



Council Meeting: July 22, 2008

SUBJECT: Award of Bid No. F0705-95 for Asphaltic Materials for the Department of Public Works Pavement Operations Program

REPORT IN BRIEF

Approval is requested for the award of a contract in the amount of \$610,000 to Reed and Graham, Inc. of San Jose to provide asphaltic materials on an “as-needed” basis for the Department of Public Works Pavement Operations Program.

BACKGROUND

Emulsion oils, asphalt concrete, pavement reinforcement fabric and various filler and sealer materials are required by City street crews for the regular repair and maintenance of City streets and parking lots. Because of volatility in the market place, these items are typically competitively bid with firm fixed pricing for one-year periods without extension options.

DISCUSSION

Bid specifications were supplied by Public Works and Purchasing staff, and all potential local suppliers were directly notified that Invitation for Bids No. F0705-95 was available. Sealed bids were publicly opened on June 18, 2008.

Responsive bids were received from two of the local asphaltic suppliers: Reed and Graham and Granite Construction. Granite Rock failed to respond by the due date deadline. Granite Construction bid on six of the fifteen line items on the bid pages, and was higher than Reed and Graham on all of them. A blanket order will be established with Granite Construction, in an amount not to exceed \$50,000 under the City Manager’s award authority, for back-up/emergency supply of materials. Staff recommends the award of a contract to Reed and Graham as the primary supplier of asphaltic materials.

Increases over 2007 bid pricing on high volume materials from Reed and Graham are dramatic, but not surprising given the steep increases in petroleum pricing.

The following chart shows the Reed and Graham comparative pricing on high volume materials used by Field Service crews.

<u>Item</u>	<u>2007</u>	<u>2008</u>	<u>Difference</u>
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A. Asphaltic Emulsion Oils

1.	Emulsion Oil SS-1-H (used for roadway patching)	\$1.95/gal	\$2.38/gal	+22%
2.	Emulsion Oil PM-CRS-2H (used as a base for chip sealing)	\$2.03/gal	\$2.69/gal	+32.5%
3.	Emulsion Oil CRO (used as a top seal coat)	\$1.60/gal	\$1.85/gal	+15.5%

B. Asphaltic Concrete (Cold)

1.	½" Max. Diameter	\$61.50/ton	\$78.00/ton	+27%
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C. Asphaltic Concrete (Hot)

1.	½" Max. Diameter	\$58.00/ton	\$75.00/ton	+29.3%
2.	¾" Max. Diameter	\$58.00/ton	\$75.00/ton	+29.3%

Service levels are being impacted significantly by the rapidly rising oil prices, which are driving the increases in materials costs. During the budget process this past year, a decision was made to hold the amount of expenditure for asphaltic material steady. With the increase in asphaltic material prices (up 90% since 2004), this results in less maintenance work that can be done each year.

The increase in price for materials will result in a planned reduction in treated pavement. Specifically, 1.60 million square feet (msf) of chip seal will be reduced to 1.16 msf (27.5% reduction), and 310,000 budgeted square feet (sf) of patching will be reduced to 200,000 sf (35.5% reduction).

FISCAL IMPACT

The Public Works Pavement Operations Program activities 118040 (Permanent Patching), 118060 (Double Chip Seal), and 118170 (Deep Lift Patching) have available funds for materials in the amount of \$610,000.

PUBLIC CONTACT

Public contact was made by posting the Council agenda on the City's official-notice bulletin board outside City Hall, in the Council Chambers lobby, in the Office of the City Clerk, at the Library, Senior Center, Community Center and Department of Public Safety; posting the agenda and report on the City's Web site; and making the report available at the Library and the Office of the City Clerk.

RECOMMENDATION

It is recommended that Council award a one year contract for asphaltic materials on an "as needed" basis to Reed and Graham, Inc., of San Jose in substantially the same form as the attached draft Purchase Order and in a total amount not to exceed \$610,000.

Reviewed by:

Mary J. Bradley, Director of Finance
Prepared by: David Gakle, Principal Buyer

Reviewed by:

Marvin Rose, Director of Public Works

Approved by:

Amy Chan
City Manager

Attachment:

A. Draft Purchase Order



**CITY OF SUNNYVALE
CALIFORNIA
DRAFT**

BLANKET ORDER NO BL001252

ORDERED FROM 00900-001 REED & GRAHAM INC ATTN RICK BEST 690 SUNOL STREET SAN JOSE CA 95126	ORDER DATE 7/15/2008	BILL TO: City of Sunnyvale Finance Department Accounts Payable PO Box 3707 Sunnyvale CA 94088-3707
	408-287-1400 START DATE 7/1/2008	
	END DATE 6/30/2009	
	BID/RFQ NO F0705-95	
	DELIVER TO PW/FIELD SERVICES CORPORATION YARD 221 COMMERCIAL STREET SUNNYVALE CA 94085	
OTHER DEPTS/DIVISIONS AUTHORIZED TO USE THIS ORDER		THIS ORDER SUPERSEDES PO NO BL000851

DESCRIPTION

Blanket order for asphaltic materials as required by the City of Sunnyvale for a one year period in accordance with the specifications, terms and conditions set forth in Invitation for Bids No. F0705-95 as follows:

A	Asphaltic Emulsion Oils		
	1. Asphaltic Emulsion Oil (SS-1-H)	Per Gallon	\$2.38
	2. Asphaltic Emulsion Oil (PM-CRS-2H)	Per Gallon	\$2.69
	3. Asphaltic Emulsion Oil (CRO)	Per Gallon	\$1.85
B	Asphalt Concrete Cold, 1/2" max.	Per Ton	\$78.00
C	Asphalt Concrete, Hot		
	1. 1/4" maximum	Per Ton	\$78.00
	2. 3/8" maximum	Per Ton	\$78.00
	3. 1/2" maximum	Per Ton	\$75.00
	4. 3/4" maximum	Per Ton	\$75.00
D	Pavement Reinforcement Fabric, Mirafi	Per Sq. Yard	\$0.43
E	Crack Filler, Crafcro or Henry	Per Ton	\$1,300.00
F	Pavement Repair Membrane, Mirafi	Per Box	\$80.50
G	Asphalt Pavement Coating, Reed & Graham	Per Gallon	\$3.20
H	Hydro-Patch, TA-92, in 50# bags	Per Bag	\$14.25
J	De Tack, per 5-gallon pail	Per Pail	\$62.00
	Optional Cleaning and Neutralizing of City Trucks	Per Cleaning	\$275.00
	Adjustments: Emulsion Oils - +/- \$10.00/gal supply + +/- \$0.04/gal cost; AC - +/- \$10.00/ton supply = +/- \$0.55/ton cost		
	Awarded by Council 7/15/2008, RTC # _____		
	Total value of this order not to exceed		NTE \$610,000.00

BUYER

David Gakle Phone (408) 730-7403 Fax (408) 730-7710