



Hot Springs Village – 2022 Residential Grinder Pump Systems Discussion

Description

At the March 2, 2022, HSVPOA Board Discussion Session, Jason Temple, Director of Public Services, made a request to the Board to bulk order 210 residential grinder pumps, and also control panels, and tanks for the residential wastewater systems. There was some confusion as to whether there was a discount for bulk purchasing and Temple will be checking into this and getting back to the Board with further details.

What follows is the transcript of this segment of the Discussion Session, which is deemed to be close but not guaranteed to be perfect.

Temple: We're asking the Board to authorize the GM to execute a purchase order for bulk purchases in the amount of bid price \$243,514.69 to Jack Tyler Engineering for the purchase of 210 two-horsepower grinder pumps for new homes Simplex Systems and replacement pumps for our existing homes.

Temple: Each of the three memo discussions that we are talking about this morning is all a component of the [Simplex Home Grinder Pump Systems](#). These are the pumps, then there are the tanks, and there are the [control] panels.

Temple: Every year when we do our budget, we estimate how many new homes we're going to deal with for the next year and we budget the cost of materials for those new home grinder pump systems.

Temple: This year it was like 150 something new homes. Plus we also use that same budget, or the same memo, to purchase these pumps, tanks, and grinders for the replacements. We still have to do new homes and we also do replacements of existing homes' grinder pump systems. This one is about the pumps.

Temple: We are evaluating how we do our business here in the Village and we're still going to have a little bit further discussion among Staff about do we want to use vendors more? – more vendors or more in-house Staff down the road? We are looking at that. In that particular application of services that we provide, the POA [provides], in the end, whether we use a vendor or we do it in-house, we're still paying the vendor or we're still buying the parts and materials for us to do it – get those Simplex Home Grinder Pumps installed. And this is just the pumps – components of it.

Temple: One of the things I do want to bring to your attention is because we do this in a bulk purchase format, we do get tremendous savings. These pumps here cost around \$800 and something dollars apiece. I can't remember – I don't see if I quoted that or not in the... Yeah, they are around \$800 apiece when you buy them in bulk. When you buy them individually, around \$1,200 or more apiece. So we're saving \$400 per pump when we buy in bulk.

Temple: Because we do a lot of business with the [Jack Tyler Engineering Firm](#) that represents [Flygt Pumps](#) and [Myers Pumps](#), we get a lot of special pricing because we standardize and we buy in bulk and those savings are passed on, obviously to the POA.

Vice-chair Tucker Omohundro: Do we buy more pumps than we do tanks every year?

Temple: Yes. We do because most of the time at the existing homes, it is just a pump replacement. The tanks are still good. The panel is still good.

Omohundro: The pump is more of what we have failed. Is that right?

Temple: That is the majority of the wear and tear.

Omohundro: It's not the control panel, necessarily. There are parts and pieces you change in those, but typically the pumps are what we have to repair most of the time.

Temple: Right.

Kelly Hale, General Manager: Jason, where are you coming up with that number for \$800 and some dollars?

Temple: That should be – it may be attached – if there is a vendor invoice from RFP [Request for Proposal] that came in.

Bob McLeod, Board Director: I just divided this. It was \$1,085.

Hale: I got \$1,159.59 based upon the white paper that you have. 210 units at \$243,000. I mean, we're right back to buying an individual unit number. I don't see a bulk savings based off what you said.

Temple: I see that too. Divided by 210. I guess I am going off of what we had last year. I'll have to double-check that. There may be taxes, also, involved in that, too, as well.

McLeod: That was with taxes.

Hale: That's fully loaded. Yeah, that's based...

McLeod: Without taxes, it's \$1085.

Temple: I don't have that. I do not have the vendor's RFP bid on that with me here.

Hale: So are we getting a discount?

Temple: We do. We do.

Hale: All right, well, what did you pay last year per pump?

Temple: Last year we bought them individually before we had a bulk contract. It was around \$1,100 – \$1,200 apiece.

Hale: Well, okay, that is what your math shows here is \$1,160.

