



DATE: January 9, 2023
TO: Angela Calvillo, Clerk of the Board
FROM: Sailaja Kurella, Director of Office of Contract Administration (OCA) and Purchaser
SUBJECT: **Resolution to approve second amendment to Term Contract 75955 – Petroleum, Emulsions, Sealants, and Concrete Base with Granite Rock Company**

Enclosed is the resolution authorizing a second amendment to Term Contract 75955 (PeopleSoft Contract ID 1000016483) with Granite Rock Company, increasing the contract amount by \$13,989,728 for a total not to exceed (“NTE”) amount of \$23,889,728 and to extend the term by two (2) years to October 31, 2026.

This contract was awarded pursuant to a solicitation (Sourcing Event 0000002701) conducted on August 12, 2019 by the Office of Contract Administration (OCA). The solicitation resulted in the award to Granite Rock Company as the lowest responsive bidder, with an initial contract NTE amount of \$7,687,850 and duration of three years, from November 1, 2019 to October 31, 2022. The initial contract NTE amount was based on the awarded bidder’s bid sheet which, in turn, was based on the City’s then estimated usage for 3 years.

On June 10, 2022, OCA executed Amendment 1 whereby the contract’s NTE was increased to \$9,900,000 and its duration was extended to October 31, 2024 based on the following usage data and estimated spend:

Estimated Need Based on Data Available as of June 2022*	
Avg Monthly Spend	\$ 178,476
Total Remaining Months Until Contract End Date of October 31, 2024	28
Total Needed for Remaining Months	\$ 4,997,332
Less Current Contract Balance	\$ 2,693,842
Total Needed Increase to NTE	\$ 2,303,490
Current NTE	\$ 7,687,850
Revised NTE	\$ 9,991,340

* Not adjusted for the impact of a 47.60% price increase.

Amendment 1 allowed a price increase of 47.60% based on producer price index (PPI). Given the significant increase in price, OCA limited its extension to only 24 months to allow OCA sufficient time to determine if it should continue with the existing contract or conduct a new bid. OCA has since determined that it is in the City’s best interest to continue with the existing contract and postpone a new solicitation until the market has stabilized. This will ensure City does not expend time and resources on a solicitation that (a) will likely result in pricing that is not any better than the pricing available under the existing contract; and (b) will lock City into a multi-year contract with higher than average rates for initial pricing subject to further annual PPI increases.

At this time, OCA seeks to execute Amendment 2 whereby the contract’s NTE will be to \$23,889,728 and its duration extended to October 31, 2026. The increase in NTE is based on the following usage data and estimated



spend:

Estimated Need Based on Data Available as of December 2022	
Avg Monthly Spend	\$ 346,832
Total Remaining Months Until Contract End Date of October 31, 2026	46
Total Needed for Remaining Months	\$ 15,954,263
Less Current Contract Balance	\$ 1,964,535
Total Needed Increase to NTE	\$ 13,989,728
Current NTE	\$ 9,900,000
Revised NTE	\$ 23,889,728

This contract is critical as part of maintaining the City's infrastructure to ensure safe, paved streets for transportation needs of pedestrians, cyclists, motorists, and the people of San Francisco. Approval of this resolution will allow City departments to continue procuring the materials required for their work in a streamlined and cost-efficient manner.

If you have any questions or require additional information, please contact Carissa Wu on my team at (628)-652-1642.

Enclosures:

- TC #75955 - Petroleum, Emulsions, Sealants, and Concrete Base Agreement
- TC #75955 - Petroleum, Emulsions, Sealants, and Concrete Base Agreement – Modification 1
- TC #75955 - Petroleum, Emulsions, Sealants, and Concrete Base Agreement – DRAFT Modification 2
- Resolution for TC #75955
- S.F. Ethics Commission form 126f4, Notification of Contract Approval