28

REPORT TO COUNCIL
City of Sacramento

915 I Street, Sacramento, CA 95814-2604
www. CityofSacramento.org

Consent
December 12, 2006

Honorable Mayor and
Members of the City Council

Title: Purchase: Increase Blanket Purchase Orders for Concrete

Location/Council District: Citywide/All Districts

Recommendation: (2/3 vote required) Adopt a **Resolution**: 1) Suspending competitive bidding as it is in the best interests of the City and 2) authorizing the City Manager to increase the blanket purchase orders (BPOs) for concrete purchase with Central Concrete Supply Co. Inc., Folsom Ready Mix, Inc., and Hanford Ready Mix for an additional $100,000 for each vendor.

Contacts: Juan Montanez, Street Services Manager, (916) 808-2254; Gabriel Morales, Interim Operations General Supervisor (916) 808-2289

Presenters: None

Department: Transportation

Division: Street Services

Organization No: 3494

Description/Analysis

Issue: The In-Source Concrete section of the Street Services Division requires concrete on a daily basis from three to four suppliers spread geographically around the City. The purchase of concrete was formally bid in November. There was only a single responsive bidder so staff anticipates negotiating purchase agreements. Until such agreements are negotiated, there is a continuing need for concrete. To this end, staff requests an increase in the existing BPO's of $100,000 for each of three vendors.

Policy Considerations: The recommendations in this report are consistent with the City's Strategic Plan goals to improve and expand public safety, and achieve sustainability and livability. Suspension of competitive bidding in the best interests of the City (on a 2/3 vote) is authorized by City Code Section 3.56.230(c).

Environmental Considerations: This project has been determined to be exempt from the California Environmental Quality Act (CEQA) under section 15301 (c) of the CEQA Guidelines, which states that repair and maintenance of existing highways and streets involving negligible or no expansion of existing use is exempt from CEQA review.

Commission/Committee Action: None

Rationale for Recommendation: Many concrete providers in the area cannot provide concrete with the City required concrete coloring agent. Service with some suppliers has been unsatisfactory and deliveries have not been timely. There is a need for three to four suppliers spread geographically around the City. Blanket purchase orders (BPOs) were set up to allow experimentation with various vendors. Three vendors have proven good customer service, timely response for deliveries, and are spread geographically to accommodate the various locations where concrete is needed by the City crews. These vendors are Central Concrete Supply Co. Inc. (Rio Linda), Hanford Ready Mix (Elk Grove), and Folsom Ready Mix, Inc. (Rancho Cordova). Until staff resolves the issues related to only one responsive bidder for the formal bidding of this purchase we request approval of extension of the BPOs with these three vendors.

Financial Considerations: Sufficient funds are available in the Street Services operating and CIP budgets for the increase in the amounts of the BPOs.

Emerging Small Business Development (ESBD): None of these vendors are certified small business with the City of Sacramento.

Respectfully Submitted by: Juan Montanez
Juan Montanez
Street Services Manager

Approved by: Jerry Way
Jerry Way
Director of Transportation

Recommendation Approved:

for RAY KERRIDGE
City Manager

Table of Contents:

	Page 1	Report
Attachments:		
1	Page 4	Background
2	Page 6	Resolution

Attachment 1

Background

In March 2005, Council approved a piggyback agreement for $500,000 on existing Sacramento County Concrete Supply Contracts: Redmond's Concrete Mix & U Tow, Pacific Concrete, United Rentals, and Kyle's Rock & Ready Mix. Additionally, City of Sacramento had a current aggregate contract with Teichert Ready Mix and Granite Construction that allowed concrete purchases.

It was discovered after the approval that Redmond's Concrete, Pacific Concrete, and United Rentals could not supply the City with the concrete coloring agent that is required in the City specification for concrete replacement, adopted by the City Manager in July 2003. In addition, Granite no longer operates a ready mix operation.

Therefore, two purchase orders were established with the remaining vendors, Teichert Ready Mix and Kyle's Ready Mix in May 2005. These vendors are both located in south Sacramento County. For the In-Source Concrete Crew to be able to function efficiently and minimize the delay in delivery times and increasing cost to jobs located in the north section of the city, it was crucial that they be able to order the necessary concrete ready mix from a vendor near the north section of the city.

