

**Council Meeting: July 9, 2103****SUBJECT: Award of Contracts for Asphaltic Materials for Pavement Operations****BACKGROUND**

Approval is requested to award three contracts for asphaltic materials – emulsion oils, asphalt concrete, pavement reinforcement fabric and various filler/sealer materials – for regular repair and maintenance of City streets and parking lots. A primary contract is typically awarded based on the preponderance of low bid line items, with smaller contracts held in reserve to be used if necessary due to plant closures, product availability, etc.

Staff recommends a primary contract with Graniterock Company (Graniterock) of Redwood City in the amount of \$500,000, and backup contracts with Granite Construction Company (Granite) of Santa Clara and Reed & Graham of San Jose in the amounts of \$115,000 each.

**DISCUSSION**

Typically, asphaltic material contracts are bid in one-year cycles and may include a one-year renewal option. The relatively short duration of the contracts is mainly due to marketplace volatility of petroleum-based products.

The three known asphaltic material suppliers in the area are Graniterock, Granite and Reed & Graham. Consequently, bid opportunities are provided directly to these suppliers. Bids have historically been received by at least two of the firms. Staff inadvertently omitted Granite from the bid list, and Reed & Graham failed to submit a bid, leaving Graniterock as the only responsive bidder. Invitation for Bids F13-53 was issued on April 30, 2013, with bids due on May 15, 2013.

To ensure the highest and quickest level of availability for street repair products as operational need arises, staff recommends awarding a primary contract to Graniterock, with backup contracts to Granite and Reed & Graham (even though they did not submit bids). Under normal circumstances, contracts would not be recommended to firms who did not respond to the bid opportunity. However, there are several overriding considerations which justify the award of multiple contracts, as follows.

The City must have at least two contracts in place, preferably three, as plant closures are common and much of the bulk material purchased must be used immediately. The situation is complicated by the fact that none of the suppliers can offer all of the required bid items (see Attachment B for list of available products). Additionally, demand for asphaltic materials can exceed available supply at any given supplier throughout the year. Moreover, Reed & Graham has agreed to hold their pricing at last year's levels, and pricing received from Granite for asphalt concrete and road patching material is competitive compared to the other suppliers (and they are amenable to contracting with the City as a backup supplier). Finally, in understanding the City's operational need for multiple material sources, Graniterock does not object to the City awarding smaller backup contracts to the non-bidding firms.

It should be noted that Council could reject the one bid received and staff could re-issue the bid. This is not an optimal approach as it would put the primary bidding firm at a competitive disadvantage. For successive bid opportunities, staff will make every effort to ensure appropriate outreach to all known material suppliers.

**FISCAL IMPACT**

Approximately \$730,000 in budgeted funds is available in Public Works Operating Program 120 (Pavement, Traffic Signs and Markings, Street Sweeping and Roadside Easements). This amount is sufficient for planned quantities over the next 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 Blanket Purchase Order and in an amount not-to-exceed \$500,000 to Graniterock Company;
2. Award a one-year contract for asphaltic materials, in substantially the same form as the attached Draft Blanket Purchase Order and in an amount not-to-exceed \$115,000 to Granite Construction Company; and
3. Award a one-year contract for asphaltic materials, in substantially the same form as the attached Draft Blanket Purchase Order and in an amount not-to-exceed \$115,000 to Reed & Graham.

Reviewed by:

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

Reviewed by:

Kent Steffens, Director of Public Works

Approved by:

Gary M. Luebbers  
City Manager

**Attachments**

- A. Bid Summary and Comparative Pricing from Non-Bidding Firms
- B. Draft Blanket Purchase Orders

**Attachment A**

**Invitation for Bids No. F13-53**

**Asphaltic Materials and Pavement Reinforcement Fabric**

**Bid Abstract**

Item Description	Unit	Bidder
		Graniterock Company
		Unit Price
A1. ASPHALTIC EMULSION OIL (SS-1-H)	Gallon	\$ 2.74
A2. ASPHALTIC EMULSION OIL (PM-CRS-2H)	Gallon	\$ 3.06
A3. ASPHALTIC EMULSION OIL (CRO)	Gallon	\$ 2.66
B1. ¼" MAXIMUM ASPHALT CONCRETE	Ton	\$ 113.10
C1. ¼" MAXIMUM ASPHALT CONCRETE	Ton	\$ 82.00
C2. 3/8" MAXIMUM ASPHALT CONCRETE	Ton	\$ 82.00
C3. ½" MAXIMUM ASPHALT CONCRETE	Ton	\$ 79.00
C4. ¾" MAXIMUM ASPHALT CONCRETE	Ton	\$ 78.00
D1. CRACK FILLER	Ton	<b>No Bid</b>
E1. ASPHALT PAVEMENT COATING	Gallon	\$ 2.85
E2 ASPHALT PAVEMENT COATING (BULK PRICE)		<b>No Bid</b>
F1. HYDRO-PATCH TA-92 (PER 50# Bag)	50# Bag	\$ 14.00
F1. HYDRO-PATCH TA-92 (PER TON)	Ton	<b>No Bid</b>
G1. PETROTAC PAVEMENT REPAIR MEMBRANE	Box	<b>No Bid</b>
H1. DE TACK (PER GAL)	Gallon	<b>No Bid</b>
H2. DE TACK (PER 5 GAL PAIL)	5 Gallon	<b>No Bid</b>
I1. CLEANING AND NEUTRALIZING TANKS	Per Cleaning	\$ 350.00
I2. RETURN OF BROKEN MATERIALS	Per Load	\$ 150.00

