



Legislation Text

File #: 21-0939, **Version:** 1

MOTION TO APPROVE REQUEST TO ADVERTISE PSPW-21-11 "CITYWIDE FENCING".

SUMMARY EXPLANATION AND BACKGROUND:

On the August 18, 2021 Commission meeting, the City Commission approved to defer Agenda Item # 13 (File ID # 21-0545), as a result the City's Administration is bringing this item back as a request to advertise PSPW-21-11 "Citywide Fencing."

1. On April 15, 2020, the City Commission ratified the City Manager's approval to award IFB # PSPW-19-12 "Citywide Fencing" to the most responsive/responsible bidder, Gomez and Son Fence, Corp., in an annual amount not to exceed \$500,000 for an initial three year period expiring on March 19, 2023.
2. The City of Pembroke Pines utilizes Gomez & Son Fence, Corp. to provide the replacement and new installation of various types of fencing at various locations throughout the City, on an as-needed basis.
3. On September 10, 2020, the City executed the First Amendment to the Agreement between the City of Pembroke Pines and Gomez and Son Fence, Corp. to correct scrivener's error in Section 4.1 and to update Section 19.6 entitle "Notice" and to add certain statutory provisions.
4. In June 2021, Gomez & Son Fence, Corp. sent a letter to the Public Services Director requesting a 17% increase for all line items in their contract as a result of gradual price increases in fencing materials from manufacturers beginning in October 2020. Manufacturer letters to Gomez & Son Fence documenting these increases were provided with the request letter from Gomez and are part of this item's backup. Additionally, labor costs have seen a significant rise over the same period.
5. As a result, the Public Services Director contacted Master Halco's Tallahassee FL distributorship and spoke to the lead outside sales representative in order to confirm the increases for the chain link fencings products. He stated that the increases are indeed true and equate to a 100% increase in materials since October of 2020. At that time, Master Halco's lead outside sales representative stated that prices are not expected to fall anytime in the foreseeable future and in fact another increase will be announced soon. Master Halco is a leading wholesale fencing products manufacturer and distributor for the United States and Canada.
6. The Public Services Director also reached out to various vendors and obtained verbal quotes as part of his research to determine if the increase requested by Gomez & Son Fence was fair and reasonable. His final determination was that the requested increase was fair, and it was presented to the City Commission for approval at the August 4, 2021, meeting.

7. At the August 4, 2021, meeting, the City Commission deferred the item to the August 18, 2021 meeting.

8. Since the August 4, 2021 meeting, the Public Services Director emailed the five (5) following vendors to request a quote for a fencing project at the Waste Water Treatment Plant, however none of the vendors provided him with a quote:

- All Fencing and Repair
- Coast to Coast Garage Door
- Superior Fence and Rail
- Nova Fence
- Ace Fence Company

9. In addition, the Procurement Department issued a request for quote via the GovQuote online quoting system for the Waste Water Treatment Plant project, in which the City received the three following proposals:

Vendor	Proposal
Gomez and Son Fence	\$196,880
Blueline Fence Company	\$207,500
Condo Electric	\$540,600

Note - The pricing of \$196,880 from Gomez and Son Fence did not utilize the pricing from the proposed Second Amendment, but rather the pricing which they would provide if we were to go out to bid.

10. After reviewing the quotes provided, the Public Services Director confirmed that Gomez and Son Fence pricing utilizing the proposed Second Amendment is about 35% less than the quotes which were obtained via GovQuote. Based on the current contract line item pricing, plus 17%, the project would cost \$125,903.30 if the City were to approve the proposed second amendment.

11. As a result, the Public Services Director determined that the 17% requested increase was fair, reasonable and acceptable and therefore recommended for the City Commission to approve, at the August 18, 2021 Commission meeting, the Second Amendment with Gomez & Son Fence, Corp., increasing the contract line items by 17% while keeping the total annual amount not to exceed \$500,000 for the term of the agreement.

12. At the August 18, 2021 Commission meeting, the City Commission further discussed whether the increase was due to an extraordinary event and brought up the option for bringing this service in-house and re-bidding these services.