In April 2005, a formal request was granted to open another purchase order for $60,000 with Central Concrete Supply Co. Inc., in Rio Linda. Staff found them to be an excellent supplier, with excellent customer service and on time deliveries. In addition, their price quotes for concrete ready mix are one of the lowest from all the vendors contacted. This continues to be true at this time.

Over a six month period, staff experienced extreme difficulty getting service and adequate delivery times from both Teichert Ready Mix and Kyle's Ready Mix.

Kyle's displayed extremely poor customer service, with delays on scheduled delivery of concrete of up to two hours, inability to schedule delivery times until late in the day, and unacceptable concrete materials that had to be returned to the plant. These situations caused delays on the delivery of the projects and impacted customer service by City crews to the public. In addition, their delivery trucks are not equipped with any state mandated Storm Water Quality Control cleaning and recovery system. Staff stopped using this vendor for any products or materials due to the issues described above.

Teichert has also been unable to meet our service needs. During the months of September through December, they were unable to provide any delivery schedules before 12:00 p.m. (noon), or later, to our City crews. Teichert explained that at peak season, they prioritize their delivery of concrete to customers with the greatest demand, 400 cubic yards per day or more. The City typically purchases 9 to 12 cubic yards per day. Staff has not used Teichert regularly due to the inability to schedule early morning deliveries. Staff believes Teichert may work as a back up resource during the off season construction periods.

To overcome the many difficulties listed above, staff requested BPOs with Hanford Ready Mix (Elk Grove), and Folsom Ready Mix (Rancho Cordova), in addition to the one with Central Concrete Supply Co. Inc. to experiment with these vendors. These three selected suppliers have proven themselves with good customer service, timely response for deliveries, and are spread geographically to accommodate the various locations where concrete is needed by the City crews.

Meanwhile a formal bid for the purchase of concrete was prepared in October. On November 1, 2006 two bids were received, but only one was found responsive. While staff works out the options and likely negotiations needed to obtain the needed number of vendors, it is imperative to have sources of concrete for daily operations. Therefore staff recommends in the best interest of the City to suspend competitive bidding and increase the current purchase orders by $100,000 each for Central Concrete Supply Co. Inc., Hanford Ready Mix, and Folsom Ready Mix, Inc.

Attachment 2

RESOLUTION NO.

Adopted by the Sacramento City Council

PURCHASE: INCREASE BLANKET PURCHASE ORDERS FOR CONCRETE

BACKGROUND

A. To overcome the many difficulties that arose with a Council approved piggyback agreement on the existing Sacramento County Concrete Supplier Contracts, staff requested Blanket Purchase Orders (BPOs) with Central Concrete Supply Co. Inc., Folsom Ready Mix, Inc., and Hanford Ready Mix to experiment with these vendors. These three selected suppliers have proven themselves with good customer service, timely response for deliveries, and are spread geographically to accommodate the various locations where concrete is needed by the City crews.

B. A formal bid for the purchase of concrete was prepared in October. On November 1, 2006 two bids were received, but only one was found responsive. While staff works out the options and likely negotiations needed to obtain the needed number of vendors (minimum of three), it is imperative to have sources of concrete for daily operations. Therefore staff recommends in the best interest of the City to suspend competitive bidding and increase the current purchase orders by $100,000 each for Central Concrete Supply Co. Inc., Hanford Ready Mix, and Folsom Ready Mix, Inc.

BASED ON THE FACTS SET FORTH IN THE BACKGROUND, THE CITY COUNCIL RESOLVES AS FOLLOWS:

Section 1. It is in the best interests of the City to suspend competitive bidding and competitive bidding is hereby suspended for the procurements set forth in section 2 of this resolution.

Section 2. The City Manager is authorized to increase the blanket purchase orders (BPOs) for concrete purchases with Central Concrete Supply Co. Inc., Folsom Ready Mix, Inc., and Hanford Ready Mix for an additional $100,000 for each vendor.