SUBJECT: Award of Bid No. F1004-98 for Asphallic Materials for Department of Public Works Pavement Operations

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 for one-year periods without extension options.

Customarily, there is a clear low bidder for the bulk of the material, and Council approval is requested to award a primary contract to the low bidder, augmented by a secondary (much smaller) backup contract issued under the City Manager’s award authority. This year’s bid invitation resulted in a near split on low bid line items between two suppliers, requiring Council approval for both contracts.

DISCUSSION
Bid specifications were supplied by Public Works and Purchasing staff, and all potential local suppliers were directly notified that Invitation for Bids No. F1004-98 was available. Sealed bids were publicly opened on June 15, 2011.

Responsive bids were received from three of the local asphaltic suppliers: Reed and Graham, Graniterock Company and Granite Construction Company. Reed and Graham was the low bidder on most of the asphalt concrete bid items, while Graniterock was the low bidder on emulsion oil products used for chip sealing. Approximately $730,000 is budgeted for this material in FY 2011/2012. Staff estimates that approximately 70%, or $511,000, is needed for asphalt concrete materials from Reed and Graham, with the remainder of $219,000 required for chip seal products from Graniterock. Either contract may be used as backup if the low bid items are not available from the primary supplier of that item for whatever reason (as was the case last year when the Reed and Graham facility shut down due to fire damage, see RTC No. 11-014, January 25, 2011). Staff may also establish separate contracts under the City Manager’s award authority for residual capital project work associated with the Sunnyvale Works! program.
For the last several years and prior to the current bid, the City had included a price adjustment clause (up or down) in the bid document. This was in response to suppliers indicating that, due to volatility of oil and petroleum products pricing, they would not submit bids without an adjustment clause for emulsion oils and hot mix asphalt (suppliers are charged by oil companies based on the Liquid Asphalt Rack Price). Suppliers have in fact increased their pricing at least twice per year when the City has bid the materials with this clause intact. On the other hand, while the price adjustment clause has been in effect, suppliers have not decreased their pricing.

For the FY 2011/2012 bid, Purchasing staff removed the price adjustment clause and requested firm-fixed pricing for one-year. This has resulted in higher prices for some of the larger volume items, but costs should be more predictable for the contract term. Pricing for emulsion oil and pavement coating has conversely decreased from last year.

**FISCAL IMPACT**
Approximately $730,000 in budgeted funds is available in Public Works Pavement Operating Program activities 120100 (Preventative Maintenance) and 120110 (Double Chip Seal Slurry Seal). This amount should be sufficient at planned quantities for the fiscal year.

**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:

1. Award a one-year contract for asphaltic materials in substantially the same form as the attached Draft Purchase Order and in an amount not-to-exceed $511,000 to Reed and Graham, Inc.;
2. Award a one-year contract for asphaltic materials in substantially the same form as the attached Draft Purchase Order and in an amount not-to-exceed $219,000 to Graniterock Company; and
3. Delegate authority to the City Manager to renew the Purchase Orders for an additional one-year period if pricing remains acceptable to the City.
Reviewed by:

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

Reviewed by:

Mark Rogge, Assistant Director of Public Works

Approved by:

Gary M. Luebbers
City Manager

**Attachment:**
A. Draft Purchase Orders
### ORDERED FROM

00900 - 001
Reed & Graham Inc
690 Sunol St
San Jose, CA 95126

### ORDER DATE

(408) 287-1400

### BILL TO:

City of Sunnyvale
Finance Department
Accounts Payable
PO Box 3707
Sunnyvale, CA 94088-3707

