



# AGENDA REPORT

**TO:** Jestin D. Johnson  
City Administrator

**FROM:** Josh Rowan  
Director, OakDOT

**SUBJECT:** Purchase of Asphalt Paving Materials  
for In-House Paving and Sidewalk  
Operations

**DATE:** September 16, 2025

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City Administrator Approval

Date:

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## **RECOMMENDATION**

### **Staff Recommends That The City Council Adopt:**

A Resolution waiving further advertising and competitive bidding under OMC Section 2.04.050(I)(2), authorizing open-market award under OMC Section 2.04.050(J), issuing a Limited Restricted Waiver under OMC Section 2.22.050 and a waiver under OMC Section 2.23.030(B), and authorizing the City Administrator to award a purchasing contract to Martin Marietta Materials, Inc. in an amount not to exceed \$1,000,000 per year for two (2) years, with one (1) additional two-year option in an amount not to exceed \$1,000,000 per year, for a total not-to-exceed \$4,000,000 over four (4) years, in accordance with Specification No. 25-745-00/RFQ 339527 and the Contractor's price quotation dated July 8, 2025, without return to Council, adopt appropriate California Environmental Quality Act (CEQA) Findings, and authorizing a one-time payment in the amount of \$250,000 to pay outstanding invoices; and

A Resolution waiving further advertising and competitive bidding under Oakland Municipal Code (OMC) Section 2.04.050(I)(2), authorizing open-market award under OMC Section 2.04.050(J), and authorizing the City Administrator to award a purchasing contract to Reed & Graham, Inc. in an amount not to exceed \$1,000,000 per year for two (2) years, with one (1) additional two-year option in an amount not to exceed \$1,000,000 per year, for a total not-to-exceed \$4,000,000 over four (4) years, in accordance with Specification No. 25-745-00/RFQ 339527 and the Contractor's price quotation dated August 6, 2025, without return to Council and adopt appropriate California Environmental Quality Act (CEQA) findings.

## **EXECUTIVE SUMMARY**

With the passage of Oakland's Affordable Housing and Infrastructure Bond (Measure KK) in 2016, the Department of Transportation (OakDOT) significantly expanded its in-house paving operations. Since 2016, new in-house paving staff positions have been created and filled, and the City has purchased new paving equipment to support ambitious in-house paving mileage goals.

PWTC  
September 30, 2025

The item before Council addresses a key element of OakDOT's in-house paving operations: material supply. Approval of the two proposed resolutions would allow the City to establish purchasing contracts for asphalt paving materials from suppliers on the open market. The purchasing contracts will streamline the purchase of these key materials for in-house paving operations, reducing procurement time and minimizing delay in payment of invoices. The item includes waivers of **OMC Chapter 2.22 (Border Wall Prohibition)** and **OMC Chapter 2.23 (Sanctuary City Contracting)** for **Martin Marietta Materials, Inc.**, limited to the purchase of **hot mix asphalt (HMA) in 3/8" and 1/2" aggregate sizes** necessary for time-sensitive operations. The City Administrator has determined that Martin Marietta is **non-compliant under OMC 2.22** and **unwilling to commit to compliance with OMC 2.23**; however, based on proximity, capacity, and operational redundancy needs, **no reasonable compliant alternative** currently exists to reliably furnish **3/8" HMA** and, as needed for redundancy, **1/2" HMA within 15 miles** of City operations yards on a **reasonable basis**. Staff therefore recommends narrowly tailored waivers under **OMC 2.22.050** and **OMC 2.23.030(B)** subject to strict conditions described below.

The item also requests City Council authorization to pay up to \$250,000 of outstanding invoices from Martin Marietta, Inc. that accrued during spring and summer 2025.

### **BACKGROUND / LEGISLATIVE HISTORY**

In December 2021, City Council approved the 5-Year Paving Plan (5YP) (Resolution No. 88975 C.M.S.), identifying 300+ miles of pavement rehabilitation and preventative maintenance citywide to be completed within five years. In June 2021, City Council approved the Fiscal Year (FY) 2021-23 Capital Improvement Plan (CIP). The CIP funded the paving program at \$35M per year using Measure KK General Obligation Bond funds. Measure KK was approved by the voters of Oakland in November 2016 to fund \$600M of vital infrastructure maintenance improvements, including \$350M for streets and sidewalks. In June 2023, City Council approved the FY 2023-25 CIP, which funded the paving program at \$58M per year using Measure KK funds as well. The proposed FY 2025-27 CIP will fund the paving program at \$50M per year using Measure U Affordable Housing Infrastructure Bond funds. Measure U was approved by voters in 2022 and includes \$290 million for transportation-related projects. Additional funds will be sourced from the Gas Tax Road Maintenance and Rehabilitation Account (RMRA) and Measure BB Local Streets and Roads.

