

Honorable Mayor and Members  
of the City Council  
City Hall  
Torrance, California

**Members of the Council:**

**SUBJECT: Public Works – Change order in the amount of \$45,000 to vendor contract #887 with Sully-Miller Contracting and Purchase Order for the sole source purchase of asphalt plant mix on an as needed basis for \$229,000.  
Expenditure: Not to exceed \$274,000.**

**RECOMMENDATION**

The Public Works Director recommends that the City Council:

1. Authorize a change order to vendor contract #887 with Sully-Miller Contracting in the amount of \$45,000 for a new not to exceed amount of \$395,000 and:
2. Authorize a purchase order to be issued to Sully-Miller Contracting Company of Anaheim, California, in the amount not to exceed \$229,000, for the sole source purchase of asphalt plant mix on an as needed basis, from October 18, 2006 through October 17, 2007.

Funding

Funding is available in the Public Works Department Street Maintenance Operating Budget.

**BACKGROUND/ANALYSIS**

Due to an increase in the amount of asphalt street repairs during this last year, the Street Maintenance Division has exceeded their projected amount of tonnage needed for asphalt plant mix materials. With this increase it is estimated that an additional \$45,000 will need to be added to our existing vendor contract #887 issued to Sully-Miller Contracting Company to cover the outstanding invoices and new purchases for the remaining contract period which expires on 10/17/2006. Funding is available in the contract services budget in the Street Maintenance Division. It is estimated that the reduction of funds in contract services to cover outstanding invoices should not have an impact in contractual services this year. The division uses the majority of contractual services for sump clean up and repairs on an as needed basis and anticipates the current funding to be sufficient.

The Public Works Department requires hot asphalt plant mix to perform street maintenance work on city streets on a daily basis. Public Works crews pick up hot asphalt from a nearby mix plant and transport the material to the work site. Due to the need to have hot asphalt mix at the job site, it is imperative for crews to have access to a plant within close proximity to Torrance. If the asphalt plant mix was delivered to the city, the City would pay considerably more, since stand-by charges and delivery costs would be added for each delivery. Past bids have included the criteria for vendors to have their asphalt plant within a ten (10) mile radius to the city of Torrance. For each of the last five years, Sully-Miller has been the only

bidder. The nearest asphalt plant not owned by Sully Miller is Vulcan Materials which is located 21 miles from Torrance and All American Asphalt approximately 25 miles from Torrance.

The cost of asphalt mix this year has increased approximately 24% over last year's cost. The cost from Sully-Miller for a ton of 3/8" to 3/4" asphalt rock is \$58.00, compared to \$46.60 last year. The cost has increased more than 51% over the last two years and 100% over the last 5 years. The increase in asphalt cost has been attributed to local refinery production limitations, increased oil cost, product availability, fuel cost for trucking and the cost of producing asphalt. Public Works will be bringing forward a program modification during the first quarter budget review to address this issue.

The Public Works Department has purchased asphalt mix from Sully-Miller Contracting Company for over the past ten years. The material provided is used daily for various street maintenance and repair projects. The vendor has provided the City with a quality product, good pricing, excellent service and they have the ability to respond in the event of an emergency. In addition, the close proximity of their asphalt mix plant affords short transportation routes, timely work assignments, and an asphalt product of proper temperature upon arrival at the work sites.

The Torrance Municipal Code, (Section 22.3.17.b), (EXCEPTIONS; SOLE-SOURCE PURCHASES) states that "sole source purchases shall mean those purchases where it would be undesirable or impossible for the City to advertise for bids for particular work or for patented items, or experimental or unique services or products, or where competitive purchases would be unavailable or would not prove advantageous for the City."

Respectfully submitted,

ROBERT J. BESTE  
Public Works Director

  
By Steven Cooper  
Street Operation Manager

CONCUR:



Robert J. Beste  
Public Works Director



LeRoy J. Jackson  
City Manager