

**CITY COUNCIL
COMMUNICATION:**

03-066

AGENDA:

FEBRUARY 10, 2003

SUBJECT:

CONTRACT
EXTENSION FOR
LIQUID ASPHALT
MATERIALS

TYPE:

RESOLUTION
ORDINANCE
RECEIVE/FILE

SUBMITTED BY:

WILLIAM STOWE
PUBLIC WORKS
DIRECTOR

ITEM _____

**OFFICE OF THE CITY MANAGER
CITY OF DES MOINES, IOWA**

SYNOPSIS —

On January 22, 2003, the Public Works Department received a letter from Bituminous Materials and Supply Company (900 East Raccoon Street, Des Moines, Iowa, Michael J. Kelly, President) offering to extend the current bid prices for liquid asphalt materials under Contract V01-127 for an additional year. The current contract expires on March 31, 2003. Authorization for this request is provided for under Municipal Code Section 2-725(g), Contracts Exempt From Bidding, at the recommendation of the City Manager.

FISCAL IMPACT —

Funding is currently available in the Public Works Department's Operating Budget for the purchase of \$210,000 worth of required liquid asphalt materials.

RECOMMENDATION —

Approval.

BACKGROUND —

The Public Works Department uses liquid asphalt materials in a variety of preventive maintenance and repair programs including chip and slurry seal, asphalt stabilization, and crack sealing. In addition, the materials are used to control dust on unpaved streets and to prepare paved streets for asphalt overlay.

On February 7, 2001, the City of Des Moines sent bid packages to the only two regional companies capable of providing the quantity and variety of liquid asphalt materials needed. The City received a single bid from Bituminous Materials and Supply Company located in Des Moines, which has been the case for the last eight years. Bituminous also supplies materials to the Iowa Department of Transportation (IDOT) and other local government agencies. The single bid, which increased by 1 percent over the previous year, was compared with the bids received for similar materials by IDOT. It was found that the City's prices were comparable to those obtained by the State of Iowa.

Contract V0-127 for liquid asphalt materials provided for a one-year renewal option, which was exercised for materials used in 2002/2003.

	<p>Bituminous has offered to extend the contract for an additional year. Since the current price of crude oil has escalated to over \$33 a barrel, bidding the contract for liquid asphalt materials could result in significant increases. Therefore, extension of the current contract price is recommended.</p>
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