



San Francisco Office of the City Administrator
City Administrator Carmen Chu

Petroleum, Emulsions, Sealants, and Concrete Base Contract (TC 75955)

File 23-00039

Office of Contract Administration

Board of Supervisors' Budget and Finance Committee
February 8, 2023

Contract Summary

- **Covered Goods:** Petroleum, emulsions, sealants, and concrete base.
- **Purpose:** Critical as part of maintaining the City's infrastructure to ensure safe, paved streets for transportation needs of pedestrians, cyclists, motorists in San Francisco.
- **Contractor:** Awarded to Granite Rock Company through a an Invitation for Bids by OCA in November 2019.
- **Initial contract NTE:** \$7,687,850, November 1, 2019 to October 31, 2022. Not-to-Exceed (NTE) amount based on City's then-estimated usage for 3 years.
- **Primary User Department:** DPW with a 2 year total of \$7,472,973. Other users, PUC and PORT.

Amendment 1

- Increased NTE to \$9,900,000 and extended contract by 2 years through December 31, 2024.
- Allowed for a price increase of 47.60% based on producer price index (PPI).
- Given significant price increase, extensions was limited to 2 years to determine if a new bid would secure better pricing.
- Calculations based on City's usage rate as of June 2022 which did not yet account for the future impact of 47.60% price increase.

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 2

- OCA has determined it is in the City's best interest to continue with the existing contract and postpone a new solicitation until the market has stabilized.
- Will increase NTE to \$23,889,728 and extend contract through December 31, 2026 (2 years beyond Amendment 1).
- Calculations based on City's actual usage rate as of December 2022, which now takes into account impact of 47.60% price increase.

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

Recommendation

Based on actual, as well as projected expenditures, recommend approval of the resolution to amend contract allowing:

- Increase of NTE by \$13,989,728 for a total not-to-exceed amount of \$23,889,728.
- Extend by two years to October 31, 2026.

Thank You