

MEMORANDUM



To: Scott Niehaus, Village Manager

Through: Carl Goldsmith, Director of Public Works *h*

From: Brian Jack, Utilities Superintendent *B*

Date: January 4, 2023

Subject: Coarse Aggregate Material Contract Extension –
Waiver of Bids

Background

The Public Works Department uses Coarse Aggregate Material for trench backfill and pavement restorations throughout the Village after excavations and street repairs.

On December 23, 2021 bids were opened for the purchase of Coarse Aggregate Materials with bid specifications sent to six vendors. Two bids were submitted and all met Village specifications. The budgeted amount for FY 2022 was \$53,550.00 with funding as follows: Street Maintenance and Reconstruction (\$1,000), Water & Sewer Capital Reserve Fund Water Maintenance & Improvements RM PROG 32 (\$37,550) and Water & Sewer Capital Reserve Fund Sewer Maintenance & Improvements RM PROG 10 (\$15,000). The Village of Lombard's current Coarse Aggregate Material Contract expired December 31, 2022. We have valued the level of service and commitment from Vulcan Materials Co. has provided the Village of Lombard over the past year.

The Village wishes to exercise the option of extending the contract for an additional year for FY 2023 with a moderate increase above the original contract terms and conditions as specified in contract PWO-22 02. Vulcan Materials Co. has requested a \$3.00 per ton increase per CA-6 aggregate and \$4.30 per ton for CA-7 aggregate for the contract year of January 19, 2023 through December 31, 2023. Their request for an increase is based upon the construction inflation that has occurred over the past few years as shown in the enclosed form. Although this is a significant increase over the FY 2022 pricing, it is not out of line from where construction costs are currently at. Historically the Village's aggregate cost has been relatively low with negligible increases over the years. Vulcan was the only firm that submitted a bid in FY 2022.

	2022 CA-6	2022 CA-7	2022 Total	2023 CA-6	2023 CA-7	2023 Total
Vulcan Materials	\$15.00 @ 1500 tons = \$22,500	\$20.70 @ 1500 tons = \$31,050	\$53,550	\$18.00 @ 1500 tons = \$27,000	\$25.00 @ 1500 tons = \$37,500	\$64,500

The increase in contract amount can be absorbed in the FY2023 Water/Sewer Capital Reserve Fund with minimal impact to the programs.

Recommendation

Please present to the Board of Trustees to waive the bidding process and award a contract extension in an amount not to exceed \$53,550.00 for FY2023 for Coarse Aggregate Material to Vulcan Materials Co. of Naperville, IL. Please submit this recommendation to the Board of Trustees for their approval at the January 19, 2023 meeting.



VILLAGE OF LOMBARD

255 E. Wilson Ave.
Lombard, Illinois 60148-3926
(630) 620-5700 Fax (630) 620-8222
www.villageoflombard.org

December 29, 2022

Village President
Keith T. Giagnorio

Village Clerk
Sharon Kuderna

Trustees
Brian LaVaque, Dist. 1
Anthony Puccio, Dist. 2
Bernie Dudek, Dist. 3
Andrew Honig, Dist. 4
Dan Militello, Dist. 5
Bob Bachner, Dist. 6

Village Manager
Scott R. Niehaus

"Our shared Vision for Lombard is a community of excellence exemplified by its government working together with residents and businesses to create a distinctive sense of spirit and an outstanding quality of life."

"The Mission of the Village of Lombard is to provide superior and responsive governmental services to the people of Lombard."

Vulcan Materials
ATTN: Sales Service Center
1000 E. Warrenville Rd. Suite 100
Naperville, IL 60563

RE: Coarse Aggregate Material Contract Extension PWO-2002

Sirs;

The Village of Lombard's current Coarse Aggregate Material Contract is set to expire December 31, 2022. The Village has valued the level of service and commitment Vulcan Materials Co. has provided to the Village of Lombard over the past year. The Village would like to exercise the option of extending the contract for an additional year under the current contract terms and conditions as specified in Contract Document PWO-2002. The extension would be in effect from 12:01 a.m. January 19, 2023 until 12:00 midnight December 31, 2023.

Should you agree with this request, please sign and return your acceptance of the above conditions.

Sincerely,

Brain Jack
Utilities Superintendent
Department of Public Works

Accepted this 3 day of Jan, 2023
Individual of partnership _____ Corporation _____.

By
Vulcan Materials Co.

SALES SERVICES MANAGER
Position/Title

** PLEASE SEE ATTACHED 2023 PRICE INCREASE LETTER + ASSOCIATED DOCUMENTS.*



January 3, 2023

To: Village of Lombard

Attn: Brian Jack

Re: Contract PWO-22 02 Coarse Aggregate Material – 2023 Price Increase

Mr. Jack

We are pleased to offer an extension on the PWO-22 02 Coarse Aggregate Material contract with the following increases in material prices.

- Coarse Aggregate (CA-6) \$18.00/ton unit price
- Coarse Aggregate (CA-7) \$25.00/ton unit price

These material prices will be effective 1/19/2023 through 12/31/2023. Please let us know if you have any questions.

Sincerely,

Andrew Ivelia
Sales Representative
224-407-7871

Sample of Construction Inflation Measures as of October 2022

Construction Related Prices* (BLS Producer Price Index National Survey)	Year over Year % Change		
	Avg of Last 12 Months ¹	Avg of Last 3 Months ²	Oct-22 ³
Inputs to construction industries, goods	20.7%	15.9%	14.6%
Truck transportation of freight	19.9%	15.2%	11.8%
#2 diesel fuel	71.2%	60.2%	61.5%
Cement	8.2%	11.5%	13.4%
Concrete block and brick	10.7%	14.1%	15.0%
Ready-mixed concrete	9.3%	11.1%	11.8%
Asphalt (at refinery - liquid)	55.2%	41.9%	20.4%
Paving mixtures and blocks (Hot-mix asphalt)	15.0%	21.9%	20.7%
Special Indexes: Construction Materials	18.2%	6.0%	2.9%
Gypsum products	19.4%	17.7%	16.2%
Lumber and plywood	3.1%	5.2%	1.3%
Plastic construction products	27.4%	17.0%	13.5%
Steel pipe and tube	41.9%	14.1%	8.6%
Copper and brass mill shapes	8.0%	-9.0%	-11.5%
Fabricated structural metal bar joists & rebar	32.9%	8.5%	3.5%
Iron and steel scrap	5.7%	-25.4%	-27.2%
Construction Earnings⁴			
Avg hrly earnings of prod and nonsup employees, construction	6.0%	6.5%	6.7%
Avg hrly earnings of prod and nonsup emps, residential building	5.6%	3.6%	3.8%

Source: Bureau of Labor Statistics (BLS) Producer Price Index Survey

* Note: The Producer Price Index is a family of indexes that measures the average change over time in the selling prices received by domestic producers of goods and services (based on a national survey). PPIs measure price changes from the perspective of the seller. About 10,000 PPIs for individual products and groups of products are released each month. PPIs are available for the output of nearly all industries in the goods-producing sectors of the U.S. economy.

The items listed above are a sample of items from the surveys that are closely tied to the construction industry.

(1) TTM (Trailing 12 Months) = Average of index from October 2022 to November 2021 vs average of index from October 2021 to November 2020

(2) T3M (Trailing 3 Months) = Average of index from October 2022 to August 2022 vs average of index from October 2021 to August 2021

(3) October 2022 to October 2021 (1 month year-over-year measure)

(4) Detailed avg hourly earnings for residential buildings is based on Sep 2022