



**Council Meeting: January 25, 2011**

**SUBJECT: Authorization to Modify an Existing Contract for Asphaltic Materials (F1001-62)**

**BACKGROUND**

Approval is requested to modify an existing contract with Granite Construction Company of Sacramento to supply emulsion oil, asphalt concrete, crack filler and hydro-patch materials for Public Works by increasing the not-to-exceed value of the contract from \$85,000 to \$245,000.

**DISCUSSION**

Asphaltic materials are used by Public Works for patch, seal and related repairs to City streets. Traditionally these materials are competitively bid for one year contracts for both a primary and backup supplier. Invitation for Bids (IFB) No. F0904-94 was issued May 3, 2010, and Council approved the award of a one a year contract to Reed & Graham Inc. as the primary supplier in the amount of \$680,000 (RTC 10-167). A separate blanket order was established under the City Manager's contract award authority to Granite Construction as the backup supplier in the amount of \$50,000. Reed and Graham and Granite Construction were the only two suppliers who submitted bids. The combined total of these two contracts (\$730,000) represents the FY 2010/2011 budgeted amount available in the Pavement Operations Program.

In November 2010 Reed and Graham sustained fire damage at their asphalt plant, disabling materials production. The earliest estimated time for the plant to be back on line is the end of February 2011. Since November, staff has been utilizing the backup Granite Construction contract, which has been increased to \$85,000 under the City Manager's award authority. In order to maintain the street repair schedule, staff recommends increasing the Granite Construction contract by \$160,000. The Reed and Graham contract will be administratively reduced by \$195,000, equaling the total of the increases to the Granite Construction contract.

It should be noted that Granite Construction's asphalt pricing is slightly higher per ton, but the price difference is not expected to impact the overall contract (and budgeted) amounts of \$730,000. When Reed and Graham is operational again, staff will revert to ordering asphaltic materials from them, provided their favorable pricing remains the same. At that time the contracts will be administratively adjusted upward/downward as necessary, but the overall total

will remain at the budgeted amount of \$730,000. Staff is reasonably sure that service levels will be met under the current circumstances without exceeding the budgeted amount, but asphaltic materials prices remain volatile, and it is uncertain at this time what effect market forces may have on pricing for the remainder of the contract period (through June 30, 2011).

**FISCAL IMPACT**

The total value of the Granite Construction contract will increase from \$85,000 to \$245,000 and the total value of the Reed and Graham contract will be decreased from \$680,000 to \$485,000, which will not exceed the FY 2010/2011 budgeted amount of \$730,000.

**PUBLIC CONTACT**

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

**RECOMMENDATION**

It is recommended that Council approve modification of the existing Blanket Purchase Order with Granite Construction Company, in substantially the same form as the attached draft Change Order, by increasing the not-to-exceed value from \$85,000 to \$245,000.

Reviewed by:

Grace K. Leung, Director of Finance  
Prepared by: Pete Gonda, Purchasing Officer

Reviewed by:

Marvin Rose, Director of Public Works

Approved by:

Gary M. Luebbbers  
City Manager

**Attachments**

A. Draft Change Order to Blanket Purchase Order



<b>ORDERED FROM</b> 06524 - 002  Granite Construction Co PO Box 15287 Sacramento, CA 95851  (916) 855-4400	<b>ORDER DATE</b>  	<b>BILL TO:</b> City of Sunnyvale Finance Department Accounts Payable PO Box 3707 Sunnyvale, CA 94088-3707
	<b>EFFECTIVE DATE</b> 7/1/2010	
	<b>EXPIRATION DATE</b> 6/30/2011	
	<b>CONTRACT AMOUNT</b> \$245,000.00	
<b>REQUISITIONING DEPARTMENT</b> (9022) DPW/FS - Streets & Lights	<b>FOB ORIGIN</b>  	<b>FREIGHT CHARGES</b> Origin
	<b>PAYMENT TERMS</b> N/30	<b>BID NO</b>

ITEM	DESCRIPTION	UNIT	UNIT COST
1	Blanket order for asphaltic materials as required by the City of Sunnyvale for a one year period in accordance with Invitation for Bids No. F0904-94 specifications, terms and conditions and bidders response.  Asphaltic Emulsion Oil (SS-1-H) - \$4.00 per gallon.	DLR	\$1.0000
2	Asphalt Concrete Cold, 3/8" max - \$75.75 per ton.	DLR	\$1.0000
3	Asphalt Concrete Hot 1/4" maximum - \$73.25 per ton.	DLR	\$1.0000
4	Asphalt Concrete Hot 3/8" maximum - \$72.75 per ton.	DLR	\$1.0000
5	Asphalt Concrete Hot 1/2" maximum - \$70.75 per ton	DLR	\$1.0000
6	Asphalt Concrete Hot 3/4" maximum - \$70.75 per ton.	DLR	\$1.0000
7	Hydro-Patch TA-92 Bulk Price \$125.00 per ton.	DLR	\$1.0000



ITEM	DESCRIPTION	UNIT	UNIT COST
8	<p>Optional Services - Return of Broken Materials \$10.00 per ton.</p> <p>Price Adjustment Clauses: Prices for asphaltic materials provided on or after the first day of the contract period each quarter (January 1st, April 1st, July 1st and October 1st) may be adjusted according to increases or decreases in the Liquid Asphalt Rack Price for that quarter. The adjusted price shall remain firm for each quarter. The successful bidder shall provided proof of the price quoted by their Liquid Asphalt supplier at the beginning of each quarter by faxing a copy to the Sunnyvale Purchasing Division at (408) 730-7710.</p> <p>Adjustments: a.Asphaltic Emulsion Oils For every \$5.00 per gallon/ton increase or decrease of the Liquid Asphaltic Rack Price, an increase or decrease of \$0.35 per gallon shall be applied to each gallon of asphaltic emulsion oils at the time of purchase.  b.Asphaltic Concrete For every \$5.00 per on increase or decrease of the Liquid Asphaltic Rack Price, an increase of decrease of \$.25 per ton shall be applied to each ton of Asphaltic Concrete at the time of purchase.</p> <p>Purchase Requisition # RQ006348 This purchase order replaces BL001767</p> <p>Change Order#1: Increase not to exceed amount by \$35,000.0 Requisition #: RQ007364</p> <p>Change Order #2: Increase not to exceed amount by \$160,000 Requisition # RQ007516 Approved by City Council 1/25/2011, RTC</p>	DLR	\$1.0000

AUTHORIZED DEPARTMENT(S)		
NO	DEPT NAME	RELEASE AMT
9020	DPW/Field Services Admin	\$50,000.00
9022	DPW/FS - Streets & Lights	\$50,000.00

**DOCUMENT TERMS**

This purchase order is subject to the City of Sunnyvale Standard Terms and Conditions for the Purchase of Goods, dated 10/25/2000, a copy of which is attached and incorporated by reference (Form #TCBPO-G). Invoices must be sent directly to Accounts Payable at the address above and must reference the purchase order number. Failure to comply will result in a delay in payment processing.

**BUYER:**

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Howard, Dreama

**PHONE** (408) 730-7396      **FAX** (408) 730-7710