### ORDER DATE

(408) 287-1400

### EFFECTIVE DATE

8/1/2011

### EXPIRATION DATE

7/31/2012

### CONTRACT AMOUNT

$511,000.00

### REQUISITIONING DEPARTMENT

(9022) DPW/FS - Streets & Lights

### FOB

ORIGIN

### FREIGHT CHARGES

Origin

### PAYMENT TERMS

N/30

### BID NO


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<tr>
<th>ITEM</th>
<th>DESCRIPTION</th>
<th>UNIT</th>
<th>UNIT COST</th>
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<td>1</td>
<td>Blanket order for asphaltic materials as required by the City of Sunnyvale for a one year period, with an option to extend for one additional year, in accordance with the specifications, terms and conditions set forth in Invitation for Bids No. F1004-98 and bidders response, which is incorporated herein by this reference. Asphaltic Emulsion Oil (SS-1-H) - $3.35/gal Asphaltic emulsion Oil (PM-CRS-2H) - $3.45/gal Asphaltic Emulsion Oil (CRO) - $2.75/gal Asphalt Concrete Cold, 1/4&quot; maximum - $96.00/ton Asphalt Concrete, Hot 1/4&quot; maximum - $82.00/ton Asphalt Concrete 3/8&quot; maximum - $82.00/ton Asphalt Concrete 1/2&quot; maximum - $77.00/ton Asphalt Concrete 3/4&quot; maximum - $76.00/ton Crack Filler, Crafo or Henry - $1,595.00/ton Asphalt Pavement Coating - $3.50/gal Hydro-Patch, TA-92 Equivalent, in 50# bags - $14.50/bag PETROTAC Pavement Repair Membrane - $139.00/box De Tack, per 5 gallon pail - $75.00/pail Optional Cleaning and Neutralizing of City Trucks - $395.00 Return of Broken Materials - No charge</td>
<td>DLR</td>
<td>$0.1000</td>
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Awarded by Council 7/26/2011, RTC 
Purchase Requisition # RQ007917
This purchase order replaces BL002478
## AUTHORIZED DEPARTMENT(S)

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<th>NO</th>
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<td>DPW/Field Services Admin</td>
<td>$30,000.00</td>
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<tr>
<td>9022</td>
<td>DPW/FS - Streets &amp; Lights</td>
<td>$30,000.00</td>
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## DOCUMENT TERMS

This purchase order is subject to the City of Sunnyvale Standard Terms and Conditions for the Purchase of Goods, dated 10/8/2010, 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:

Cornejo, Perry

PHONE (408) 730-7572  FAX (408) 730-7710
### ORDERED FROM

**00161 - 003**  
Graniterock Co  
Attn Keith Severson  
350 Technology Dr  
Watsonville, CA  95076  
(650) 482-3800

### BILL TO:

**City of Sunnyvale**  
Finance Department  
Accounts Payable  
PO Box 3707  
Sunnyvale, CA 94088-3707

### ORDER DATE

**EFFECTIVE DATE**  
8/1/2011  
**EXPIRATION DATE**  
7/31/2012

### CONTRACT AMOUNT

$219,000.00

### REQUISITIONING DEPARTMENT

(9022) DPW/FS - Streets & Lights

### FOB

ORIGIN  
Origin

### FREIGHT CHARGES

BID NO

### PAYMENT TERMS

$1TN

### ITEM | DESCRIPTION | UNIT | UNIT COST
--- | --- | --- | ---
1 | Blanket order for asphaltic materials as required by the City of Sunnyvale for a one year period, with an option to extend for one additional year, in accordance with the specifications, terms and conditions set forth in Invitation for Bids No. P1004-98 and bidders response, which is incorporated herein by this reference.  
Asphaltic Emulsion Oil (SS-1-H) - $2.74/gal  
Asphaltic Emulsion Oil (PM-CRS-2H) - $3.06/gal  
Asphaltic Emulsion Oil (CRO) - $2.66/gal  
Asphalt Concrete Cold, 1/4" maximum - $110.00/ton  
Asphalt Concrete, Hot 1/4" maximum - $82.00/ton  
Asphalt Concrete 3/8" maximum - $81.00/ton  
Asphalt Concrete 1/2" maximum - $79.00/ton  
Asphalt Concrete 3/4" maximum - $78.00/ton  
Crack Filler, Crafo or Henry - NO Bid  
Asphalt Pavement Coating - $2.85/gal  
Hydro-Patch, TA-92 Equivalent, in 50# bags - $13.50/bag  
Petrotac Pavement Repair Membrane - NO Bid  
De Tack, per 5 gallon pail - NO Bid  
Optional Cleaning and Neutralizing of City Trucks - $350.00  
Return of Broken Materials - $150.00 per load | DLR | $0.1000

Awarded by Council 7/26/2011, RTC #__________

Purchase Requisition # RQ007910

This purchase order replaces BL002480

Continued on Next Page
### AUTHORIZED DEPARTMENT(S)

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### BUYER:

Cornejo, Perry  

PHONE (408) 730-7572  

FAX (408) 730-7710