



# CITY COUNCIL AGENDA REPORT

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MEETING DATE: APRIL 21 2009

ITEM NUMBER:

**SUBJECT:** AWARD OF FORMAL BID ITEM NO. 1089 FOR A THREE-YEAR PRICE AGREEMENT FOR PLANT MIX ASPHALT MATERIALS

**DATE:** APRIL 1, 2009

**FROM:** FINANCE DEPARTMENT- FINANCIAL PLANNING DIVISION

**PRESENTATION BY:** MARC R. PUCKETT, DIRECTOR OF FINANCE

**FOR FURTHER INFORMATION CONTACT:** DON STOCKER, BUYER 714/754-5227

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## **RECOMMENDATION:**

1. Award a three-year contract for Plant Mix Asphalt Materials, to All American Asphalt Company, P.O. Box 2229, Corona, California, 92878 for a total Not-To-Exceed \$306,150 for the initial year of the agreement, and remaining years subject to annual appropriation of funding.
2. Authorize the City Manager to sign for any justified rate increase to the contract within his signing authority and to extend the contract for three additional one-year terms upon recommendation from the Public Services Department.

## **BACKGROUND:**

On February 21, 2006, the City Council awarded a three-year contract to R.J. Noble Company for Asphalt Materials in the amount not to exceed \$180,000 per year. The contract included an annual renewal option for three additional years. Public Services Department staff expressed regular dissatisfaction with the materials supplied and the performance of R.J. Noble during the initial three year term of that contract and requested that Purchasing rebid the contract.

Public Services noted that a key element in their dissatisfaction with the previous contract was that the commute distance to the contract vendor's batch plant facility caused significant delays in their paving operations due to traffic conditions on the freeways to and from the facility. Public Services requested that a 15-mile city limits perimeter requirement be imposed for this contract so as to minimize the commute time for obtaining material during paving operations. All American Asphalt has production plants located in Westminster (11 miles from the City) and in Irvine (13 miles from the City).

The petroleum market has displayed considerable volatility in recent years as illustrated by an eighteen percent (18%) increase in the cost of asphalt from the previous contract bid price. Purchasing staff felt it to be in the City's best interest to pursue a three-year contract that would lock the pricing for the first year of the contract, limit price increases during the remaining two years, and lock pricing for each additional one-year extension thereafter.

As required by the City of Costa Mesa Municipal Code, the "Notice Inviting Bids for Plant Mix Asphalt Materials" solicited qualified vendors listed on the Bidders' List, including vendors requesting a bid package. A "Notice Inviting Bids" was also published on the City of Costa Mesa web site, public bulletin board in City Hall, and in the Daily Pilot. A pre-bid conference was scheduled on March 18, 2009 at which there were no vendors in attendance. On March 30, 2009, the City Clerk received and read one bid submittal.

**ANALYSIS:**

All American Asphalt submitted the lowest responsive and responsible bid and has production plants within the 15-mile radius specified. Purchasing staff verified All American Asphalt's references, and based on the exceptionally favorable responses; recommends awarding the contract to All American Asphalt.

**ALTERNATIVES CONSIDERED:**

Staff considered alternatives to the proposed three-year contract. Public Services staff expressed concerns over commute time for obtaining materials and Purchasing considered one alternative of discontinuing contract pricing for asphalt material and allowing the user department to buy as needed from the closest source. However, the ever-fluctuating petroleum market would put the city at risk of significant cost increases and may not yield any savings on the City's behalf.

**FISCAL REVIEW:**

The cost of this material is included in Maintenance Services Division's budget. Maintenance staff places the orders with the vendor and is responsible for keeping the cost within the budget constraints. There is \$306,150 available in the proposed FY 09-10 budget for this material.

**LEGAL REVIEW:**

There is no legal review required for this award.

**CONCLUSION:**

Staff recommends that the City Council approve the three-year price agreement for Asphalt Materials with All American Asphalt. In addition, it is recommended that the City Council authorize the City Manager to sign for any justified rate increase and to authorize the City Manager to extend the contract for an additional three years if the Public Services Department recommends doing so.

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MARC R. PUCKETT  
Director of Finance

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PETER NAGHAVI  
Director of Public Services

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DONALD L. STOCKER, C.P.M., CPIM  
Buyer

Attachments: [Attachment I, Bid Tabulation](#)

Distribution: City Manager  
Director of Public Services