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DEPARTMENT OF ADMINISTRATIVE SERVICES
PROCUREMENT SERVICES DIVISION

CITY OF SACRAMENTO
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October 4, 2001
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City Council
Sacramento, California

CONTINUED
FROM 10-16-01
TO 10-23-01

AG 2001-186 Granite
AG 2001-187 Teichert

Honorable Members in Session:

SUBJECT: INCREASE IN CONTRACT AMOUNT FOR ASPHALT AND AGGREGATE MATERIALS, BID NO. 1777, FROM \$900,000.00 TO \$2,000,000.00 PER CONTRACT YEAR

LOCATION AND COUNCIL DISTRICT: Citywide

RECOMMENDATION:

Staff recommends that City Council authorize an increase in the award amount of Bid/Contract No. 1777 for Asphalt and Aggregate Materials from \$900,000.00 to \$2,000,000.00 per contract year.

CONTACT PERSONS: Jerry Way, Street Manager, 433-6381
Steve Alstrom, Senior Buyer, 433-6343

SUMMARY:

This report requests authorization to increase the current contract amount with Teichert Aggregates and Granite Construction for asphalt and aggregate materials, Bid No. 1777, from \$900,000.00 to \$2,000,000.00 per contract year. This contract was originally awarded by Council on June 16, 1998, to both Teichert Aggregates and Granite Construction, and will expire on June 30, 2003.

FOR COUNCIL MEETING OF: October 16, 2001

BACKGROUND:

On June 16, 1998, City Council awarded Bid No. 1777 to Teichert Aggregates and Granite Construction in a total amount not to exceed \$900,000.00 per contract year. This contract for asphalt and aggregate materials for street and road repairs is used primarily by Street Maintenance Operations, Maintenance Services

Division, Department of Public Works. Various divisions within the Utilities Department also purchase material from this contract. The City is currently beginning its fourth year of this potential five year contract that will expire June 30, 2003.

Since award, Street Maintenance Operations has increased their annual street maintenance efforts, resurfacing program preparation volume and paving adjacent to new curb ramp installations. In addition, they now provide for off-street rehabilitation projects, such as community center parking lots and fire station pavement restoration. The increases to existing programs, as well as the additional projects, require that more asphaltic construction materials be purchased.

In addition to the above increase in usage and projects, provisions in the contract allow for price adjustments at the beginning of each fiscal year. Until now, price increases requested by both Teichert and Granite have been minimal. This year, however, due to petroleum and energy costs that have increased in extraordinary amounts, both Teichert and Granite have requested increases upwards of thirty percent for some products.

Based on the increased usage and the vendor price increases, staff recommends that the Council approve this increase of \$1,100,000.00 to a total of \$2,000,000.00 per contract year to cover the City's annual requirements through June 30, 2003.

FINANCIAL CONSIDERATIONS:

Sufficient funds have been budgeted by both the Department of Public Works and the Utilities Department for these materials. The majority of this requested increase will be funded in conjunction with AB2928 (rehabilitation of backlog streets).

ENVIRONMENTAL CONSIDERATIONS:

Ongoing administrative and maintenance activities, such as purchases of supplies, equipment or materials which are not made for purposes of a public works construction project, do not constitute a "project" and are exempt from the California Environmental Quality Act (CEQA). CEQA Guidelines, Sections 15061(b)(1), 15378(b)(3).

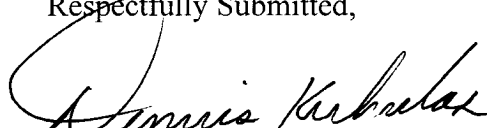
POLICY CONSIDERATIONS:

This recommendation is consistent with the requirements for competitive bidding as detailed in Chapter 3.56 of the Sacramento City Code. It is also consistent with City Council's desire that the expenditure of these AB2928 funds be utilized for the rehabilitation of backlog streets and re-establishment of these streets into the City's regular maintenance cycle.

ESBE EFFORTS:

There are no local ESBE firms known or listed in the City Bid Directory that supply these construction materials. It is necessary to buy locally, as these materials are picked up by various City departmental personnel in City trucks at the vendor's plants. Soliciting bids and/or purchasing these materials outside the general Sacramento area would not be economical or in the best interest of the City.

Respectfully Submitted,


for Robert B. Holbrook
Procurement Services Manager

RECOMMENDATION APPROVED:



ROBERT P. THOMAS
City Manager