



Legislation Text

File #: 18-1023, **Version:** 1

MOTION TO APPROVE THE INCREASE TO THE PURCHASE ORDER FOR CHEMICALS FROM NUTERRA MANAGEMENT, LLC, AS PART OF PHASE 2 OF THE BCR PROJECT AT THE WASTE WATER TREATMENT PLANT PURSUANT TO THE AGREEMENT, IN THE AMOUNT OF \$120,000, INCREASING THE PURCHASE ORDER AMOUNT TO \$298,722.84; APPROVE THE RATE INCREASE REQUESTED FOR THE SERVICE FEES; AND APPROVE THE ASSIGNMENT OF THE AGREEMENT FROM NUTERRA MANAGEMENT, LLC TO IT'S PARENT COMPANY BCR ENVIRONMENTAL CORPORATION.

SUMMARY EXPLANATION AND BACKGROUND:

1. On February 19, 2014, the City Commission the recommendation of the evaluation committee and awarded PSEN-13-03 "Design Build Services for Wastewater Treatment Plant Biosolids Processing System" to BCR Corporation and directed the City Manager to negotiate a contract in two phases to include upgrading the existing dewatering solution at the Wastewater Treatment Plant by installing two new centrifuges in phase one and installing the BCR Corporation Neutralizer Biosolids Processing System in phase two.
2. On June 18, 2014, the City Commission approved the design build agreement between the City of Pembroke Pines and BCR Corporation for the Design-Build Services for the Wastewater Treatment Plant Biosolids Processing and Centrifuge Dewatering System installation in the amount of \$2,070,156 for Phase One as a result of PSEN-13-02, and also approved the service agreement between BCR Corporation and the City of Pembroke Pines for the equipment being installed at a cost of \$98,004 per year for a term of five (5) years.
3. Pursuant to the service agreement, BCR Corporation was to provide the following services for Phase 1: Base Services, Hauling and Disposition Services, Supplemental Technical Services, Operational Improvements, and Non-Standard Use Services. BCR Corporation was to provide the following services for Phase 2: Base Services, Hauling and Disposition Services, Chemical Supply and Delivery Plan, Supplemental Technical Services, Repair and Maintenance Plan, and Operational Improvements.
4. Exhibit A of the service agreement, in regards to the Chemical Supply and Delivery Plan, states that: "BCR will provide to the City all of the services BCR deems necessary to supply the plants with chemicals necessary to operate the system."
5. Exhibit B of the service agreement, in regards to the Chemical Supply and Delivery Plan, states that: "In consideration of the Chemical Supply and Delivery Plan provided by BCR, the City will pay BCR a fee equal to the product of the actual cost of chemicals delivered to the Plant and 1.12." The reference to 1.12 is representative of the numerical equivalent of 12%.
6. On February 9, 2015, BCR Environmental Corporation issued an assignment letter to the Utilities Division explaining that the service agreement between the City and BCR Environmental Corporation

was being assigned to their wholly-owned subsidiary, NuTerra Management LLC.

7. On August 5, 2015, the City Commission approved the design build agreement between the City of Pembroke Pines and BCR Environmental Corporation for Phase Two of PSEN-13-02 "Design-Build Services for the Wastewater Treatment Plant Biosolids Processing System" in the amount of \$7,604,543

8. In 2017, Phase Two of the BCR project at the Waste Water Treatment Plant was completed, and NuTerra Management LLC was to have billed the City for chemicals used at the water plant. Due to a clerical error at Nuterra Management, LLC, we were not billed in a timely manner and therefore, the purchase order issued for NuTerra was incorrect as it did not reflect the additional chemicals and the agreed upon markup pursuant to the agreement.

9. The original purchase order for chemicals was for a total amount of \$178,722.84. The Utilities Division is requesting an increase of \$120,000, increasing the purchase order to a total amount of \$298,722.84.

10. Pursuant to Section 35.28(B) of The City of Pembroke Pines Code of Ordinances, the City manager is not authorized to approve a change order without authorization of the City Commission where the sum of all change orders issued under the contract exceeds 5% of the original contract amount or \$25,000.

11. On June 22, 2018, the Utilities Division received a request from BCR to increase the fees for the Hauling and Disposition pursuant to the Service Rate Adjustment section of the agreement. The escalated fees, which were due for escalation on June 1, 2018, will now be; Base Fee \$11,667.00; Hauling and Disposition Fee Per Wet Ton \$21.88; Labor Rates Per Hour: Technician or IT \$102.00, Professional Engineer \$178.50. Monthly billing will reflect these amounts beginning July 1, 2018.

12. The current fees are: Base Fee \$11,667.00, Hauling and Disposition fee \$20 Per Wet Ton, and Labor Hour Rates are \$175.00 for each BCR Engineer and \$100.00 for each BCR Technician or IT Technition. The City has never had the need to utilize the the labor hour rates, so the only rate increase that will affect the City will be the increase to the Hauling and Disposition fee per wet ton.

13. On July 1, 2018, BCR forwarded to the Utilities Division an Assignment Letter. This Assignment Letter was to advise that NuTerra Management, LLC, once a subsidiary of BCR Environmental Corporation, has been assigned to it's parent company, BCR Environmental Corporation due to branding issues. The purpose of this was to have one recognizable name that their customers could more easily identify. NuTerra was always completely owned by BCR Environmental Corporation.

14. Request Commission to approve the increase to the purchase order for chemicals from NuTerra Management, LLC., as part of Phase Two of the BCR project at the Waste Water Treatment Plant pursuant to the agreement, in the amount of \$120,000, increasing the purchase order amount to \$298,722.84; approve the rate increase requested by BCR for the service fees; and approve the assignment of the agreement from Nuterra Management, LLC to it's parent company BCR Environmental Corporation.

FINANCIAL IMPACT DETAIL:

- a) **Initial Cost:** \$120,000 to increase current purchase order to NuTerra Management, LLC. for the purchase of chemicals. (The purchase order will be increased to \$298,722.84)
- b) **Amount budgeted for this item in Account No:** Funds are currently budgeted in account # 471-535-6022-52430 (Operating Chemicals)
- c) **Source of funding for difference, if not fully budgeted:** Not Applicable.
- d) **5 year projection of the operational cost of the project:** Not Applicable.
- e) **Detail of additional staff requirements:** Not Applicable.