

May 18, 2006

TO: John M. Lamerato, Acting City Manager

FROM: Brian P. Murphy, Assistant City Manager/Services
Jeanette Bennett, Purchasing Director
Timothy L. Richnak, Public Works Director

RE: **Agenda Item** – Amendment #2– Concrete Pavement Repair Program

RECOMMENDATION

On January 24, 2005, the Troy City Council approved the contract for concrete pavement repair to the low bidders: A) Major Cement Company for major roads, B) Hard Rock Concrete for local roads; and C) Six S, Inc. for Stephenson Hwy. (Resolution #2005-01-041-E20) Subsequently, the contract was amended on July 11, 2005 to allow for additional concrete replacement for work to be completed by June 30, 2006. (Resolution #2005-07-325-E11)

City management recommends that City Council approve amendment #2 to the concrete pavement repair contract for two of the low bidders, Major Cement Company – Proposal A, Hard Rock Concrete, Inc. – Proposal B, not to exceed \$1,250,000.00, and \$750,000.00, respectively for work to be completed by June 30, 2006, under the same unit prices, terms, and conditions as the original contract.

Major Cement Company

| | |
|-------------------------------|----------------|
| 2006 Contract Amount | \$750,000.00 |
| Additional 25% | \$187,500.00 |
| Proposed Amendment # 2 | \$312,500.00 |
| Total 2005/2006 Budget Amount | \$1,250,000.00 |

Hard Rock Concrete, Inc

| | |
|-------------------------------|--------------|
| 2006 Contract Amount | \$500,000.00 |
| Additional 25% | \$125,000.00 |
| Proposed Amendment # 2 | \$125,000.00 |
| Total 2005/2006 Budget Amount | \$750,000.00 |

SUMMARY

Major roads covered under Proposal A include, Industrial Roads, and scattered locations. Local roads under Proposal B include streets in section #11 and Randall.

To: John M. Lamerato, Acting City Manager
Re: Amendment #2 – Concrete Pavement Repair

MARKET SURVEY

A favorable market survey was conducted by the Purchasing Department. Economic conditions indicate prices will continue to rise on concrete, labor, and fuel. Shortages in concrete have been a major problem caused in part by the building boom in China.

BACKGROUND

- The two contractors have been able to work at a faster than expected pace while producing a quality product for the City.
- The price for fuel and cement is continuing to increase; it is to our benefit to take advantage of 2004/05 pricing for the 2005/2006-construction season by amending the construction quantities.
- Moving this work forward would improve public safety and also reduce the City's liability.

BUDGET

Funding for this project comes from 2005/2006 budgeted funds available in the Capital Accounts for Public Works Construction for Major Roads A/C# 401479.7989.300, Local Roads A/C# 401499.7989.041015 and 401499.7989.051015.

Prepared by: Marina Basta Farouk, Project Construction Manager

May 15, 2006

TO: Jeanette Bennett
Purchasing Director

FROM: Linda N. Bockstanz
Associate Buyer

RE: MARKET SURVEY – CONCRETE PAVEMENT REPAIR

HARTWELL CEMENT CO. – Lisa (248) 548-5858

Lisa has indicated that concrete prices have increased twice this year because of fuel shortages and costs. She received a 2nd letter from her supplier, who has indicated that they were adding a fuel surcharge to all deliveries of concrete due to fuel prices. The first increase was for concrete - \$5.00 per cubic yard and the second increase is the \$5.00 surcharge. If the contract were larger, the company could give better prices.

FLORENCE CEMENT CO. - Dwayne (810) 499-2537 or (586) 997-2666

According to Dwayne, prices went up 5% for concrete and 20% for fuel and labor costs. If the contract was larger, their company would keep prices were they are now. Could not afford to lower them.

SIX-S – Martin Sakalian (248) 673-0585 Ext 103

Per Martin, prices of concrete have increased about 5% to 20% in the last year due to shortages and fuel costs. If the contract were a little larger would not be enough to lower their company's prices. They could keep the prices were they are now. Contract would have to be at least five million dollars in order to lower his prices.

Based upon the above comments, I respectfully recommend that the City accept the offers to renew the various contracts for Concrete Pavement Repair to the current vendors based on the fact costs for concrete and fuel have increased 5% to 20% in price. Only if the contract were very large would some vendors decrease their prices.

Cc: Susan Leirstein