Pricing Received from Non-bidding Firms	
Granite Construction Co.	Reed & Graham Inc.
Unit Price	Unit Price
\$ 4.50	\$ 3.35
<b>No Bid</b>	\$ 3.45
<b>No Bid</b>	\$ 2.75
\$ 110.00	\$ 96.00
<b>No Bid</b>	\$ 82.00
\$ 78.00	\$ 82.00
\$ 72.00	\$ 77.00
\$ 72.00	\$ 76.00
<b>No Bid</b>	\$ 1,595.00
<b>No Bid</b>	\$ 3.50
<b>No Bid</b>	<b>No Bid</b>
<b>No Bid</b>	\$ 14.50
\$ 135.00	<b>No Bid</b>
<b>No Bid</b>	\$ 139.00
<b>No Bid</b>	<b>No Bid</b>
<b>No Bid</b>	\$ 75.00
<b>No Bid</b>	\$ 395.00
<b>No Bid</b>	<b>No Charge</b>



<b>ORDERED FROM</b> 00161 - 001  Graniterock Co 365 Blomquist St Redwood City, CA 94063  (650) 482-3800	ORDER DATE	<b>BILL TO:</b> City of Sunnyvale Finance Department Accounts Payable PO Box 3707 Sunnyvale, CA 94088-3707
	EFFECTIVE DATE 8/1/2013	
	EXPIRATION DATE 7/31/2014	
	CONTRACT AMOUNT \$500,000.00	
REQUISITIONING DEPARTMENT (9022) DPW/Ops - Streets	FOB ORIGIN	FREIGHT CHARGES Origin
	PAYMENT TERMS \$1TN	BID NO

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 the specifications, terms and conditions set forth in Invitation for Bids No. F13-53 and bidders response, which is incorporated herein by this reference.  Materials that may be purchased against this blanket order and associated pricing are shown on Exhibit A attached hereto.  Awarded by Council 7/9/13, RTC No. _____  Purchase Requisition # RQ011024  This purchase order replaces BL003948	DLR	\$1.0000

AUTHORIZED DEPARTMENT(S)		
NO	DEPT NAME	RELEASE AMT
9020	DPW/Operations	\$500,000.00
9022	DPW/Ops - Streets	\$500,000.00

**DOCUMENT TERMS**

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



<b>ORDERED FROM</b> 06524 - 001  Granite Construction Co 585 W Beach St Watsonville, CA 95076  (408) 327-7000	ORDER DATE	<b>BILL TO:</b>  <b>City of Sunnyvale</b> <b>Finance Department</b> <b>Accounts Payable</b> <b>PO Box 3707</b> <b>Sunnyvale, CA 94088-3707</b>
	EFFECTIVE DATE 8/1/2013	
	EXPIRATION DATE 7/31/2014	
	CONTRACT AMOUNT \$115,000.00	
REQUISITIONING DEPARTMENT (9022) DPW/Ops - Streets	FOB ORIGIN	FREIGHT CHARGES Origin
	PAYMENT TERMS N/30	BID NO

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NO	DEPT NAME	RELEASE AMT
9020	DPW/Operations	\$115,000.00
9022	DPW/Ops - Streets	\$115,000.00

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**BUYER:**

Cornejo, Perry

**PHONE** (408) 730-7572

**FAX** (408) 730-7710



<b>ORDERED FROM</b> 00900 - 001  Reed & Graham Inc 690 Sunol St San Jose, CA 95126  (408) 287-1400	ORDER DATE	<b>BILL TO:</b>  <b>City of Sunnyvale</b> <b>Finance Department</b> <b>Accounts Payable</b> <b>PO Box 3707</b> <b>Sunnyvale, CA 94088-3707</b>
	EFFECTIVE DATE 8/1/2013	
	EXPIRATION DATE 7/31/2014	
	CONTRACT AMOUNT \$115,000.00	
REQUISITIONING DEPARTMENT (9022) DPW/Ops - Streets	FOB ORIGIN	FREIGHT CHARGES Origin
	PAYMENT TERMS	BID NO

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AUTHORIZED DEPARTMENT(S)		
NO	DEPT NAME	RELEASE AMT
9020	DPW/Operations	\$115,000.00
9022	DPW/Ops - Streets	\$115,000.00

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