City of Garden Grove

INTER-DEPARTMENT MEMORANDUM

To: Matthew Fertal From: Keith G. Jones

Dept: City Manager Dept: Public Works

April 22, 2008

Subject: TO APPROVE AN INCREASE IN THE Date:

AUTHORIZED AMOUNT OF THE BLANKET PURCHASE ORDERS FOR

ASPHALT MIX

OBJECTIVE

To approve an increase in the authorized funding amount of the blanket purchase order to each of the three approved vendors; All American Asphalt, Vulcan Materials, and R. J. Noble.

BACKGROUND

The existing blanket purchase orders for All American Asphalt, Vulcan Materials, and R. J. Noble will expire on November 12, 2008. Current authorized amount of Blanket Purchase Order is \$135,000.00, which is used to purchase asphalt products from the three (3) aforementioned vendors on an as needed basis. The availability of three vendors assures the availability of materials needed to maintain the City of Garden Grove's roadway network.

DISCUSSION

Soaring crude oil prices, high demand, low supply, and new plant technologies are factors that contribute significantly to the current authorized purchase order amount of \$135,000.00 being outdated.

Additionally, since November 2008, staff has modified strategies. Staff now incorporates an asphalt paver pass on many of the alligator-cracked streets in lieu of merely crack sealing in preparation for residential rehabilitation projects. This paver pass provides a ½ - 1 inch interlayer of asphalt that staff believes will increase the usable service life of the street from twenty years to 23-25 years. It also reduces crack sealing costs by approximately 38%. However, an increased dollar amount must consequently be spent on asphalt material for the paver passes.

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FINANCIAL IMPACT

Combined, the three (3) purchase orders will not exceed \$200,000.00, and will be funded from the 2007/2008 Public Works Department budget.

COMMUNITY VISION IMPLEMENTATION

Approval of the blanket purchase orders will aid in meeting the Transportation and Infrastructure Goal, which is to maintain and improve the transportation system in the City to ensure the safe, efficient flow of traffic.

RECOMMENDATION

It is recommended that the Garden Grove City Council:

 Approve the increased authorized purchase order amount of \$200,000.00 per year to be divided between Vulcan Materials, All American Asphalt, and R. J. Noble based on the availability of the materials needed.

KEITH G. JONES Public Works Director

By: A. J. Holmon III

Environmental and Streets Manager