

Jun 9, 2022

City of Oakland Park
Attention: Chris Lips
5100 NE 12th Terrace
Oakland Park, FL 33334

RE: Cancellation of PO#220664-00

Mr. Lips,

Per our previous discussions dating back to our meeting on April 13th, 2022, Advanced Plumbing Technology respectfully must decline moving forward with the scope of work associated with the PO referenced above due to unprecedented market conditions and volatility related to the CIPP space.

The PO received on February 28th, 2022 for sewer pipe relining was received when the first substantial material increases hit. More notably, the piggyback contract the PO was issued on was from a pricing model from March of 2021, since that time there has been over a 100% increase in direct raw material pricing to us a contractor, not including rising diesel cost and other indirect variables outside of the direct material increases.

We previously presented to the City of Oakland Park the same package provided to the City of Milton (contract piggyback) which showcased the rising cost and volatility in this space that has never before been seen. Our goal is to always execute contracts as quoted, however, these are unprecedented times and should APT move forward on this contract, it would result in a net loss of well over \$100,000 to our company which is not practical.

There is new renegotiated pricing that the City of Milton agreed to because they understand the market we face, this new pricing model for the Year 2 term of this contract has been approved by Milton and has been re-approved by most of the entities previously piggybacking on the Year 1 term as is the case for the City of Oakland Park. The goal in this cancellation is to still execute this work but under a new pricing model that is in alignment with current market conditions. We have a second contract that we will honor for this PO from the City of St. Petersburg. We hope the City can accept this and understand these circumstances have been out of our control.

To close, recent bids on the same scope of services are the highest they've ever been and we think the other piggyback options that APT can offer would be far more advantageous than the bid process based on the current market. To close, we are formally cancelling our contract related to the following PO and hope the City will choose to re-engage with new pricing:

| PO#220664-00 for \$300,370.00



Chris Parker

Vice President - Municipal Services

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