

STAFF REPORT



ITEM NO. 6

CITY OF OCEANSIDE

DATE: August 7, 2013

TO: Honorable Mayor and City Councilmembers

FROM: Development Services Department

SUBJECT: **APPROVAL OF A VENDOR PURCHASE AGREEMENT FOR THE ANNUAL SLURRY SEAL FY 2013-2014 PROJECT**

SYNOPSIS

Staff recommends that the City Council approve a vendor purchase agreement with Petrochem Manufacturing, Inc., of Carlsbad in the amount of \$620,000 for the Annual Slurry Seal FY 2013-2014 project; and authorize the City Manager to execute the Agreement.

BACKGROUND

The City annually slurry seals streets in residential neighborhoods as part of a continuing program of road maintenance to preserve the asphalt surface and avoid more costly repairs later. This year, staff is recommending a two-layer application in a neighborhood between Libby Lake Park, North River Road and Vandegrift Boulevard. This is a departure from recent City practice where a single application of a similar product is used to maintain the surface of lightly distressed streets. In this neighborhood, the pavement surface shows extensive "alligator" cracking on an otherwise stable road base. The two-layer application process is used in other cities to extend the life of the pavement without having to resort to costly grind-and-overlay repairs.

ANALYSIS

The slurry seal product is a Rubberized Emulsion Asphalt Slurry (REAS), and consists of a petroleum emulsion (mixture) containing rubber and coarse sand.

Staff recommends that the City make benefit of a \$38 million multi-year contract between Petrochem Manufacturing and the City of Los Angeles, which allows "piggyback" pricing to other cities.

Section 28A.24(b) of the Oceanside Municipal Code allows shared-agency purchases in place of project-specific bidding: "Procurements utilizing purchasing agreements maintained by other public agencies for the provision of equipment, supplies or services to such agencies."

Traffic control for the work will be provided by the Public Works Department using City crews. The staff time cost for inspection and traffic control will be paid from the project budget.

FISCAL IMPACT

Funds in the amount of \$1,289,000 are programmed for FY 2013-14 for the Misc Street Projects (Slurry Seal) project account 425426212.5703.10600. The estimated project cost, including staff time, is \$740,000. Sufficient funds are available.

INSURANCE REQUIREMENTS

The City's standard insurance requirements will be met.

COMMISSION OR COMMITTEE REPORT

Does not apply.

CITY ATTORNEY'S ANALYSIS

The referenced documents have been reviewed by the City Attorney and approved as to form.

RECOMMENDATION

Staff recommends that the City Council approve a vendor purchase agreement with Petrochem Manufacturing, Inc., of Carlsbad in the amount of \$620,000 for the Annual Slurry Seal FY 2013-2014 project; and authorize the City Manager to execute the Agreement.

PREPARED BY:

SUBMITTED BY:



Gary Kellison
Senior Civil Engineer



Peter A. Weiss
City Manager

REVIEWED BY:

Michelle Skaggs Lawrence, Deputy City Manager

George Buell, Development Services Director

Scott O. Smith, City Engineer

Michael Blazenski, Interim Financial Services Director



Attachments:

Vendor Agreement

List of slurry seal streets

CITY OF OCEANSIDE

VENDOR PURCHASE AGREEMENT

PROJECT: FY 2013 - 2014 Slurry Seal Project (425426212)

THIS AGREEMENT, dated August 7, 2013, for identification purposes, is made and entered into by and between the CITY OF OCEANSIDE, a municipal corporation, hereinafter designated as "CITY", and Petrochem Manufacturing, Inc., a Nevada corporation qualified to do business in California, hereinafter designated as "CONTRACTOR."

