



Legislation Text

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MOTION TO RATIFY THE CITY MANAGER'S APPROVAL OF CHANGE ORDERS TO THE CITY'S UTILITY FUNCTION SOURCING CONTRACTOR, OPERATIONS MANAGEMENT INTERNATIONAL, INC. (OMI), IN THE AMOUNT OF \$77,473.74.

PROCUREMENT PROCESS TAKEN:

- *Chapter 35 of the City's Code of Ordinances is titled "PROCUREMENT PROCEDURES, PUBLIC FUNDS."*
- *Section 35.15 defines CHANGE ORDER. Changes, due to unanticipated conditions or developments, made to an executory contract, which do not substantially alter the character of the work contracted for, and which do not vary so substantially from the original specifications as to constitute a new undertaking. The changes must reasonably and conscientiously be viewed as being in fulfillment of the original scope of the contract rather than as departing therefrom. Further, the changes, when viewed against the background of the work described in the contract and the language used in the specifications, must clearly be directed either to the achievement of a more satisfactory result or the elimination of work not necessary to the satisfactory completion of the contract.*
- *Section 35.28 of the City's Code of Ordinances is titled "CHANGE ORDERS."*
- *Section 35.28(B) states that "Notwithstanding the provisions of (A) above, the City Manager is not authorized to approve a change order without authorization of the City Commission where the initial purchase required the City Commission's approval and where the sum of all change orders issued under the contract exceeds 5% of the original contract amount or \$25,000.*

SUMMARY EXPLANATION AND BACKGROUND:

1. On April 15, 2020, the City Commission approved the amended and restated agreement with Operations Management International, Inc. (OMI) for the Operation, Maintenance, and Management of the City's Utility System in the amount of \$8,387,652 for the first year with CPI increases for each year thereafter, until September 30, 2025.
2. Throughout the term of the contract, various change orders or additional services have been provided by OMI, in which the City's procurement staff and the City Attorney's Office has reviewed these additional expenses and conclude that they are both changes to the OMI contract that, in their aggregate, exceed \$25,000 and, therefore, must be approved by the City Commission.

Ref.	Change Order Description	Amount
A)	Overtime Hours related to Neptune 360 Software Upgrade	\$ 5,944.06

B)	Sanitation Door Hangers	\$ 18,806.62
C)	Additional Staff and/or Overtime Hours related to ERP Transition	\$ 47,623.03
D)	Utility Breaks from Other Contractors	
D.a)	Water Main Break at 15811 NW 11 St.	\$ 1,151.45
D.b)	Gravity Sewer Main Damage at 155 NW 164 Ave.	\$ 2,572.57
D.c)	Water Main Break at 1400 NW 84 Terr.	\$ 625.52
D.d)	Water Main Break at 8260 NW 17 Ct.	\$ 750.49
	Total	\$ 77,473.74

A) Change Order for Overtime Hours related to Neptune 360 Software Upgrade:

A1. The City transitioned from the existing Neptune Nsight software to Neptune 360 Water Meter Data Management Software.

A2. During this transition, the City was made aware that Neptune Nsight and Neptune 360 do not share data history, because they work off of two different data collecting systems. As a result, when transitioning to the new system the City would lose the previous read/consumption information which is needed for reporting and validating purposes. This would be a problem because there would be no way of reporting high/low consumption, or reverse flow as well as providing good customer service should a customer inquire as to why their bill is at the rate/consumption compared to a previous read.

A3. Therefore, the City requested for OMI to have the meter reading team work overtime in order to gather historical data for the previous 3 month period from the original handheld devices that were used and then manually enter the data into the new Neptune 360 software

A4. Accordingly, OMI billed the City \$5,944.06 to cover the additional overtime hours related to this additional task.

B) Change Order for Sanitation Door Hangers:

B1. In September and October of 2021, the City Commission, respectively, approved the franchise agreement with Waste Pro of Florida, Inc. for Solid Waste, Residential Recycling, and Commercial Waste Collection and Disposal Services and the franchise agreement with Eastern Waste Systems, Inc. for Bulk Waste/Trash and Bulk Yard Waste Collection, effective January 2, 2022.

