

**CITY COUNCIL AGENDA TOPIC**

Resolution to approve a change order for the 2023 Utilities On-Call Asphalt Restoration Contract (No. 2350031) with AA Asphalt, LLC to increase contract capacity by \$600,000, for a total contract amount not to exceed \$1,776,690, plus all applicable taxes.

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*Utilities Department*

**EXECUTIVE SUMMARY****ACTION**

This Resolution authorizes an execution of change order for on-call asphalt repair services. The change order will increase contract capacity by \$600,000 for a total capacity not to exceed \$1,776,690, plus all applicable taxes.

**RECOMMENDATION**

Move to adopt Resolution No. 10362

**BACKGROUND/ANALYSIS**

To repair underground utility systems, it is necessary to restore streets and sidewalks to previous condition. The City previously executed an on-call contract for the removal of temporary roadway and sidewalk patches and installation of permanent asphalt and concrete on roadways and sidewalks following Utilities repair work. These permanent repairs are needed to meet City standards, reduce the probability of damages and claims, and meet the City's customer service goals. The on-call contract provides for expedited services at reduced costs, compared to awarding multiple contracts/purchase orders for each location as needs arise.

The Utilities Department has utilized AA Asphalt's contract for pavement restoration services on Operations and Maintenance projects over the last several years both with the existing and previous contracts. Currently, AA Asphalt is performing restoration work for the water, sewer, and stormwater utilities. Under the current on-call asphalt contract, the Water Utility has experienced higher asphalt costs in 2023 than anticipated. A backlog of complex water infrastructure repairs requiring additional restoration has been driving the cost increase for 2023. Additionally, an increase in unexpected service line breaks and higher than anticipated inflation has also contributed to contract costs beyond original estimates.

To accommodate a need for additional funding, the proposed change order will increase AA Asphalt's contract by \$600,000 for a total contract capacity of \$1,776,690. This action will allow staff to continue working on multiple restoration projects that are underway and increase available funding for future needs in 2024. The change order does not extend the end date of the contract beyond 2/15/2025. This is a time and materials contract and, therefore, does not obligate the City for the full contract capacity.

## **POLICY & FISCAL IMPACTS**

### **Policy Impact**

#### Bellevue City Code

Bellevue City Code 4.28 provides for the fair and equitable treatment of all persons involved in the purchasing process. Council approval is required to award the bid where the cost exceeds \$350,000.

#### City Comprehensive Plan

- UT-2: Build and manage City-owned utility infrastructure assets to reduce the likelihood of risks to public safety, property, and environment, and disruption due to asset failure.
- TR-55: Maintain and enhance safety for all users of the roadway network.

### **Fiscal Impact**

This change order will add \$600,000 of contract capacity to AA Asphalt's contract and will authorize the City to spend up to \$1,766,690, plus all applicable taxes, over the contract period of 2023-2024 in accordance with authorized budgetary authority. Sufficient funds are available in the 2023-2024 adopted Utilities budget for this contract amendment. The use of on-call contracts for Operations and Maintenance and other associated services to deliver Utilities maintenance projects is closely monitored using project and financial governance and controlled to ensure compliance with authorized spending authority.

## **OPTIONS**

1. Adopt the Resolution to approve a change order for the 2023 Utilities On-Call Asphalt Restoration Contract (No. 2350031) with AA Asphalt, LLC to increase contract capacity by \$600,000, for a total contract amount not to exceed \$1,776,690, plus all applicable taxes.
2. Do not adopt the Resolution and provide alternative direction to staff.

## **ATTACHMENTS**

Proposed Resolution No. 10362

## **AVAILABLE IN COUNCIL LIBRARY**

Proposed Change Order - 2023 Utilities On-Call Asphalt Restoration PO# 2350031.001

Original Contract - 2023 Utilities On-Call Asphalt Restoration PO# 2350031