NOW THEREFORE, THE PARTIES MUTUALLY AGREE AS FOLLOWS:

- 1. **SCOPE OF WORK.** The project is more particularly described as follows: CONTRACTOR will supply and place Type II Rubberized Emulsion Aggregate Slurry (REAS) on selected residential CITY streets. The CONTRACTOR will supply material, field personnel and equipment consisting of the following and as detailed in Exhibit "B":

Material delivery charges	\$0.10 per gallon
Central-mix REAS	\$2.15 per gallon
Supervisor	\$95 per hour
Operator and slurry crew	\$285 per hour
Service haul truck and pumper	\$475 per day
Applicator trucks	\$2520 each per day
Slurry Pump	\$500 per day
Laydown Box	\$250 per day
Transport Trailers	\$150 per trailer load

Pricing has been competitively bid and determined by Exhibit "A" attached hereto as City of Los Angeles contract dated January 1, 2010, which is in the third of four annual one-year renewal option years.

City shall be responsible for all required prep work, public outreach and notification to residents, the posting of "No Parking" signs as and when warranted, installation and removal of all traffic control systems, motor street-sweeping, and removal and re-installation of all traffic striping or other devices.

- 2. **INDEPENDENT CONTRACTOR.** CONTRACTOR'S relationship to the CITY shall be that of an independent contractor. CONTRACTOR shall have no authority, express or implied, to act on behalf of the CITY as an agent, or to bind the CITY to any obligation whatsoever, unless specifically authorized in writing by the CITY. CONTRACTOR shall be solely responsible for the performance of any of its employees, agents, or subcontractors under this Agreement. CONTRACTOR shall report to the CITY any and all employees, agents, and consultants performing work in connection with this project, and all shall be subject to the approval of the CITY.

3. **WORKERS' COMPENSATION.** Pursuant to Labor Code section 1861, the CONTRACTOR hereby certifies that the CONTRACTOR is aware of the provisions of Section 3700 of the Labor Code which require every employer to be insured against liability for Workers' Compensation or to undertake self-insurance in accordance with the provisions of that Code, and the CONTRACTOR will comply with such provisions, and provide certification of such compliance as a part of this Agreement.

4. **LIABILITY INSURANCE.**

4.1. CONTRACTOR shall, throughout the duration of this Agreement maintain comprehensive general liability and property damage insurance, or commercial general liability insurance, covering all operations of CONTRACTOR, its agents and employees, performed in connection with this Agreement including but not limited to premises and automobile.

4.2. CONTRACTOR shall maintain liability insurance in the following minimum limits:

Comprehensive General Liability Insurance
(bodily injury and property damage)

Combined Single Limit Per Occurrence	\$ 1,000,000
General Aggregate	\$ 2,000,000*

Commercial General Liability Insurance
(bodily injury and property damage)

General limit per occurrence	\$ 1,000,000
General limit project specific aggregate	\$ 2,000,000

<u>Automobile Liability Insurance</u>	\$ 1,000,000
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*General aggregate per year, or part thereof, with respect to losses or other acts or omissions of CONTRACTOR under this Agreement.

4.3. If coverage is provided through a Commercial General Liability Insurance policy, a minimum of 50% of each of the aggregate limits shall remain available at all times. If over 50% of any aggregate limit has been paid or reserved, the CITY may require additional coverage to be purchased by the CONTRACTOR to restore the required limits. The CONTRACTOR shall also notify the CITY promptly of all losses or claims over \$25,000 resulting from work performed under this contract, or any loss or claim against the CONTRACTOR resulting from any of the CONTRACTOR'S work.