Temple: I will have to go back and double-check because we were getting them at \$843 -\$840 some dollars apiece.

Hale: So, if it is all right with the Board, I'd like to set this off to the side. Is that okay, Ms. Joanie?

Joanie Corry, Board Chair: Yes.

Hale: Because if you are going to state that you're getting a bulk discount at \$800, there's nothing in your document. It's just what you are saying there.

Temple: We do. And I do what to show that.

Hale: Let's set that off to the side and do some more legwork.

Gary Belair, Board Director: We're calling this a bulk purchase. Does that mean we take delivery immediately or do you order them a few at a time?

Temple: We order them about 30 at a time, because we don't have a warehouse to store them all at once and the vendor is agreeable. As long as we make that purchase spread out over the year. We buy them about 30 or 40 at a time.

Omohundor: We pay for 30 or 40 at a time?

Temple: Yes, sir. Spread out.

McLeod: We're just locking in the price, with this?

Temple: That is correct.

McLeod: Now the other vendors that you've got on there. They wouldn't lock in the price for the full year? Is that what the problem was?

Temple: That is correct. The other two vendors, {Indicipherable company name] – prices are good until May 2. And [J. R. Stewart](#), the price is good until the month of March.

McLeod: So they want us to buy them all at once, then? In order to get the price?

Temple: Right.

Omohundro: Even though they probably couldn't get them all at once.

Temple: That is true. And then you have the supply chain issues with that. But we have standardized around this small Meyer's Grinder Pump, so we don't have to have a bunch of different pumps on the shelf. We can just keep this one pump and it takes care of all of – the majority of our small Simplex Grinder Pump Systems.

McLeod: Can I just ask a question? I think I know the answer, but we got three things here we are going over. One is the pumps, one is the tanks, and one is the control. And that's everything for a new home, right?

Temple: Right.

McLeod: But there are three pieces to this. The big tank, the pump, and then the control panel.

Temple: The control panel. And then labor and installation.

McLeod: Okay.

Omohundro: I think they are all purchased from three different places. Correct me if I am wrong.

Temple: Well, this particular bid, got all three of these, I believe we are all. Jack Tyler guaranteed that price for the year on all three. And that's why we're proposing to go with Jack Tyler.

Omohundro: But we're not necessarily tied to one vendor. We can actually price them. They are three different pieces that we can buy.

Temple: They can all build a panel to our specifications. Sure can.

Omohundro: I didn't realize you could buy – we didn't use to buy them from the same place. I didn't know you could. That's good.

Corry: Okay. We'll move that off.

Hale: I am sorry to interrupt again. Jason do you need – because if you're going to come and present saying we are going to get a bulk discount on all these. What I would ask is, 'what was your spend for all three components over the whole unit for a grinder/sewer system?' What did you pay in '21 – average unit cost for all three? Take them all. So example on this here that you are presenting, the tank for 160 number. On the total cost of the \$479,494. I am not even going to count the 50 you want to put on the shelf for repairs. Your average cost is \$2997 – which is the number that I had heard Tucker [say]. It's \$3,000 for the equipment. \$3,000 for the labor. It's about \$6,000 to install a grinder pit for new homes that we go out on. That number has been kind of static for a year or two that I have

been looking at them.

Temple: That's true.

Hale: If you're getting a bulk purchase, it doesn't appear in the documents that you have on your white paper.

Temple: I gotcha.

Hale: So can you circle back around the barn and get your '21 costs – your actual number? Verify that this vendor, Jack Tyler, is giving you a bulk discount rate, or is it inflationary built up that you are being hit with? What's the percent inflationary growth, year over year? So that we have a better number. Because you are stating, off your words, that we're getting this for \$800 a unit, but yet, I don't think the Board sees. I see a \$300 difference over what you actually verbally stated.

Temple: I may have misspoke because that number is familiar from last year's to me on that.

Hale: But just, do me a favor. Do the due diligence. Make a phone call. Verify what they are quoting you. And I would say, 'look, Mr. Tyler, I paid this last year with you. And now you are paying this and it's the same price. You're not giving me a bulk discount.'