With the sustained funding, the City chose to grow in-house capacity by budgeting for new equipment and two new street repair crews in addition to using paving contractors. OakDOT now maintains a fully staffed in-house paving crew that performs 5YP paving year-round. The work performed by paving operations staff require specialized materials, for which there are relatively few qualified vendors.

### **ANALYSIS AND POLICY ALTERNATIVES**

Specification No. 25-745-00/RFQ 339527 was advertised in April 2025, and no valid bids were received. Council may find further competitive bidding impracticable, unavailing, or impossible

under OMC 2.04.050(I)(2) and authorize open-market purchases under OMC 2.04.050(J). Staff recommends both findings and authority.

A list of potential vendors was contacted to initiate contract negotiations for RFQ 339527. That list is as follows:

- Martin Marietta Materials, Inc.
- Reed & Graham, Inc.

Based on negotiations with each vendor, contract requirements, and purchasing capacity needed, Reed & Graham, Inc. was deemed fully qualified to provide the retail supply of paving materials for RFQ 339527.

Negotiation with Martin Marietta Materials, Inc. (Martin Marietta) identified that the vendor is in current violation of Oakland Municipal Code (OMC) Chapter 2.22 (Border Wall Prohibition) and that the vendor is unwilling to commit to compliance with OMC Chapter 2.23 (Sanctuary City Contracting). Chapter 2.22 and Chapter 2.23 both include criteria by which City Council may waive these prohibitions:

- Chapter 2.22.050(I) - *There is no other qualified responsive bidders, proposers, or prospective vendors or providers that comply with the requirements of this Chapter 2.22 to perform the applicable Contract, or as determined in writing by the City Administrator, the City would otherwise be unable to obtain essential goods or services on a reasonable basis.*
- Chapter 2.23.030(B)(i) - *There is no other qualified responsive bidders, proposers, or prospective vendors or providers that comply with the requirements of this Section 2.23.030 to perform the applicable contract, or as determined in writing by the City Administrator, the City would otherwise be unable to obtain the essential goods or services on a reasonable basis.*

Staff analysis finds that there is no reasonable alternative to Martin Marietta for procuring certain paving supplies and thus recommend that Council approve the award of the contract with appropriate waivers.

In particular, the City's interest in purchasing from Martin Marietta Materials, Inc. lies in the vendors ability to produce 3/8" asphalt—a finer material compared to standard 1/2" asphalt. While 3/8" asphalt is not required for all City of Oakland projects, it is necessary for certain types of work, such as speed bump installations and pothole repairs, where a smoother finish and better compaction are required.

The closest known competitor offering 3/8" asphalt is County Quarry Products LLC, located in Martinez, CA. However, due to the distance, this is not a practical option for operations like pothole repair, which require immediate access to materials, and the additional travel time for crews would significantly increase costs and decrease capacity. An existing contract with Gallagher & Burk has the potential to produce 3/8" asphalt locally, but only for bulk orders of 200 tons or more that far exceed the City's material needs.

Not procuring 3/8" asphalt would directly affect the efficiency and timeline of field operations, especially for time-sensitive projects such as pothole repairs and scheduled traffic calming

installations. Martin Marietta Materials, Inc. supplies the City of Oakland with 1/2" asphalt on occasion as well, depending on availability of supplies through other vendors. Maintaining multiple asphalt vendors provides operational flexibility and redundancy.

Request Authorization to Pay Outstanding Invoices

The item also requests City Council authorization to pay up to \$250,000 of outstanding invoices from Martin Marietta, Inc. for purchases that occurred during spring and summer 2025. The purchases were made under the City Administrator's purchasing authority, recognizing that the prior contract with Martin Marietta, Inc. expired in January 2025, that it would not be feasible to bring a new contract to City Council for consideration until fall 2025, and that the City required continued asphalt supply during the meantime.

Given the vendor's disclosed violation of OMC Section 2.22, staff also seeks Council authorization to pay these outstanding invoices for prior purchases.

Contract Terms and Amounts

The proposed contract values reflect the department paving materials needs, with Martin Marietta Materials, Inc. and Reed & Graham, Inc. each recommended for a purchasing contract term not to exceed \$1,000,000 per year for two years. The proposed resolutions would also authorize the City Administrator to extend each of these purchasing contracts for two additional years, at the same purchasing value per year.

