



REPORT TO COUNCIL

City of Sacramento

915 I Street, Sacramento, CA 95814-2604
www.CityofSacramento.org

Consent
August 28, 2007

Honorable Mayor and
Members of the City Council

Title: Contracts: Purchase of Concrete

Location/Council District: Citywide/All Districts

Recommendation: Adopt a **Resolution:** 1) Suspending competitive bidding as it is in the best interests of the City, 2) authorizing staff to negotiate contracts to purchase concrete and 3) authorizing the City Manager to enter into contracts with a) Central Concrete Supply Co. Inc., b) Folsom Ready Mix, Inc., and c) Hanford Ready Mix for an annual not to exceed amount of \$500,000 for all agreements combined, with four annual options to extend. **(2/3 vote required)**

Contacts: Juan Montanez, Street Services Manager, (916) 808-2254; Gabriel Morales, Operations General Supervisor (916) 808-2289

Presenters: None

Department: Transportation

Division: Street Services

Organization No: 3494

Description/Analysis

Issue: The In-Source Concrete section of the Street Services Division requires concrete on a daily basis from three to four suppliers spread geographically around the City. The purchase of concrete was formally bid in November 2006. There were two bids with only one determined a responsive bidder. Since this did not meet the number and geographic needs stated in the bid, bids were rejected. Temporary funding by extending Blanket Purchase Orders and suspension of competitive bidding was approved by Council Resolution 2006-916 in December 2006. Staff has now negotiated purchasing agreements with three vendors in accordance with city code section 3.56.230 and requests Council approval.

Policy Considerations: The recommendations in this report are consistent with the City's Strategic Plan goals to improve and expand public safety, and achieve

sustainability and livability. Suspension of competitive bidding in the best interests of the City (on a 2/3 vote) is authorized by city code section 3.56.230(c).

Environmental Considerations: This project has been determined to be exempt from the California Environmental Quality Act (CEQA) under section 15301 (c) of the CEQA Guidelines, which states that repair and maintenance of existing highways and streets involving negligible or no expansion of existing use is exempt from CEQA review.

Commission/Committee Action: None

Rationale for Recommendation: There is a need for three to four concrete suppliers spread geographically around the City. The formal bid in November 2006 stating the above requirements resulted in only one responsive bidder. Therefore bids were rejected. The concrete market has been very volatile over the past several years, with material and fuel prices increasing as often as quarterly. Some of the solicited bidders responded that they were unwilling to bid competitively in such an unpredictable market. The Blanket Purchase Orders for concrete purchase that were extended by Council in December 2006 with Central Concrete Supply Co. Inc. (Rio Linda), Hanford Ready Mix (Elk Grove), and Folsom Ready Mix, Inc. (Rancho Cordova) have depleted. Staff has negotiated purchase agreements with these vendors and requests Council approval.

Financial Considerations: Sufficient funds are available in the Street Services operating and CIP budgets for the concrete purchases.

Emerging Small Business Development (ESBD): Hanford Ready Mix is a certified small business with the City of Sacramento.

Respectfully Submitted by: Juan Montañez
Juan Montañez
Street Services Manager

Approved by: Jerry Way
Jerry Way
Director of Transportation

Recommendation Approved:

Ray Kerridge
RAY KERRIDGE
City Manager

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Attachment 1

Background

In March 2005, Council approved a "piggyback" agreement for \$500,000 on existing Sacramento County Concrete Supply Contracts: Redmond's Concrete Mix & U Tow, Pacific Concrete, United Rentals, and Kyle's Rock & Ready Mix. Additionally, City of Sacramento had a current aggregate contract with Teichert Ready Mix and Granite Construction that allowed concrete purchases.

It was discovered after the approval that Redmond's Concrete, Pacific Concrete, and United Rentals could not supply the City with the concrete coloring agent that is required in the City specification for concrete replacement, adopted by the City Manager in July 2003. In addition, Granite no longer operates a ready mix operation.

Therefore, two purchase orders were established with the remaining vendors, Teichert Ready Mix and Kyle's Ready Mix in May 2005. These vendors are both located in south Sacramento County. For the In-Source Concrete Crew to be able to function efficiently and minimize the delay in delivery times and increasing cost to jobs located in the north section of the city, it was crucial that they be able to order the necessary concrete ready mix from a vendor near the north section of the city.

In April 2005, a formal request was granted to open another purchase order for \$60,000 with Central Concrete Supply Co. Inc., in Rio Linda. Staff found them to be an excellent supplier, with excellent customer service and on-time deliveries. In addition, their price quotes for concrete ready mix are one of the lowest from all the vendors contacted.

Over a six month period, staff experienced extreme difficulty getting service and adequate delivery times from both Teichert Ready Mix and Kyle's Ready Mix.

Kyle's displayed extremely poor customer service, with delays on scheduled delivery of concrete of up to two hours, inability to schedule delivery times until late in the day, and unacceptable concrete materials that had to be returned to the plant. These situations caused delays on the delivery of the projects and impacted customer service by City crews to the public. In addition, their delivery trucks are not equipped with any state mandated Storm Water Quality Control cleaning and recovery system. Staff stopped using this vendor for any products or materials due to the issues described above.

Teichert had also been unable to meet our service needs. During the months of September through December, they were unable to provide any delivery schedules before 12:00 p.m. (noon), or later, to our City crews. Teichert explained that at peak season, they prioritize their delivery of concrete to customers with the greatest demand, 400 cubic yards per day or more. The City typically purchases 9 to 12 cubic yards per day. Staff has not used Teichert regularly due to the inability to schedule early morning deliveries.