- 4.4 All insurance companies affording coverage to the CONTRACTOR for the purposes of this Section shall add the City of Oceanside as "additional insured" under the designated insurance policy for all work performed under this agreement. Insurance coverage provided to the City as additional insured shall be primary insurance and other insurance maintained by the City of Oceanside, its officers, agents, and employees shall be excess only and not contributing with insurance provided pursuant to this Section.
- 4.5 All insurance companies affording coverage to the CONTRACTOR pursuant to this agreement shall be insurance organizations admitted by the Insurance Commissioner of the State of California to transact business of insurance in the state or be rated as A-X or higher by A.M. Best.
- 4.6 CONTRACTOR shall provide thirty (30) days written notice to the CITY should any policy required by this Agreement be cancelled before the expiration date. For the purposes of this notice requirement, any material change in the policy prior to the expiration shall be considered a cancellation.
- 4.7 CONTRACTOR shall provide evidence of compliance with the insurance requirements listed above by providing, at minimum, a Certificate of Insurance and applicable endorsements, in a form satisfactory to the City Attorney, concurrently with the submittal of this Agreement.
- 4.8 CONTRACTOR shall provide a substitute Certificate of Insurance no later than thirty (30) days prior to the policy expiration date. Failure by the CONTRACTOR to provide such a substitution and extend the policy expiration date shall be considered a default by CONTRACTOR and may subject the CONTRACTOR to a suspension or termination of work under the Agreement.
- 4.9 Maintenance of insurance by the CONTRACTOR as specified in this Agreement shall in no way be interpreted as relieving the CONTRACTOR of any responsibility whatsoever and the CONTRACTOR may carry, at its own expense, such additional insurance as it deems necessary.
5. [INTENTIONALLY OMITTED.]
6. **CONTRACTOR'S INDEMNIFICATION OF CITY.** To the greatest extent allowed by law, CONTRACTOR shall indemnify and hold harmless the CITY and its officers, agents and employees against all claims for damages to persons or property arising out of the negligent acts, errors or omissions or wrongful acts or conduct of the CONTRACTOR, or its employees, agents, subcontractors, or others in connection with the execution of the work covered by this Agreement, except for those claims arising from the willful misconduct, sole negligence or active negligence of the CITY, its officers, agents, or employees. CONTRACTOR'S indemnification shall include any and all costs, expenses, attorneys' fees, expert fees

and liability assessed against or incurred by the CITY, its officers, agents, or employees in defending against such claims or lawsuits, whether the same proceed to judgment or not. Further, CONTRACTOR at its own expense shall, upon written request by the CITY, defend any such suit or action brought against the CITY, its officers, agents, or employees resulting or arising from the conduct, tortious acts or omissions of the CONTRACTOR.

CONTRACTOR'S indemnification of CITY shall not be limited by any prior or subsequent declaration by the CONTRACTOR.

7. **OWNERSHIP OF DOCUMENTS.** All plans and specifications, including details, computations and other documents, prepared or provided by the CONTRACTOR under this Agreement shall be the property of the CITY. The CITY agrees to hold the CONTRACTOR free and harmless from any claim arising from any use, other than the purpose intended, of the plans and specifications and all preliminary sketches, schematics, preliminary plans, architectural perspective renderings, working drawings, including details, computation and other documents, prepared or provided by the CONTRACTOR. CONTRACTOR may retain a copy of all material produced under this Agreement for the purpose of documenting CONTRACTORs participation in this project.
8. **COMPENSATION.** CONTRACTOR'S compensation for all work performed in accordance with this Agreement, shall not exceed the total contract price of **\$620,000.**

No work shall be performed by CONTRACTOR in excess of the total contract price without prior written approval of the CITY. CONTRACTOR shall obtain approval by the CITY prior to performing any work that results in incidental expenses to CITY.
9. **TIMING REQUIREMENTS.** Time is of the essence in the performance of work under this Agreement and the timing requirements shall be strictly adhered to unless otherwise modified in writing. All work shall be completed in every detail to the satisfaction of the CITY within 120 working days.
10. **ENTIRE AGREEMENT.** This Agreement comprises the entire integrated understanding between CITY and CONTRACTOR concerning the work to be performed for this project and supersedes all prior negotiations, representations, or agreements.
11. **INTERPRETATION OF THE AGREEMENT.** The interpretation, validity and enforcement of the Agreement shall be governed by and construed under the laws of the State of California. The Agreement does not limit any other rights or remedies available to CITY.

The CONTRACTOR shall be responsible for complying with all local, state, and federal laws whether or not said laws are expressly stated or referred to herein.

Should any provision herein be found or deemed to be invalid, the Agreement shall be construed as not containing such provision, and all other provisions, which are otherwise lawful, shall remain in full force and effect, and to this end the provisions of this Agreement are severable.

