



# STAFF REPORT

## CITY OF GREEN COVE SPRINGS, FLORIDA

**TO:** City Council Regular Session

**MEETING DATE:** February 16, 2021

**FROM:** Mike Null

**SUBJECT:** City Council approval to issue a Purchase Order to Heart Utilities in the amount of \$262,000 to construct electric system improvements along Houston St. *Andy Yeager*

### BACKGROUND

The materials for this project are being purchased under the DEO Grant that was awarded to the City last year to install electric service to the industrial area north of town on CR 315. This portion of the project will allow the interconnection and switching of loads between Chapman Circuit # 1 and Chapman Circuit # 2 for reliability, redundancy and to improve restoration times in the event of an outage for the entire City.

This project is also part of the larger plan to extend Chapman Circuit #2 north of Governors Creek. This will provide backup, capacity and redundancy for all customers north of Governors Creek (providing the long-awaited Magnolia Point Third Feed). There is another item being presented this evening to construct improvements on Green Cove Ave that also ties into this project. The City has also completed Phase I and is awaiting award of Phase II (construction) of a FEMA HMGP grant to fund 75% of the portion of this larger project that will place the two circuits under the Creek and underground from Grove Street to Harbor Road.

Staff initially solicited a quote from IRBY Construction to complete this job along Houston St with the intent of issuing a Change Order to their existing contract under which they are installing the third circuit from Chapman into town. However, the pricing seemed too high, so staff approached Heart Utilities to provide a quote. Heart's quote was more than \$43,000 lower. This quote is much more in line with what staff was expecting.

Staff requests that City Council approve the issuance of this purchase order outside of the formal purchase process as allowed in Chapter 5 of the City Purchasing Policies and Procedures Manual – 2019. The justification for this is because “to render notice and bidding [would be] impractical or unlikely to produce valid or cost effective bids, as judged by the City Council and approved by separate action thereof based upon the best interest of the City.” This exception is supported by the following:

- IRBY was the lowest of six competitive bidders for construction of the Chapman third feed project. The next lowest price was over 50% higher.
- Heart's quote for this job is significantly lower than IRBY's.
- In order to advertise and competitively bid this project, the City would need to have an engineer design the project which would cost an estimated \$30,000. The cost would be further increased due to payment and performance bonds and other items that are required in formal bid contracts.

## **FISCAL IMPACT**

Funding for this project is available in the FY 21 Electric Department CIP budget as approved. \$800,000 has been allocated in the budget for Magnolia Point Third Feed and this project is a portion of that feed. This funding is included in the “loan” portion of the Electric CIP.

## **RECOMMENDATION**

Approve issuance of a Purchase Order to Heart Utilities in the amount of \$262,000 to construct electric system improvements along Houston St.