City of FRESNO **REPORT TO THE CITYCOUNCIL**

AGENDA ITEM NO.
COUNCIL MEETING January 30, 2007
APPROVED BY
DEPARTMENT DIRECTOR
CITY MANAGER

January 30, 2007

FROM: JON RUIZ, Assistant City Manager/Interim Public Works Director
Public Works Department

BY: AMBER ADAMS, Public Works Manager, Street Division
Public Works Department

SUBJECT: AWARD A REQUIREMENTS CONTRACT TO CALAVERAS MATERIALS, INC. OF FRESNO FOR A REQUIRMENTS CONTRACT FOR ASPHALT CONCRETE, BID FILE NO. 8869

KEY RESULTS AREA

Customer Service

RECOMMENDATION

That the City Council award a one-year requirements contract for asphalt concrete, with the deductive add alternate for concrete and asphalt recycling, in the amount of $2,138,718.51 to Calaveras Materials, Inc. of Fresno.

EXECUTIVE SUMMARY

The Public Works Department, Streets Division, routinely uses asphalt concrete for general street maintenance and overlays. The recommended requirements contract establishes a firm price, secured through competitive bidding, for a specified time and allows the City to purchase asphalt on an as needed basis. The recommended agreement with Calaveras Materials, Inc sets forth a one–year requirements contract, with two one-year extensions, in the amount of $2,138,718.51 which includes the deductive add alternate providing credit from Calaveras Materials for recycling concrete and asphalt. Funding for the contract is included in the FY07 budget. Purchases made in FY08 will be at the contract price with appropriations included in our proposed FY08 budget.

KEY OBJECTIVE BALANCE

The recommendation best balances the three Key Objectives of Customer Satisfaction, Employee Satisfaction, and prudent Financial Management. The recommendation allows for the most cost effective maintenance of the City street system which in turn increases customer satisfaction. Employee satisfaction is enhanced by having the resources available to timely address customer needs.

BACKGROUND

The Public Works Department, Streets Division, is seeking a requirements contract for purchase asphalt concrete to be used for the repair and overlay of City streets, as well as repair and overlay of streets in conjunction with capital improvement and Redevelopment Agency sponsored projects performed by City forces. The execution of a requirements contract establishes a firm price, secured through competitive

bidding, for a specified time and allows the City to request material on an as needed basis. Materials specifications for aggregate size, percent of fines, and percent of asphalt oils were prepared for the bid. For bidding purposes, the City estimated that 40,000 tons of asphalt would be purchased annually.

During the course of its operations, the Public Works, Street Division, demolishes various improvements constructed with concrete and asphalt. In conformance with the California Integrated Waste Management Act of 1989 (Public Resources Code Sections 40000 et seq.), the City of Fresno disposes of all recycled concrete and asphalt in a manner that facilitates recycling. Concrete asphalt plants use recycled concrete and asphalt in their daily operations. A deductive add alternate was included to adjust for recycling credits for the recycled concrete and asphalt.

A Notice Inviting Bids was published in the Business Journal on December 11, 2006 and posted on the City's website. In conformance with the bid instructions one sealed bid proposal was received and opened on December 28, 2006 during the public bid opening. The base bid ($2,186,718.51) less the deductive add alternate ($48,000) from Calaveras Materials, Inc. of Fresno results in a net contact amount of $2,138,718.51.

There are two major suppliers in the Fresno area. Staff contacted the second supplier to ascertain why they did not submit a bid. Staff was informed that due to the volatility of the market they were not prepared to hold their pricing for one year. In reviewing the pricing submitted on this bid it was determined that it reflects a 7% increase over the previous contract.

It is recommended that City Council award a requirements contract to Calaveras Materials, Inc. for the amount of $2,138,718.51 which includes the base bid plus the deductive add alternate. If approved, the term of the contract will be for one year from the date of issuance of the Notice to Proceed, with provisions for two one-year extensions. The Council may reject the proposal. If the proposal is rejected, the City will be without a requirements contract for asphalt concrete for approximately ninety days.

FISCAL IMPACT

Funding for the contract is included in the FY07 budget. Purchases made in FY08 will be at requirements contract prices with sufficient appropriations included in the proposed FY08 budget.

aa/J/Purchasing/Staff Report Asphalt Concrete

EVALUATION OF BID PROPOSALS

FOR: REQUIREMENTS CONTRACT FOR ASPHALT CONCRETE (RE-BID)

Bid File No. 8869
Bid Opening: December 28, 2006

	BIDDER'S	TOTAL NET BID AMOUNT	
1.	Calaveras Materials Inc. 7673 N. Ingram Ave. Fresno CA 93711	Total Net Base Bid Amount	$2,186,718.51
		Total Amount of Base Bid And Alternate	$2,138,718,.51

Each bidder has agreed to allow the City ninety (90) days from date bids are opened to accept or reject their bid proposal. Purchasing requests that you complete the following sections and return this bid evaluation to the Purchasing Division at the latest by Monday, January 8, 2007, 5:00 P.M.

The current contract pricing is 7 % above the previous contract pricing. If the overage is greater than 10% or only one bid was received, give explanation:

This increase is based on similar items from the previous contract for asphalt concrete.

BACKGROUND OF PROJECT (To be completed by Evaluating Department/Division. Explain need for project/equipment):

The City Public Works, Street Division is responsible for the preservation of the structure and riding quality of a variety of surface types in the street system. There are currently over 1700 center line miles of streets within the City jurisdiction. This contract provides the asphalt material used on a dallery basis to repair and pave City streets. The execution of a requirements contract establishers a firm price secured through competitive bidding, for a specified time and allows the City to request these services as needed.

EVALUATION OF BID PROPOSALS

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DEPARTMENT CONCLUSIONS AND RECOMMENDATION:

[X] Award a contract in the amount of $ $2,139,718.51
to Calaveras Materials Inc.
as the lowest responsive and responsible bidder.

Remarks:

[ ] Reject all bids. Reason:

Department Head Approval

Eileen Hamilton

Title Asst PW Director

Date 1/5/07

[X] Approve Dept. Recommendation

[ ] Disapprove

[ ] See Attachment

[ ] Approve GSD/Purchasing Recommendation

[ ] Disapprove

GENERAL SERVICES DEPARTMENT

Janet Smith 1/16/07
Purchasing Manager Date

Director Date 1/16/07

CITY MANAGER

1/22/07
City Manager or Designee Date