12. **AGREEMENT MODIFICATION.** This Agreement may not be modified orally or in any manner other than by an agreement in writing signed by the parties hereto.
13. **TERMINATION OF AGREEMENT.** Upon five (5) days' written notice to the CONTRACTOR, the CITY may, without cause and without prejudice to any other of the CITY's rights or remedies, terminate this Agreement. Upon the service of a notice of termination, the CONTRACTOR shall discontinue the work in the manner, sequence, and at such times as directed by the CITY's project manager. The CONTRACTOR shall remain responsible for the quality and fitness of the work performed by the CONTRACTOR before termination of the Agreement. All requirements of the Agreement pertaining to work completed or to be completed as of the time of termination shall survive the termination, including without limitation all indemnities, warranties, requirements for preparation of record drawings and completion of any "punch list" items directed by the CITY's project manager.

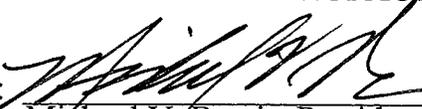
If any portion of the work is terminated or abandoned by the CITY, then the CITY shall pay CONTRACTOR for any work completed up to and including the date of termination or abandonment of this Agreement. The CITY shall be required to compensate CONTRACTOR only for work performed in accordance with the Agreement up to and including the date of termination. Notwithstanding the foregoing, the CONTRACTOR shall not be entitled to recover any loss of anticipated profit or revenue or other economic loss arising out of or resulting from the termination, including without limitation any claim for anticipated profits on the work not performed or lost business opportunity.

14. **SIGNATURES.** The individuals executing this Agreement represent and warrant that they have the right, power, legal capacity and authority to enter into and to execute this Agreement on behalf of the respective legal entities of the CONTRACTOR and the CITY.

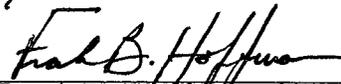
IN WITNESS WHEREOF, the parties hereto for themselves, their heirs, executors, administrators, successors, and assigns do hereby agree to the full performance of the covenants herein contained and have caused this Professional Contractor Services Agreement to be executed by setting hereunto their signatures on the dates set forth below.

PETROCHEM MANUFACTURING INC.

CITY OF OCEANSIDE

By: 
Michael V. Burris, President

By: _____
City Manager

By: 
Frank B. Hoffman, Chief Financial Officer

APPROVED AS TO FORM:


City Attorney

20.1937267
Employer ID No.

NOTARY ACKNOWLEDGMENTS OF CONTRACTOR MUST BE ATTACHED.

ACKNOWLEDGMENT

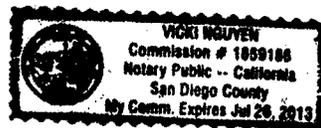
State of California
County of San Diego)

On July 12, 2013 before me, Vicki Nguyen, Notary Public
(insert name and title of the officer)

personally appeared Michael V. Burris & Frank B. Hoffman,
who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are
subscribed to the within instrument and acknowledged to me that he/she/they executed the same in
his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the
person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing
paragraph is true and correct.

WITNESS my hand and official seal.



Signature  (Seal)

EXHIBIT "A"

CITY OF LOS ANGELES CONTRACT

City of Los Angeles, California
Contract

City of Los Angeles Purchasing Agent
111 E 1ST STREET
ROOM 110
LOS ANGELES CA 90012

Vendor ID: 000034616
PETROCHEM MANUFACTURING INC

6168 Innovation Way
Carlsbad, Ca 92009
(760) 603-0961

Contract ID 59081	Page 1
Contract Dates 01/01/2010 to 12/31/2013	Rate Date PO Date
Description: SLURRY, PREMIX R.E.A.S. Allow Multicurrency PO	Contract Maximum 70,000,000.00

City of Los Angeles' vendors are required to have on file an approved Affirmative Action Plan and Certification. Contact Buyer at the City Purchasing Office at (213-485-3677) for information on this requirement.

In order to receive payments from the City of Los Angeles, vendors must have a valid Business Tax Registration Certificate (BTRC) number. Contact the City Clerk's Tax and Permits Division (213-485-3916) for information on this requirement.