Temple: Gotcha.

Hale: Find out what the answer is there, please.

Temple: Will do. Will do. And I'll add that to our future memo.

Omohundro: One thing I do want to point out to the audience – two of you. The fact that we do this, these tanks – these sewer holding tanks are your property. No different than your refrigerator, at your home. You own them. You paid for them when you bought your home. You paid for them when you built your home. The POA installs these things, but if your pump goes out, which we're referring to, in your home, the POA changes it for free. So whether it is \$800 or \$1,200 plus the labor and so forth, when you call that number on that box and they come to your home, you get zero bills. And you get a new pump, whatever the case may be. And it costs you nothing. That is 100% your responsibility as a homeowner in any other place in the country, except for Hot Springs Village. And this is something we do and we've been doing it for several years. And I just think the Villagers need to understand that. That is a heck of a perk. You don't get a \$1,400 bill when that thing goes out. You don't go buy a new one when it goes out. That's part of your – part of being in the Village – in your fees every month.

Temple: It's one of the most popular changes we ever did. When I first got here in 2013, if we came out to your home and replaced the pump, that was an \$800 to \$1,000 bill to a lot of people that had fixed incomes. Very inconvenient. Very uncomfortable. And so when we did our rate changes, we incorporated that cost of service into our rates. Now, it's a full-service operation. No additional cost to the homeowner. Very convenient and we're very responsive whenever those alarms go off. I just want to tell you, 'thank you to all the POA residents.' They've always been very nice to our staff and very appreciative when they come out in the middle of the night or whenever to take care of their system.

Tucker: Another thing, trying to find somebody that knows how to replace those pumps would be hard, too, if we weren't doing it. That's just not a job that so and so does. You don't call an electrician to do

that. Who do you call to do that? It's not an electrician or a plumber. It's a mechanic, almost.

Temple: That is right.

Corry asked if we were putting all three items on hold.

Hale: I would like to recommend that to Jason that he needs, I think as we get deeper, the Board's going to have more questions than we may have answers.

Corry: Okay. The one question I have is all three companies are the same for all three items. So did the bulk buy also included because we would buy everything from them?

Hale: Correct.

Corry: Does the price get better.

Temple: I will try to quantify that answer. Obviously, when you buy more from a company you get a little better pricing.

Omohundro: So the whole – are you saying the whole tank, panel and all, all in that \$3,000.

Temple: In that ballpark.

Hale: With the math that Jason has on these sheets, Tucker, just based upon 160 units. I'm going to pull the 50 out because he has 210 pumps, so you could have 50 on the shelf for future repairs. If I just did the 160 number off the \$479,000, it is \$2,997 for all three pieces per install.

Temple: There is also a force main – the pipe from the tank to the street. There is sand. There is electrical. There are wires. Other incidentals also add to that.

Corry: Okay, thank you, Jason.

Temple: Thank you very much. I wish there was more on your plate today. But that's it.

Hale: Jason, if you could get that back together. I'll see if we can get that back in front of the Board so that you can get moving on this. Okay?

Temple: Will do. Very well.

Omohundro: You can just send that out in an email, can't you?

Temple: Yeah.

Omohundro: Kind of update us in an email.

Hale: That would be fantastic. We could do that.

Temple: Be glad to.

McLeod: The first thing you have to do is make sure that the bids due – it was due last month. Is that

what this is? It says, 'the bids are due on February 3.'

Temple: We've already got the bids.

McLeod: Okay.

Hale: Robert, what they do is they send out. They get all the bids back and then they'll bring it in front of the Board and say, 'here's what we know.'

McLeod: We had to make a decision by then?

Hale: I'd like to be able to get him this batch. That's why I asked him to make sure he gets better info for the Board and then allow him to go ahead and get that order in. Because it could be a four-month lead time. And we want to go ahead and get in that queue now.

Transcribed by Cheryl Dowden, Hot Springs Village People, March 3, 2022

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