B2. In December 2021, the Public Services Department developed letters and door hangers to notify residents/customers of upcoming changes to the City's sanitation, recycling, and bulk trash services. In order to distribute these notices expeditiously, the department utilized the services of OMI's Customer Service staff, under its existing contract with the City, to prepare and distribute them. This work was performed on an overtime basis, outside of their normal work activities.

B3. The City paid \$18,806.62 to OMI as compensation for this work via two change orders to OMI's contract in accordance with the City ordinance related to change orders.

B5. The City has received payment in the amount of \$15,000.00 from Eastern Waste Systems as reimbursement for the majority of this cost.

C) Change Order for Additional Staff and/or Overtime Hours related to ERP Transition:

C1. On April 24, 2019, the City entered into a contractual agreement with Tyler Technologies, Inc. (Tyler-Munis) for the purchase of Software as a Service for the new City Enterprise Resource Planning or "ERP".

C2. As part of the new ERP, all new Utility Customer Billing, Customer Billing Format, On-line Customer Experience and the like was implemented.

C3. In anticipation of the additional Customer Service load, the Utilities Division recommended temporarily adding up to 10 positions to assist with customers with these changes that would result in an increase in calls, emails, CS visits, etc.

C4. On June 2, 2021, the City Commission approved a temporary increase in customer service personnel as a change order to the City's Function Sourcing Contractor, OMI, in the amount not to exceed \$151,629.47 on an as-needed basis to assist in the transition to the new ERP Software.

C5. Due to time extensions necessary for the Tyler Munis ERP go-live process, the Utilities Division requested for these temporary staff members by extended through April 2022.

C6. On February 16, 2022, the City Commission ratified the City Manager's approval of an additional temporary increase in Customer Service personnel as a change order to the City's Function Sourcing Contractor, OMI, in the amount not to exceed \$60,000 on an as-needed basis to assist in the transition to the new ERP software through April 2022.

C7. Throughout the process, Customer Service phone support was increased, however, due to COVID and high turn-over, this number has been as low as two. As a result, the Utilities Department also provided overtime to the existing staff in an effort to bolster this number and to reduce customer wait times.

C8. Accordingly, the Utilities Department is requesting an additional \$47,623.03 to cover the remaining costs for additional staff and staff overtime relating to the ERP transition.

D) Overtime Hours related to Utility Breaks from Other Contractors

D1. On occasion, external contractors may conduct various types of work such as directional boring, which may cause accidental damage to the City's Utility Infrastructure.

D2. Pursuant to Section 20.6 of the agreement with OMI, in which OMI is referred to as the "OPERATOR":

To the extent OPERATOR makes expenditures pursuant to this Section to correct or mitigate an Emergency, and so long as and to the extent such Emergency results from an Uncontrollable Circumstance or does not result from OPERATOR's failure to properly perform or comply with the terms and provisions of this Agreement, the CITY shall reimburse the OPERATOR for all reasonable expenditures, plus a reasonable markup of 15% for overhead and profit. OPERATOR shall

give CITY prompt verbal notice followed by notice in writing when practicable, if OPERATOR believes that an emergency or other Unforeseen Circumstance has resulted in a significant change in the Facilities or OPERATOR's obligations under the Contract Documents.

D3. As a result, OMI repairs the damages that occur and bills the City for the additional overtime labor costs, in compliance with Section 20.6 of the agreement.

D4. Furthermore, the City then invoices the Contractor that was ultimately responsible for the damage to seek reimbursement for the applicable costs.

D.a) Change Order for Overtime Hours related to Water Main Break (at 15811 NW 11 Street) by Contractor (CCU, LLC.):

D.a.1. On May 6, 2021, OMI repaired an eight-inch (8") water main damaged by a contractor, CCU, LLC., conducting a directional bore at 15811 NW 11 Street, which was located and marked for underground water and sewer utilities.

D.a.2. As a result, OMI billed the City \$1,151.76 for the related work, as allowed pursuant to section 20.6 of the contract.

D.a.3. Accordingly, the City billed CCU, LLC. \$9,297.83 to cover the cost of OMI expenses, plus the costs for the related equipment, including but not limited to Vactor Truck(s), Mini Excavator(s), etc. along with any applicable City Staff and administrative fees.

