



AGENDA REPORT

TO: Edward D. Reiskin
City Administrator

FROM: Ryan Russo
Director, OakDOT

SUBJECT: Purchase of Paving Materials for In-House Paving Operations

DATE: November 18, 2020

City Administrator Approval 

Date: Dec 3, 2020

RECOMMENDATION

Staff Recommends That The City Council Adopt:

A Resolution Awarding A Purchasing Contract To Lehigh Hanson In An Amount Not To Exceed One Million Dollars (\$1,000,000) 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 One Million Dollars (\$1,000,000) Per Year For A Total Not To Exceed Amount Of Four Million Dollars (\$4,000,000) Over Four (4) Years In Accordance With Specification No. 20-745-00/RFQ 1925000 And Contractor's Bid Proposal Without Return To Council; And

A Resolution Awarding A Purchasing Contract To Granite Rock In An Amount Not To Exceed Three Hundred And Seventy-Five Thousand Dollars (\$375,000) Per Year For Two (2) Years With Two (2) One-Year Options To Extend The Agreement In An Amount Not To Exceed Three Hundred and Seventy-Five Thousand Dollars (\$375,000) Per Year For A Total Not To Exceed Amount of One Million Five Hundred Thousand Dollars (\$1,500,000) Over Four (4) Years In Accordance With Specification No. 20-745-00/RFQ 1925000 And Contractor's Bid Proposal Without Return To Council.

EXECUTIVE SUMMARY

With the passage of Oakland's Affordable Housing and Infrastructure Bond (Measure KK) in 2016, the Department of Transportation (OakDOT) has 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.

The item before Council would address another key element of OakDOT's in-house paving operations: material supply. Approval of the two proposed resolutions would establish purchasing contracts for asphalt and aggregate materials from two suppliers. 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.

BACKGROUND / LEGISLATIVE HISTORY

In May 2019, City Council approved the 3-Year Paving Plan (3YP) (Resolution No. 87673 C.M.S.), identifying 100+ miles of pavement rehabilitation and preventative maintenance citywide to be completed within three years. In June 2019, City Council approved the Fiscal Year (FY) 2019-21 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.

With the passage of Measure BB and Measure KK, the City chose to grow 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 3YP paving year-round. In the first year of the 3YP, OakDOT's in-house forces completed 7.5 miles of paving. In the second and third years of the 3YP, OakDOT has set a goal for in-house forces to complete 16 miles each year.

ANALYSIS AND POLICY ALTERNATIVES

On August 20, 2020, the City issued Specification No. 20-745-00/RFQ 1925000, seeking qualified suppliers to provide the retail supply of paving materials, including hot mix asphalt concrete and aggregate base. The RFQ was sent to three (3) local business enterprises and five (5) non-local business enterprises, 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.

On August 31, 2020, the RFQ closed. The City received two bid proposals in total, including from Lehigh Hanson and from Granite Rock. A panel of three qualified employees with experience in the scope of work identified in the RFQ evaluated the submittals. The following evaluation criteria was used as set forth in the RFP:

- Relevant Experience
- Bid Proposal
- Proximity of supplier to 7101 Edgewater Drive, Building 4, Oakland CA 94621

Based on the panel's evaluation results, contract requirements, and purchasing capacity needed, both firms were deemed qualified to provide the retail supply of paving materials. As a local business enterprise, Lehigh Hanson was recommended as the primary supplier; as a non-local business enterprise, the panel recommended Granite Rock be named as a secondary supplier. The proposed contract values reflect these recommendations, with Lehigh Hanson recommended for a purchasing contract term not to exceed \$1,000,000 per year for two years, and Granite Rock recommended for a purchasing contract term not to exceed \$375,000 per year for two years.

The proposed resolution would also authorize the City Administrator to extend these purchasing contracts 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, each supplier would be required to maintain bid pricing submitted in the 2020 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. Finally, to maintain paving operations after the exhaustion of the purchasing contract, the proposed resolutions authorize the City Administrator or designee to extend the purchasing contracts with Lehigh Hanson and Granite Rock on a month-to-month basis after the initial extension options are exhausted while a process for a new purchasing contract is completed.

FISCAL IMPACT

Funds are available for the purchase of paving materials in the FY 2020-21 Budget in Fund 5332 Measure KK, Organization 92246 Engineer Design Streets and Structures, Account 57411 Street Construction, and Project No. 1005420. Similar budget is anticipated to be available through FY 2023.

PUBLIC OUTREACH / INTEREST

Street repaving is one of the top priorities for Oaklanders, and a significant public outreach process was performed toward the adoption of the 3YP.

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 East Bay Times (formerly the Oakland Tribune).

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. 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 2019 3-Year Paving Plan.

ACTION REQUESTED OF THE CITY COUNCIL

A Resolution Awarding A Purchasing Contract To Lehigh Hanson In An Amount Not To Exceed One Million Dollars (\$1,000,000) 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 One Million Dollars (\$1,000,000) Per Year For A Total Not To Exceed Amount Of Four Million Dollars (\$4,000,000) Over Four (4) Years In Accordance With Specification No. 20-745-00/RFQ 1925000 And Contractor's Bid Proposal Without Return To Council; And

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For questions regarding this report, please contact Wladimir Wlassowsky, Assistant Director, at wwlassowsky@oaklandca.gov.

Respectfully submitted,



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