



TO: Board of Contracts and Awards
FROM: Kurtis D. Kingsolver, P.E., Public Works Director/City Engineer / *CKD*
 Rae Bailey, Division Manager, Public Works Street Operations
COPY: City Council, City Manager, City Clerk, SBE Coordinator, LEAP Coordinator, and
 Chuck Blankenship, Finance/Purchasing
SUBJECT: Specification No. PW14-0754F; Bulk Asphalt Oils: PG 52-28, PG 58-22, PG 64-22 and
 CSS-1 – March 3, 2015
DATE: February 11, 2015

SUMMARY:

The Public Works Department recommends a contract be awarded to low bidder, U.S. Oil Trading, LLC, Tacoma, WA, in the amount of \$327,500, plus applicable sales tax, for the purchase of Bulk Asphalt Oils: PG 52-28, PG 58-22, PG 64-22 and CSS-1, for an initial contract term of one year plus four additional one-year renewal options, for a projected contract amount of \$1,637,500, plus applicable sales tax. This contract will provide asphalt oil for use in production at the City's asphalt plant on an as-needed basis. The expected initial contract period is March 1, 2015 through February 28, 2016.

STRATEGIC POLICY PRIORITY:

- Plan for and improve public infrastructure that meets the transportation needs of all Tacoma residents and visitors.

This asphalt oil will be used in the Public Works Street Operations Division's (Street Operations) paving program.

BACKGROUND: Street Operations produces 8,000 to 10,000 tons of Hot Mix Asphalt (HMA) per year. The HMA is used for making permanent pothole repairs, replacing deteriorated street pavement surfaces and for the City's residential street paving program, which overlays approximately 40 residential blocks per year. The bulk oils purchased through this contract will be used to manufacture HMA.

ISSUE: HMA is used for making permanent pothole repairs, replacing deteriorated street pavement surfaces and for the City's residential street paving program, which overlays approximately 40 residential blocks per year.

ALTERNATIVES: With no contract in place, Street Operations could potentially pay an inflated price for the bulk oil that is used to make HMA for use in the street repair and street paving program. If we are unable to purchase bulk oil, the City's asphalt plant would close, greatly impacting Street Operations' ability to efficiently maintain the City's street system in a fiscally sustainable manner.

COMPETITIVE SOLICITATION: Competitive bidding was conducted through the Request for Bids process. Specification No. PW14-0754F was opened January 27, 2015. Three companies were invited to bid in addition to normal advertising of the project. Two submittals were received. U.S. Oil Trading, LLC provided the low bid for all four asphalt oils.

<u>Respondent</u>	<u>Location (city and state)</u>	<u>Submittal Amount</u>
U.S. Oil Trading, LLC	Tacoma, WA	\$327,500.00
*Targa Sound Terminal, LLC	Tacoma, WA	\$288,750.00

*Targa Sound Terminal only bid two of the four asphalt oils.



Pre-bid Estimate: \$1,719,400 (five year total)

The recommended award is 4.8 percent below the pre-bid estimate.

CONTRACT HISTORY: New contract.

SUSTAINABILITY: The bulk oils will be used in the manufacturing of HMA for residential overlays and permanent repairs. These types of improvements/maintenance will enhance safety for vehicular and pedestrian traffic.

SBE/LEAP COMPLIANCE: The recommended contractor is in compliance with the Small Business Enterprise (SBE) regulation requirements per memorandum dated February 9, 2015. This project has been designated as a single trade project. The Local Employment and Apprenticeship Training Program (LEAP) goal is: not applicable.

RECOMMENDATION:

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FISCAL IMPACT:

EXPENDITURES:

FUND NUMBER & FUND NAME *	COST OBJECT (CC/WBS/ORDER)	COST ELEMENT	TOTAL AMOUNT *
Asphalt Plant Fund 5453	490100	5220100	\$327,500
TOTAL			\$327,500

* Plus applicable sales tax

REVENUES:

FUNDING SOURCE	COST OBJECT (CC/WBS/ORDER)	COST ELEMENT	TOTAL AMOUNT
Asphalt Plant Fund 5453	490100	5900000	\$327,500
TOTAL			\$327,500

FISCAL IMPACT TO CURRENT BIENNIAL BUDGET: \$655,000, plus applicable sales tax.

ARE THE EXPENDITURES AND REVENUES PLANNED AND BUDGETED? Yes

IF EXPENSE IS NOT BUDGETED, PLEASE EXPLAIN HOW THEY ARE TO BE COVERED: N/A