D.b) Change Order for Overtime Hours related to Gravity Sewer Main Damage (at 155 NW 164 Avenue) by Contractor (DBE Utility Service):

D.b.1. On June 28, 2021, OMI repaired a six-inch (6") gravity sewer main damaged by a contractor, DBE Utility Service, conducting a directional bore at 155 NW 164 Avenue. The bore's conduit was located inside of the gravity main. The main was repaired and twenty feet of the conduit was removed.

D.b.2. As a result, OMI billed the City \$2,572.57 for the related work, as allowed pursuant to section 20.6 of the contract.

D.b.3. Accordingly, the City billed DBE Utility Service \$7,588.29 to cover the cost of OMI expenses, plus the costs for the related equipment, including but not limited to Vactor Truck(s), Compactor(s), etc. along with any applicable City Staff and administrative fees.

D.c) Change Order for Overtime Hours related to Water Main Break (at 1400 NW 84 Terrace) by AT&T's Sub-Contractor (Blue Streak, LLC):

D.c.1. On October 11, 2021, OMI repaired a 2" residential water main damaged by a sub-contractor, Blue Streak, LLC, of AT&T, conducting a directional bore at 1400 NW 84 Terrace. The area was located and marked for underground water and sewer utilities.

D.c.2. As a result, OMI billed the City \$625.52 for the related work, as allowed pursuant to section

20.6 of the contract.

D.c.3. Accordingly, the City billed AT&T \$1,316.43 to cover the cost of OMI expenses, plus the costs for the related equipment, including but not limited to Vactor Truck(s), etc. along with any applicable City Staff and administrative fees.

D.d) Change Order for Overtime Hours related to Water Main Break (at 8260 NW 17th Court) by Decisive Communications, Inc.'s Sub-Contractor (MBSI):

D.d.1. On December 12, 2021, OMI repaired a 2" water main by a sub-contractor, MBSI, of Decisive Communications, Inc., conducting a directional bore at 8260 NW 17th Court.

D.d.2. As a result, OMI billed the City \$750.49 for the related work, as allowed pursuant to section 20.6 of the contract.

D.d.3. Accordingly, the City billed Decisive Communications, Inc. \$2,237.31 to cover the cost of OMI expenses, plus the costs for the related equipment, including but not limited to Vactor Truck(s), etc. along with any applicable City Staff and administrative fees.

Request:

1. Request City Commission to ratify the City Manager's approval of change orders to the City's Utility Function Sourcing Contractor, Operations Management International, Inc. (OMI), in the amount of \$77,473.74.

FINANCIAL IMPACT DETAIL:

a) Initial Cost: \$77,473.74.

b) Amount budgeted for this item in Account No: Funding for these services are paid out of the following budgeted accounts:

471-536-6010-534981 - Function Sourcing - Utilities

471-535-6021-534981 - Function Sourcing - Utilities

471-535-6022-534981 - Function Sourcing - Utilities

471-533-6031-534981 - Function Sourcing - Utilities

471-533-6032-534981 - Function Sourcing - Utilities

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, these expenses are related to one-time change orders for specific projects.

e) Detail of additional staff requirements: Not Applicable.

FEASIBILITY REVIEW:

A feasibility review is required for the award, renewal and/or expiration of all function sourcing contracts. This analysis is to determine the financial effectiveness of function sourcing services.

a) Was a Feasibility Review/Cost Analysis of Out-Sourcing vs. In-House Labor Conducted for this service? Yes.

b) If Yes, what is the total cost or total savings of utilizing Out-Sourcing vs. In-House Labor for this service? On August 7, 2019, the City Commission approved the Professional Services Agreement between the City of Pembroke Pines and Raftelis, for a Cost Analysis of the existing Utilities Division Function Sourcing Contract for an amount not to exceed \$34,776. Agenda item number 20-0001 on the January 15, 2020 Commission Meeting titled "Utility Function Sourcing Cost Analysis by Raftelis" included a presentation by Raftelis which concluded that the City would incur a cost of \$1.5 to \$2 million per year more than outsourcing, plus an upfront 6-month transitional cost of \$10.6 million should the City choose not to continue with Utilities Division Function Sourcing Contract. These additional costs would represent a Utility Rate Increase of approx.13.8% in the first year.