	252.7	262.8	263.3	264.2	252.5	239.3	227.6	245.5
2009	226.8	226.5	225.8	225.2	225.8	227.8	230.0	231.1	232.0	231.7	233.3	236.7	229.4
2010	239.9	244.2	246.1	248.9	246.9	244.1	243.3	244.3	245.8	248.8	252.1	254.7	246.6
2011	262.2	267.3	270.3	276.4	280.6	279.7	280.5	280.1	281.8	278.7	276.8	272.8	275.6

Feb 2012 is the twelve (12) month anniversary of the contract;

Annual Price Increase or Decrease will be determined on an annual basis at contract anniversary execution date

Current Contract Price: \$ 168.64

Old PPI: Dec-10 254.7
 New PPI: Dec-11 272.8

Price Escalation / De-escalation Formula

New PPI / Old PPI = Escalation Rate (Percent Increase or Decrease)

"Old Price" x "Price Escalation Rate" = New Price

Calculation:

$$272.8 / 254.7 = 1.07106$$

$$\$168.64 (\text{unit price}) \times 1.07106 = \$180.62 (\text{New unit price for this chemical})$$

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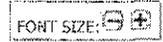
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Data extracted on: January 25, 2012 (3:55:20 PM)

Producer Price Index-Commodities

Series Id: WPU06
 Not Seasonally Adjusted
Group: Chemicals and allied products
Item: Chemicals and allied products
Base Date: 198200

Download: .xls

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Annual
2001	153.9	155.2	155.4	154.8	153.7	153.2	151.2	149.9	150.1	149.1	148.4	147.1	151.8
2002	147.1	147.3	148.8	150.5	150.6	151.3	152.9	153.6	154.1	155.3	155.6	155.1	151.9
2003	158.0	162.2	164.5	162.2	162.1	162.2	160.9	161.2	161.4	162.1	162.1	163.1	161.8
2004	166.6	167.5	168.0	170.1	170.9	172.2	173.7	176.5	179.4	181.0	183.0	183.9	174.4
2005	185.5	186.4	188.9	189.0	188.4	187.2	189.3	189.9	194.9	202.3	201.4	201.3	192.0
2006	203.7	203.4	203.4	203.1	205.7	207.9	208.3	209.8	207.6	206.9	204.5	205.3	205.8
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2011	262.2	267.3	270.3	276.4	280.6	279.7	280.5	280.1	281.8(P)	278.7(P)	276.8(P)	272.8(P)	275.6(P)

P : Preliminary. All indexes are subject to revision four months after original publication.

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