During the term of the contracts, whether it be two years or four years, each supplier would be required to maintain bid pricing submitted in the 2025 contracts. The ability to lock-in unit pricing for the basic material needed for in-house paving construction in Oakland will provide a cost benefit to the City. Additionally, the authority to extend the purchasing contracts for two additional years may incentivize suppliers to provide exemplary customer service in their retail supply of paving materials.

Finally, to maintain paving operations after the exhaustion of the purchasing contracts, the proposed resolutions authorize the City Administrator or designee to extend the purchasing contracts with Martin Marietta Materials, Inc. and Reed & Graham, Inc. on a month-to-month basis after the initial extension options are exhausted while a process for a new purchasing contract is completed.

The contract amounts are not to exceed limits, and the contracts do not guarantee any purchases or payments to either vendor. Establishing multiple contracts with the proposed limits provides operational flexibility to the department given the year-to-year variation in paving budgets.

**FISCAL IMPACT**

Funds are available for the purchase of paving materials in the Adopted FY 2025-27 Budget (per Table 1). Similar budget is anticipated to be available through FY 2029 given the on-going need for continued street resurfacing and will be subject to funding availability in future budget cycles. Funds are available for FY2027 in Fund 5342 Measure U 2022 Affordable Housing and Infrastructure Bond, with additional Measure U bond funds expected after FY27.

**Table 1: Available Paving Funds by CIP Program**

Project Name	Project Number	Org	Fund Number(s)	2025-26	2026-27	Total
Citywide Street Resurfacing	1005420	92242 - Engineer Design: Streets and Structures	2215 (Measure F) 2218 (Measure BB Local Streets and Roads) 2219 (Measure BB Bike and Pedestrian) 2230 (Gas Tax) 2232 (Gas Tax RMRA*) 5342 (Measure U)	\$63,739,531	\$52,051,720	\$115,791,251
Citywide Street Resurfacing (In-House Materials)	1003469	92242 - Engineer Design: Streets and Structures	2232 (Gas Tax RMRA)	\$1,500,000	\$0	\$1,500,000
Total				\$65,239,531	\$52,051,720	\$117,291,251

\*RMRA: Road Maintenance and Rehabilitation Account

**PUBLIC OUTREACH / INTEREST**

Street repaving is a top priority for Oaklanders, and a significant public outreach process was performed toward the adoption of the 5YP. The bid request for this project was disseminated using both the City’s web-based procurement system, iSupplier, as well as through a formal advertisement in the City’s official newspaper.

**COORDINATION**

The procurement of these purchasing contracts was coordinated with the Department of Workplace and Employment Standards. In addition, the Office of City Attorney and Budget Bureau has reviewed this report and resolution.

**SUSTAINABLE OPPORTUNITIES**

**Economic:** Implementation of the proposed contract for materials will ensure continuous upkeep and safety to the City’s roadway infrastructure.

**Environmental:** The City has a goal of using recyclable materials within asphalt concrete construction to the greatest extent possible and recycling grinding from asphalt paving whenever possible.

**Race & Equity:** Paving work supported by the approval of this resolution will follow the racial equity framework of the adopted 2022 5-Year Paving Plan.

**ACTION REQUESTED OF THE CITY COUNCIL**

A Resolution waiving further advertising and competitive bidding under OMC Section 2.04.050(I)(2), authorizing open-market award under OMC Section 2.04.050(J), issuing a Limited Restricted Waiver under OMC Section 2.22.050 and a waiver under OMC Section 2.23.030(B), and authorizing the City Administrator to award a purchasing contract to Martin Marietta Materials, Inc. in an amount not to exceed \$1,000,000 per year for two (2) years, with one (1) additional two-year option in an amount not to exceed \$1,000,000 per year, for a total not-to-exceed \$4,000,000 over four (4) years, in accordance with Specification No. 25-745-00/RFQ 339527 and the Contractor's price quotation dated July 8, 2025, without return to Council and authorizing a one-time payment in the amount of \$250,000 to pay outstanding invoices; and

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For questions regarding this report, please contact Jamie Parks, Assistant Director, at [jparks@oaklandca.gov](mailto:jparks@oaklandca.gov)

Respectfully submitted,

  
Josh Rowan (Sep 16, 2025 16:05:17 PDT)

Josh Rowan  
Director, Department of Transportation

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