13. Administration has included the five following articles in the backup to this agenda item outlining the changes to the pricing of steel and the current economy:

- 2021-05-21 - The New York Times - Steel Price Surge Revives U.S. Industry
- 2021-05-23 - Reuters - U.S. manufacturers grapple with steel shortages, soaring prices
- 2021-07-19 - Bloomberg - Record Steel Prices Inject Life Into Long-Suffering Industry
- 2021-09-15 - WSJ - High Steel Prices Have Manufacturers Scrounging for Supplies

14. As outlined in the attached articles and videos, in 2018, President Trump imposed steel tariffs across the board as a national security measure because there were concerns that the level of imports coming in were undermining the viability of the industry over the long term and could drive U.S. producers out of business, leaving the country dependent on foreign suppliers.

Anirban Basu, Chief Economist from Associated Builders and Contractors stated "When the Trump Administration first started to implement those tariffs there was a big squeeze on domestic steel. So all of a sudden people started to say, I don't want to pay those tariffs, I want U.S. manufactured steel and part of that was because of that notion of lets buy American and let's produce more here. But what happens of course, is when foreign steel prices go up, domestic steel prices go up. Steel prices were rising significantly, during much of the Trump Administration and of course the pandemic."

In addition, when the COVID-19 Pandemic disrupted various supply chains, the Steel industry was also affected. The steel industry is considered a vital industry that's in everything from household appliances, HVAC units, solar panel systems, electricity grids, planes, trains and automobiles. As a result, it was able to keep its doors open during the pandemic, however many other industries cancelled or reduced their orders of steel, which resulted in the industry reducing their production, which lowered inventory levels, etc. However, after the COVID-19 vaccine rolled out and more industries started to re-open, the plummeting steel market started to sky rocketed with a spike of 300% increase in price compared to pre-pandemic levels.

Josh Spoors, the Steel Principal Analyst from CRU Group, stated "I've been looking at this as the second biggest impact to steel makers ever, and I think the largest impact is World War II."

Since steel remains to be a key material in infrastructure projects, President Biden's Infrastructure plan that is expected to put billions of dollars into the economy is anticipated to have a large impact on the steel industry as well.

Kevin Dempsey, CEO of American Iron and Steel Institute, stated that they estimate that for every \$100 billion of new investment in infrastructure will result in 5 million tons of additional steel demand.

In order to keep up with demand, the U.S. has already been importing 17.5% more year to date, as of August 2021.

Anirban Basu, Chief Economist from Associated Builders and Contractors stated "Steel is one of those categories which prices have risen dramatically. Steel is certainly one of those examples of shortages, higher prices, and growing frustration among customers."

15. The Public Services Director has created an analysis for completing the Waste Water Treatment Plant project in-house, which he estimated at a total cost of \$166,502.32 which is 32% over the cost of utilizing the proposed second amendment. In addition, by assigning current staff to work on fencing projects it would take them away from their normal duties, which could result in delays on other projects.

16. Administration is recommending that the City go out for a RFQ in order to establish a pool of contractors that can be used on an as-needed basis. After the pool of contractors have been selected, the City would obtain pricing from the pool of contractors for each project as they arise.

17. Request Commission to approve the advertisement of RFQ # PSPW-21-11 "Citywide Fencing."

FINANCIAL IMPACT DETAIL:

a) Initial Cost: Estimated amount of \$500,000 annually, to be used on an as needed basis.

b) Amount budgeted for this item in Account No: Funds are available in various accounts and will be used on an as needed basis for projects as they arise.

c) Source of funding for difference, if not fully budgeted: Not applicable.

d) 5 year projection of the operational cost of the project:

	Current FY	Year 2	Year 3	Year 4	Year 5
Revenues	\$0	\$0	\$0	NA	NA
Expenditures	\$500,000	\$500,000	\$250,000	NA	NA
Net Cost	\$500,000	\$500,000	\$250,000	NA	NA

e) Detail of additional staff requirements: Not applicable.