




MEMORANDUM

Date: September 14, 2023

To: Honorable Mayor and Commissioners

Via: Albert P. Childress 
City Manager

From: Kelly Crowe, P.E.
Engineering Director

Subject: **Approving Change Order #2 for D.N. Higgins, Inc. in the Amount of \$4,683.41 for the Installation of Effluent Pump No. 1 Variable Frequency Drive at the Richard A. Heyman Environmental Protection Facility**

Introduction

Staff recommends that the Mayor and City Commission approve Change Order #2 from D.N. Higgins in the amount of \$ 4,683.41 for the installation of an owner provided variable frequency drive (VFD) at the Richard A. Heyman Environmental Protection Facility (RAHEPF) and authorize the City Manager to execute Change Order #2 upon consent of the City Attorney and execute any necessary budget transfers.

Background

In March of 2020, Resolution 20-048 awarded a construction contract in the amount of \$246,611.32 to D.N. Higgins for a project to replace the VFD for effluent pump No. 1, VFD transformer, and programmable logic controller (PLC) for all effluent pumps. City staff procured a VFD for effluent pump No. 1 separately in early 2019, reducing costs by \$10,200. Due to lead times on certain materials, as well as the introduction of COVID-19, construction did not begin until October of 2020. Installation of the replacement PLC was finished in February of 2021.

As ITB 20-001 for the third effluent pump and HVAC system was advertised in February, 2020 and awarded in July of 2020 staff decided to delay installation of the VFD for effluent pump No. 1 until the third effluent pump was operational for the purpose of redundancy. Effluent pump No. 3 became operational in March 2022. With effluent pump No. 3 operational, staff began coordinating with D.N. Higgins on scheduling on the installation of the VFD for effluent pump No. 1.

A site visit by the D.N. Higgins sub-contractor Gulf States Electric, LLC. prior to the installation of the VFD for Effluent Pump No. 1 uncovered several issues that necessitate additional work. This work was approved by Change Order #1 in the amount of \$40,446.34 per Resolution 22-278. Before work began, Gulf States Electric, LLC closed their business. D.N. Higgins contacted local industrial electrical contractor, Nearshore Electric, to step in and complete the work. Due to the lag time associated with finding a replacement subcontractor and the current inflation environment, the original cost of approved Change Order #1 has increased by \$4,683.41. The cost increase requires an additional change order.

Procurement

Section 2-845(a) of the City of Key West Municipal Code requires City Commission approval of any change order in excess of five percent of the contract price. As Change Order #1 represented an increase of 16.4% of the original contract cost of \$246,611.32, the percentage has already been exceeded. Change Order #2 represents an additional 1.8% increase.

The additional work is needed to complete the installation of the VFD for effluent pump No. 1, which is a critical piece of the RAHEPF's equipment. Replacement is crucial to maintaining resiliency of the system. Staff has reviewed the change order request and finds the amount reasonable.

Change Order #2 in the amount of \$4,683.41 will be funded through Account 401-3504-535-6500, Project SE35041902. The account will need funds in the amount of \$4,683.41 transferred from reserve account 401-3501-535-9900 to cover the cost of the change order. Upon approval of the change order and budget transfer, Purchase Order #91505 will be increased by \$4,683.41 to a total of \$291,741.07.

Recommendation

The City Manager's Office recommends that the Mayor and Commission approve Change Order #2 from D.N Higgins in the amount of \$ 4,683.41 for the installation of an owner provided variable frequency drive (VFD) at the Richard A. Heyman Environmental Protection Facility (RAHEPF) and authorize the City Manager to execute Change Order #2 upon consent of the City Attorney and execute any necessary budget transfers.