



**Subject:** Encumber Additional Funds to Open  
Purchase Order 44517 Granite  
Construction Co.

**Council Agenda:** 6/21/11  
**Item:** 2.23

### City Council Action Request

<b>Department:</b> Finance	<b>CEQA:</b> PP10-066 (a)	<b>Coordination:</b> Department of Transportation, City Attorney's Office, City Manager's Budget Office	<b>CMO Approval:</b>  <b>Dept. Approval:</b> /s/ Scott Johnson
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#### RECOMMENDED ACTION:

Authorize the Director of Finance to execute a change order to the existing Open Purchase Order 44517 with Granite Construction Co. (San Jose, CA) to encumber an additional \$51,189 for a total amount not to exceed \$1,351,189 for the purchase of Asphalt Concrete for the one-year term ending May 30, 2011.

#### BASIS FOR RECOMMENDATION:

Desired Outcome: Ensure a ready supply of asphalt concrete to support various Department of Transportation pavement maintenance projects.

This requirement was competitively solicited and awarded in May 2010 to two suppliers that submitted the most favorable pricing, Granite Construction Co. and Reed and Graham, for a one year term ending May 30, 2011.

In August 2010, Reed and Graham's asphalt concrete plant suffered a fire that prevented them from producing the required material. In January 2011, the balance of the Reed and Graham Purchase Order was liquidated and added to the Granite Construction Purchase Order in order to ensure a supply of the asphalt product.

The annual demand for this product was greater than anticipated. Therefore, an additional \$51,189 is required in order to complete various projects by the end of the fiscal year.

The Reed and Graham facility is expected to be fully operational in June 2011.

#### COST AND FUNDING SOURCE:

The not-to-exceed amount of the purchase order will be increased by \$51,189 to \$1,351,189. The Construction Excise Tax Fund from the Recovery Act- Street Resurfacing and Rehabilitation Appropriation will fund the additional encumbrance.

**FOR QUESTIONS CONTACT: Mark Giovannetti, Division Manager 408-535-7052**