



CITY OF
**PALO
ALTO**

CITY COUNCIL STAFF REPORT

From: City Manager

Report Type: CONSENT CALENDAR

Lead Department: Public Works

Meeting Date: May 15, 2023

Report #: 2301-0866

TITLE

Authorization for approval of a Blanket Purchase Order with Granite Rock Company in the Amount of \$500,000 Annually for a Three-Year Term, beginning July 1, 2023 through June 30, 2026, for a Total Not-to-Exceed Amount of \$1,500,000 for Hot Mix Asphalt Materials for Public Works and Utilities Departments; CEQA Status – Not a Project

RECOMMENDATION

Staff recommends that Council authorize the City Manager or their designee to execute a blanket purchase order with Granite Rock Company for Hot Mix Asphalt materials in the not-to-exceed amount of \$500,000 annually, for a total not-to-exceed amount of \$1,500,000 over a three-year term from July 1, 2023 to June 30, 2026.

BACKGROUND

The Public Works and Utilities departments have working groups that use Hot Mix Asphalt. Public Works uses Hot Mix Asphalt for performing repairs on damaged sections of roadway, sidewalk, and bicycle paths, and for projects designed to ensure safety and durability of streets as measured by the pavement condition index (PCI) throughout the City. Utilities typically uses Hot Mix Asphalt for permanent trench restoration and roadway resurfacing. Cold Mix-Cut Back Asphalt, which is supplied to through a separate blanket purchase order, is typically used for temporarily backfilling trenches and ramping up metal trench plates.

ANALYSIS

There are two primary methods of manufacturing Hot Mix Asphalt, either using a batch plant or a drum plant. A batch plant allows City crews to specify the mix needed for each unique job. A drum plant does not have the ability to mix asphalt to order, and City crews are forced to use whatever mix is being produced at the drum plant on any given day. The City requires that the primary supplier of asphalt produce their product in a batch plant, as this affords the various crews the most flexibility when it comes to scheduling and completing jobs throughout the City. Staff also requires that the plant be located within 10 miles of Palo Alto's Municipal

Services Center (MSC). The proximity of the plant is important due to the limited shelf life of Hot Mix Asphalt; transporting hot material over an extended distance will impact the quality of the Hot Mix Asphalt (HMA) as well as City repaving projects. With the importance of the City's PCI score, using the best materials for the job is imperative.

A Request for Quotation (RFQ) for Hot Mix Asphalt was sent to three potential vendors and posted on Planet Bids. Quotes were received from Granite Rock Company and one other company. The other company was deemed non-responsive because they were unable to provide all the materials requested in the Scope of Work. Granite Rock Company met all the requirements, including having a plant located less than 10 miles away, in Redwood City.

Table 1: Summary of Bid Process:

PlanetBids Link: <https://pbsystem.planetbids.com/hub/bm/bm-detail/98552#bidInformation>

Bid Name/Number	Hot Mix Asphalt Materials RFQ #185945
<i>Proposed Length of Project</i>	Three years
<i>Total Days to Respond to Bid</i>	17
<i>Pre-Bid Meeting</i>	No
<i>Number of Responsive Bids Received:</i>	1
<i>Base Bid Price Range</i>	\$1,499,505

The unit prices in the bid have increased significantly compared to the fixed prices for Fiscal Years 2021-2023 under the current blanket purchase order. Under the recommended blanket purchase order, the cost of materials has increased by roughly 35%, attributed to inflation and overall rise of cost in commodities. Due to this increase in cost, staff recommends a total blanket purchase order in the amount of \$500,000 annually for a total not-to-exceed amount of \$1,500,000, whereas the existing blanket purchase order had a total not-to-exceed amount of \$1,200,000¹. Table 2 compares the total annual contract prices for Fiscal Years 2023 and 2024.

¹ City Council, November 2, 2020; Agenda Item #2 ; SR#11578, <https://www.cityofpaloalto.org/files/assets/public/agendas-minutes-reports/reports/city-manager-reports-cmrs/year-archive/2020-2/id-11578.pdf>

Table 2: Contract Price for Fiscal Year 2023 and 2024

<i>Approx. Qty. (Tons)</i>	<i>Description</i>	<i>FY23 Unit Price</i>	<i>FY24 Total Price</i>	<i>FY23 Unit Price</i>	<i>FY24 Total Price</i>
1,000	Asphalt Concrete ¾", medium	\$98.40	\$98,400	\$124.60	\$124,600
2,000	Asphalt Concrete, ½", fine	\$101.40	\$202,800	\$125.78	\$251,560
100	Asphalt Concrete, 3/8", fine	\$111.90	\$11,190	\$128.45	\$12,845
300	Asphalt Concrete, ¼", fine	\$112.90	\$33,870	\$129.55	\$38,865
100	Asphalt Concrete, Sheet Asphalt	\$124.40	\$12,440	\$130.65	\$13,065
1,000	Track Coat, SS-1H	\$10.45	\$10,450	\$8.90	\$8,900
	Total		\$369,150		\$499,835

Staff recommends that Council authorize the blanket purchase order for Hot Mix Asphalt with Granite Rock Company as the primary supplier. Granite Rock Company has been the supplier under previous blanket purchase orders, and staff has consistently received product that met both state and the City’s standards for consistent temperature and aggregate size.

FISCAL/RESOURCE IMPACT

Funding for the purchase of material under this blanket order is available in the Fiscal Year 2023 Adopted Public Works and Utilities Department operating budgets. Staff recommends that Council approve the not-to-exceed amount of \$500,000 per year; however, actual spending is dictated by need and will be controlled by each department. The bid table that Granite Rock Company submitted represents a menu of available asphalt products with unit pricing². Utilities and Public Works estimate annual needs of \$135,000 and \$365,000, respectively. Staffing levels and planned work deferrals may impact those estimates and will be considered before expending the funds. Funding for contract years two and three are contingent upon Council approval of each department’s budget for each subsequent year.

STAKEHOLDER ENGAGEMENT

Stakeholder engagement for the recommended blanket order was limited to the procurement process for reaching out to prospective bidders.

² Granite Rock Co. Bid Form; <https://www.cityofpaloalto.org/files/assets/public/public-works/public-services/contracts/attachment-a-granite-rock-co.pdf>

ENVIRONMENTAL REVIEW

This purchase is exempt from the California Environmental Quality Act under the CEQA guidelines (Sections 15061 and 15301(c)).

APPROVED BY:

Brad Eggleston, Director Public Works/City Engineer