CITY COUNCIL AGENDA REPORT

MEETING DATE: NOVEMBER 15, 2011 ITEM NUMBER:

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

DATE: NOVEMBER 4, 2011

FROM: PUBLIC SERVICES DEPARTMENT/MAINTENANCE SERVICES DIVISION

PRESENTATION BY: ERNESTO MUNOZ, INTERIM DIRECTOR, PUBLIC SERVICES DEPARTMENT

FOR FURTHER INFORMATION CONTACT: RICHARD SIMONS, ASSISTANT STREET SUPERINTENDENT – (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 $90,000.

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, for the City's in-house paving operations. The contract included an annual renewal option for three additional years. Under this contract, the City 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 the City for residential street rehabilitation projects or pothole repair. For particular applications (pothole repair and the first 'leveling course' of asphalt placed on residential streets during rehabilitation), the Street Maintenance operation typically utilizes an asphalt mix with a smaller aggregate size than the larger paving contractors use. All American Asphalt can not always provide this product in the smaller quantities needed by the City. In instances where the plant was closed or the proper material was not available, the Maintenance Services Division 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, and All American Asphalt Company was the only bidder that submitted a bid. When staff inquired as to the reason behind the lack of bids from other asphalt suppliers, staff found that due to the restrictive renewal terms in the bid specification, other suppliers felt they would not be competitive.

Public Services staff has requested that the Purchasing Division obtain price quotes for a smaller, 'as-needed' asphalt materials contract with Vulcan Materials Company. They are consistently able to provide materials, excellent customer service, and have reliably met the City's asphalt needs. However, with the fluctuating prices of petroleum in recent years, Vulcan Materials Company was only willing to hold their pricing for a one-year term. Vulcan Materials Company's current prices for asphalt are lower than the long-term All American Asphalt contract prices.

The City of Costa Mesa entered into a one-year sole source price agreement with Vulcan Materials Company in November of 2010 for $75,000 that proved to be very successful in helping achieve the City's in-house paving program objectives. This proposed agreement mirrors the terms of the current one-year sole source price agreement negotiated in 2010. This year's increase of $15,000 reflects the increase in the City's in-house residential rehabilitation paving projects budgeted for Fiscal Year 2011/2012.

The Purchasing Division obtained price quotes for the various materials the Street Maintenance Section utilizes for the paving program to ensure Vulcan Materials Company's pricing for asphalt materials remains competitive. This information is tabulated in the attachment herein.

ALTERNATIVES CONSIDERED:

The City Council could choose not to 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 for the purchase of asphalt materials is included in Maintenance Services Division's budget. The FY 11-12 Budget includes a total of $305,000 for asphalt materials. Maintenance staff places the orders with the vendor and is responsible for keeping the cost within the budget constraints.

LEGAL REVIEW:

There is no legal review required for this award.

CONCLUSION:

Staff has analyzed the City's needs for a reliable and cost effective purchase agreement for the material needs for the City's in-house paving operations, and recommends that the City Council approve the one-year price agreement for asphalt materials with Vulcan Materials Company in an amount not to exceed $90,000.

ERNESTO MUNOZ, Interim Director
Public Services Department

for: **BRUCE HARTLEY**
Maintenance Services Manager

BOBBY YOUNG
Finance/IT Director

Attachments: Asphalt Prices

Distribution: Chief Executive Officer
Interim Assistant Chief Executive Officer
City Attorney
City Clerk
Staff
File

Asphalt Plant Mix Price Comparisons as of 11/3/2011

Plant Mix Specifications and Prices:

Vulcan Materials Prices:
Phone# 626-633-4228, contact person, Jay

- 3/4" Mix 400 3B3 64-10 RAP $60.00 per ton
- 1/2" Mix 400 3C3 64-10 RAP $60.00 per ton
- 3/8" Mix 203 E 64-10 RAP $60.00 per ton
- Sheet/School Mix 203 F 64-10 RAP $65.00 per ton

All American Asphalt Prices:
Phone# 951-736-7600, contact person, Deana

- 3/4" Mix 400 3B3 64-10 RAP $68.50 per ton
- 1/2" Mix 400 3C3 64-10 RAP $68.50 per ton
- 3/8" Mix 203 E 64-10 RAP $70.00 per ton
- Sheet/School Mix 203 F 64-10 RAP $72.50 per ton

R.J. Noble Prices:
Phone# 714-637-1550, contact person, Steve Mendoza

- 3/4" Mix 400 3B3 64-10 RAP $65.00 per ton
- 1/2" Mix 400 3C3 64-10 RAP $68.00 per ton
- 3/8" Mix 203 E 64-10 RAP $75.00 per ton
- Sheet/School Mix 203 F 64-10 RAP $78.00 per ton