



CITY COUNCIL AGENDA REPORT

MEETING DATE: NOVEMBER 16, 2010

ITEM NUMBER:

SUBJECT: AWARD A ONE YEAR SOLE SOURCE PRICE AGREEMENT FOR PLANT MIX ASPHALT

DATE: NOVEMBER 4, 2010

FROM: BRUCE HARTLEY, MAINTENANCE SERVICES MANAGER

PRESENTATION BY: BRUCE HARTLEY, (714) 754-5123

FOR FURTHER INFORMATION CONTACT: RICHARD SIMONS, 714/327-7473

RECOMMENDATION:

Award a one-year sole source price agreement for the purchase of plant mix asphalt materials to Vulcan Materials Company, 1401 E. Warner Avenue, Santa Ana, California 92705 for a total not to exceed \$75,000.

BACKGROUND:

On April 21, 2009, the City Council awarded a three-year contract to All American Asphalt Company to provide asphalt materials to the Maintenance Services Division in an amount not to exceed \$180,000 per year. The contract included an annual renewal option for three additional years. Since the award of this contract, the staff has experienced difficulty in consistently obtaining the necessary asphalt materials when needed. There have been numerous times when the All American Asphalt plant has been closed or is not mixing the specific materials that are needed by City staff for residential street rehabilitation projects or pothole repair. In the instances where the plant was closed or the proper material was not available, the Maintenance Services Divisions relied upon Vulcan Materials Company for the necessary asphalt.

ANALYSIS:

A formal bid process was completed by the City's Purchasing Division in March 2009, where All American Asphalt was the only bidder that responded. When asked why the company did not participate in the bidding; representatives from Vulcan Material Company responded that they did not participate in the formal bid process due to the three-year contract term. With the fluctuating prices of petroleum in recent years, the main component of asphalt, Vulcan Materials Company was only willing to hold their pricing for a one-year term.

Public Services staff has requested that the Purchasing Division obtain price quotes for a smaller, 'as-needed' asphalt materials contract with Vulcan. They are consistently able to provide materials and have provided good customer service and have reliably met the City's asphalt needs. Street Maintenance staff has had a long standing relationship with Vulcan. Vulcan Materials Company's current prices for asphalt are lower than the long-term All American Asphalt contract prices.

The Purchasing Division obtained price quotes for the various materials the Street Maintenance Section utilizes for their work. See Attached.

ALTERNATIVES CONSIDERED:

The City Council could choose not approve a sole source price agreement with Vulcan Materials Company, resulting in all purchases of asphalt for City maintenance work to be made from All American Asphalt. However, this may result in a reduction in the quantity of residential streets rehabilitated each year by City crews and a potential delay in obtaining the proper material for filling potholes.

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. The FY 10-11 budget includes a total of \$187,000 for this material.

LEGAL REVIEW:

There is no legal review required for this award.

CONCLUSION:

Staff recommends that the City Council approve the one-year price agreement for asphalt materials with Vulcan Materials Company in an amount not exceed \$75,000.

PETER NAGHAVI
Public Services Director

BRUCE HARTLEY
Maintenance Services Manager

COLLEEN O'DONOGHUE
Acting Finance Director

DEBORAH CASPER
Purchasing Supervisor

Attachments: [Vulcan Material Company Price Quote](#)

Distribution: City Manager
Public Services Director
Deputy City Clerk