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MEMORANDUM

TO: Chair, Vice Chair and Members of the CRA Board

FROM: Rachel A. Bach, Executive Director

DATE: October 10, 2006

SUBJECT: Gateways Project, 6th Avenue South – Procurement of Electrical Materials

RECOMMENDATION:

This is for informational purposes only.

EXPLANATION:

Since the approval of Work Authorization #6, the electrical materials originally specified for the Gateways, 6th Avenue South project have changed, therefore the locked in prices for materials are no longer valid, not to mention the cost of materials has significantly increased in the marketplace. In an effort to reduce costs on procuring materials, the CRA has been working with Lake Worth Utilities to pull materials from their inventory to be reimbursed at a later date, rather than having the CRA contractor purchase. The benefit of this arrangement is that Lake Worth Utilities can purchase materials at a lower price and does not pay sales tax on materials.

All materials have been procured with the exception of 4000 feet of 25KV Copper Conductor Cable, which Lake Worth Utilities does not carry in stock or use on a regular basis. In order to take advantage of the discount on materials offered to governmental entities, the Lake Worth CRA is procuring this item directly, at a total cost of \$130,702.20 plus shipping which is estimated at approximately \$6,000. The vendor requires a minimum order of 6000 feet, which is what the CRA will be ordering however the CRA's electrical contractor is trying to find a 3rd Party to sell the remaining 2000 feet to, allowing the CRA to recoup approximately \$43,000. The original price for the copper wire specified in the contract was \$52,000.

PROGRAM IMPACT:

This will allow the CRA to proceed with the underground electrical work and stay on schedule with construction of 6th Avenue South.

FISCAL IMPACT:

This is a budgeted item. These costs are included in Work Authorization #6 and while higher than what was originally specified will not result in a change order or overall increase in the contract price for construction due to deductions from other modifications to this contract.

Recommended by: _____
Rachel A. Bach, Executive Director