



# AGENDA REPORT


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

**FROM:** Josh Rowan  
Director, Oakland  
Department of  
Transportation

**SUBJECT:** Asphalt Material Supply Contract

**DATE:** August 6, 2024

City Administrator Approval

  
Jestin Johnson (Aug 29, 2024 17:00 PDT)

Date: Aug 29, 2024

## **RECOMMENDATION**

**Staff Recommends That The City Council Adopt A Resolution Awarding A Purchasing Contract To Gallagher & Burk In An Amount Not To Exceed Two Million Dollars (\$2,000,000) Per Year For Two (2) Years And Authorizing The City Administrator To Extend The Agreement Annually Up To Two (2) One-Year Periods In An Amount Not To Exceed Two Million Dollars (\$2,000,000) Per Year For A Total Not To Exceed Amount Of Eight Million Dollars (\$8,000,000) Over Four (4) Years In Accordance With Specification No. 20-745.00/RFQ 271431 And Contractor's Bid Proposal; And Adopting Appropriate California Environmental Quality Act Findings.**

## **EXECUTIVE SUMMARY**

The Department of Transportation (OakDOT) has significantly expanded its in-house paving operations since 2017 and continues to push to help achieve ambitious paving goals including the most recent 47 miles achieved in 2024. OakDOT has opened and filled new in-house paving staff positions and has purchased new paving equipment to support in-house paving mileage goals. These crews use hot mix asphalt to complete full-width pavement rehabilitation projects and pothole repairs across the city.

This proposed resolution will provide the necessary asphalt material for in-house paving crews to continue paving operations, helping to achieve mileage goals outlined in the 5-Year Paving Plan adopted on 12/21/2021 ([88975 CMS](#)). The purchasing contract established by this proposed resolution will streamline the purchase of these key materials, reducing procurement time and minimizing delay in payment of invoices. Approval of the resolution is needed to establish the material supply contract with Gallagher & Burk, Inc, an Oakland firm. Gallagher & Burk, Inc. is certified as a Locally Produced Goods/Local Business Enterprise (LPG/LBE).

## **BACKGROUND / LEGISLATIVE HISTORY**

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. A subsequent infrastructure bond measure, Measure U, was approved by voters in 2022. Measure U is an \$850M bond for infrastructure maintenance improvements, with \$290M for transportation-related projects. With the passage of these bond measures, the City expanded its in-house capacity by budgeting for new equipment and two new street repair crews. OakDOT now maintains a fully staffed in-house paving crew that performs street paving year-round.

### **ANALYSIS AND POLICY ALTERNATIVES**

The recommended action of establishing a fair material procurement process advances the Citywide priorities of: **Vibrant, Sustainable Infrastructure**, as the purchase contract directly supports paving of streets; and **Responsive, Trustworthy Government**, by making transparent competitive procurement processes.

In April 2024, the City issued Specification No. 20-745.00/RFQ 271431, seeking qualified suppliers to provide the retail supply of paving materials, including hot mix asphalt concrete and aggregate base. The Request For Qualifications (RFQ) was posted on the City's web page and advertised in the City's official newspaper in accordance with Oakland Municipal Code (OMC) 2.04.050.

The City received one bid proposal in total from Gallagher and Burke, Inc. A panel of three qualified employees with experience in the scope of work identified in the RFQ evaluated the submittal. Based on the panel's evaluation results, contract requirements, and purchasing capacity needed, the firm was deemed qualified to provide the retail supply of paving materials.

The proposed resolution would also authorize the City Administrator to extend this purchasing contract for two additional years, at the same purchasing value per year. During the term of the contract, whether it be two years or four years, the supplier would be required to maintain bid pricing submitted in the 2024 RFQ proposal. 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. Without this resolution, in-house paving crews would not have the purchasing capacity to obtain required construction materials to perform full-width pavement rehabilitation nor routine maintenance (i.e., pothole filling) and thus would not be able to deliver critical work needed to improve the City's roadway infrastructure.

### **FISCAL IMPACT**

Approval of this agreement will not result in additional appropriation of funds. Supply orders will be funded through appropriations within various individual capital projects. There is no minimum commitment to this contract, and funds will not be committed unless funding is identified. There is no impact on the General Purpose Fund, and no additional funding is requested.

### **PUBLIC OUTREACH / INTEREST**

Street repaving, sidewalk repair and curb ramp construction are top priorities for Oaklanders, and a significant public outreach process was performed toward the adoption of the 5YP. The bid requests for the services were disseminated using both the City's web-based procurement system, iSupplier, as well as through a formal advertisement in the East Bay Times (formerly the Oakland Tribune).

### **COORDINATION**

The procurement of these purchasing contracts was performed by 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 and disposal will ensure continuous upkeep and safety to the City's roadway infrastructure. Additionally, one of the suppliers is verified for Local Business Enterprise and Small Local Business Enterprise (LBE/SLBE) participation by the Department of Workplace and Employment Standards. Material supply provided by local firms will result in dollars being spent locally.

***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 5-Year Paving Plan which used an equity framework to prioritize paving projects.

### **CALIFORNIA ENVIRONMENTAL QUALITY ACT (CEQA)**


The actions in this report are not considered a project under CEQA; therefore, CEQA review is not applicable.

**ACTION REQUESTED OF THE CITY COUNCIL**

**Staff Requests That The City Council Adopt A Resolution Awarding A Purchasing Contract To Gallagher & Burk In An Amount Not To Exceed Two Million Dollars (\$2,000,000) Per Year For Two (2) Years And Authorizing The City Administrator To Extend The Agreement Annually Up To Two (2) One-Year Periods In An Amount Not To Exceed Two Million Dollars (\$2,000,000) Per Year For A Total Not To Exceed Amount Of Eight Million Dollars (\$8,000,000) Over Four (4) Years In Accordance With Specification No. 20-745.00/RFQ 271431 And Contractor's Bid Proposal; And Adopting Appropriate California Environmental Quality Act Findings.**

For questions regarding this report, please contact Kenneth Patton, Operations Manager, at (510) 615-5539.

Respectfully submitted,

  
Josh Rowan (Aug 21, 2024 17:15 PDT)

Josh Rowan, P.E.  
Director, Department of Transportation

Reviewed by: *(If Applicable)*  
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