To overcome the many difficulties listed above, staff requested Blanket Purchase Orders with Hanford Ready Mix (Elk Grove), and Folsom Ready Mix (Rancho Cordova),

in addition to the one with Central Concrete Supply Co. Inc. to experiment with these vendors. These three selected suppliers have proven themselves with good customer service, timely response for deliveries, and are spread geographically to accommodate the various locations where concrete is needed by the City crews.

A formal bid for the purchase of concrete was prepared and advertised in October 2006. On November 1, 2006 two bids were received, but only one, Folsom Ready Mix, was found responsive. Because the bid listed the requirement of 3 to 4 vendors, spread geographically, bids were rejected. Bidders who were solicited and did not submit bids were contacted. The concrete market has been very volatile over the past several years, with material and fuel prices increasing as often as quarterly. Some of the solicited bidders responded that they were unwilling to bid competitively in such an unpredictable market.

On December 12, 2006 Council approved Resolution 2006-916 to suspend competitive bidding and approve the extensions of the open Blanket Purchase Orders for concrete to allow work to continue until a plan was put together for a more permanent solution.

Staff has since negotiated purchase agreements with these concrete vendors: Central Concrete Supply Co. Inc. (Rio Linda), Hanford Ready Mix (Elk Grove), and Folsom Ready Mix, Inc. (Rancho Cordova). Therefore staff recommends in the best interest of the City to suspend competitive bidding due to the unsuccessful bid, and enter into purchase agreements for concrete with the above listed vendors.

Attachment 2

RESOLUTION NO.

Adopted by the Sacramento City Council

CONTRACT: PURCHASE OF CONCRETE

BACKGROUND

- A. To overcome the many difficulties that arose with a Council approved “piggyback” agreement on the existing Sacramento County Concrete Supplier Contracts, staff requested Blanket Purchase Orders (BPOs) with Central Concrete Supply Co. Inc., Folsom Ready Mix, Inc., and Hanford Ready Mix to experiment with these vendors. These three selected suppliers have proven themselves with good customer service, timely response for deliveries, and are spread geographically to accommodate the various locations where concrete is needed by the City crews.
- B. A formal bid for the purchase of concrete was prepared and advertised in October. On November 1, 2006 two bids were received, but only one, Folsom Ready Mix, was found responsive. Since this did not meet the bid requirement of three to four vendors spread geographically, bids were rejected.
- C. In December 2006, Council approved Resolution 2006-916 to suspend competitive bidding and extend the BPOs to increase the current purchase orders by \$100,000 each for Central Concrete Supply Co. Inc., Hanford Ready Mix, and Folsom Ready Mix, Inc. These BPOs are currently depleted.
- D. Staff has since negotiated purchase agreements with the three concrete vendors: Central Concrete Supply Co. Inc. (Rio Linda), Hanford Ready Mix (Elk Grove), and Folsom Ready Mix, Inc. (Rancho Cordova). Therefore staff recommends in the best interest of the City to suspend competitive bidding due to the unsuccessful bid, and enter into purchase agreements for concrete with the above listed vendors.

BASED ON THE FACTS SET FORTH IN THE BACKGROUND, THE CITY COUNCIL RESOLVES AS FOLLOWS:

- Section 1. It is in the best interests of the City to suspend competitive bidding and competitive bidding is hereby suspended.
- Section 2. Authorize staff to negotiate contracts to purchase concrete.
- Section 3. Authorize the City Manager to enter into contracts for the purchase of concrete with Central Concrete Supply Co. Inc., Folsom Ready Mix, Inc., Concrete Inc., and Hanford Ready Mix for an annual not to exceed

amount of \$500,000 for all agreements combined, with four annual options to extend.

Attachment 1 to Exhibit A

CENTRALCONCRETE SUPPLY CO. INC. PRICE SCHEDULE

For furnishing to the City of Sacramento, Street Services Division, as needed Ready Mix Concrete, in accordance with the following provisions and specifications contained herein:

Price does not include tax.

1 load (9 cubic yards/6 Sack Mix)	\$110.00
1 short load (1-2 ¾ cubic yards)	70.00
1 short load (3-6 cubic yards)	60.00
1 short load (6 ¼-8 ¾ cubic yards)	50.00
Lamp Black Coloring Agent (per pound)	4.00/lb
Omaha Tan Coloring Agent (per pound)	4.47/lb
Retarders for Hot Weather Finish (per 1%)	.20
Accelerators for Cold Weather Finish (per oz.)	.07
Saturday additional load Charge	6.00/cy
Stand-by cost per minute (no charge for first 5 min. per cubic yard)	1.50
Color wash-out Handling Fee (per truck)	n/a
Returned Concrete Fee (per cubic yard)	n/a
Environmental Fee (per load)	1.50

Additional charges for special options not listed above will be charged per the attached standard items list.

Attachment 1 to Exhibit A

CENTRALCONCRETE SUPPLY CO. INC. PRICE SCHEDULE

For furnishing to the City of Sacramento, Street Services Division, as needed Ready Mix Concrete, in accordance with the following provisions and specifications contained herein:

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1 short load (3-6 cubic yards)	60.00
1 short load (6 ¹ / ₄ -8 ³ / ₄ cubic yards)	50.00
Lamp Black Coloring Agent (per pound)	4.00/lb
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