All shipments, shipping papers, invoices and correspondence must be identified with the City of Los Angeles' Contract Purchase Order Number.

Overshipments will not be accepted unless authorized by requestor prior to shipment.
Terms and conditions of parent contract are binding on its Contract Purchase Orders.

Procurement Analyst: Martha Medina Phone Number: 213/928-9556
E-mail address: Martha.Medina@lacity.org Fax Number: 213/928-9511

Renewal Options: 4 Option Date 1 = 12/01/10 Option Date 2 = 12/20/2011
Options Granted: 2 Option Date 3 = -/-/- Option Date 4 = -/-/-

Notice of award of contract No. 59081 RFQ No.: EV1926 Previous Contract: 58341
Payment Terms: 1.875% Net 30 Days Delivery: 1 Day A R O

You are hereby notified of the award of this contract with the City of Los Angeles in accordance with RFQ Number EV1926, to furnish the City's annual requirements for the items and/or services identified in this document. The entire RFQ (including Attachment A and specifications) or any items thereof, addendums, and general conditions comprise the contract. The Quotation document signed by the appropriate contractor and by duly authorized City officials is on file in the Purchasing Agent's office.

The contract is awarded for the following: ****SLURRY, PREMIX, R.E.A.S.****

NOTE: SALES TAX WILL BE ADDED AT TIME OF ORDER.

The following listed item(s) cover the only product(s) or service(s) approved for purchase under this contract. Products or services requested by the City and not listed in the contract require a separate City Purchase Order in

SUPPLIER CONTACT:

Contact Person: FRANK HOFFMAN
Title: GENERAL MANAGER

Telephone No.: 760/603-0961
Fax No.: 760/603-0962
E-Mail Address: Frank@pmitechnology.com

24 Hour Contact No.: 760-271-0197

City of Los Angeles, California

Contract

City of Los Angeles Purchasing Agent
 111 E 1ST STREET
 ROOM 110
 LOS ANGELES CA 90012

Vendor ID: 0000034616
 PETROCHEM MANUFACTURING INC
 5205 AVENIDA ENCINAS #K
 CARLSBAD CA 92008

Contract ID 59081		Page 2
Contract Dates 01/01/2010 to 12/31/2013		Rate Date PO Date
Description: SLURRY, PREMIX R.E.A.S.		Contract Maximum 70,000,000.00
Allow Multicurrency PO		

Line #	Item ID	Item Desc	Item Qty	Minimum Order Amt	Contract Qty	Maximum Amt
1	0.00	Premix, Rubberized Emulsion Aggregated Slurry, Type I	1	0.00	0	

Price Agreement: Price Date: PO Date
 Price Quantity: Line Quantity
 Quantity Type: Quantity To Date
 Contract Base Price \$ 2.60000 GLL

Amend 01 Renewal option 1 new doe 12/31/2011 new lines 11 & 12 added
 Amend 02 Renewal option 2 new doe 12/31/2012 new line 13 mileage added
 Amend 03 Renewal option 3 new doe 12/31/2013 new line for new formulated slurry
 Amend 04 Add new new lines 15 & 16
 Amend 05 Price Adj. 11 & 12 Add lines 17 & 18

2	0.00	Premix, Rubberized Emulsion Aggregated Slurry, Type II	1	0.00	0	
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Price Agreement: Price Date: PO Date
 Price Quantity: Line Quantity
 Quantity Type: Quantity To Date
 Contract Base Price \$ 2.15000 GLL

3	0.00	Premix, Rubberized Emulsion Aggregated Slurry, Type III	1	0.00	0	
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Price Agreement: Price Date: PO Date
 Price Quantity: Line Quantity
 Quantity Type: Quantity To Date
 Contract Base Price \$ 2.15000 GLL

4	0.00	Conventional Slurry Aggregate: REAS, Field mixed Types II and III	1	0.00	0	
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Price Agreement: Price Date: PO Date
 Price Quantity: Line Quantity
 Quantity Type: Quantity To Date
 Contract Base Price \$ 3.95000 GLL

5	0.00	Service, Labor	1	0.00	0	
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City of Los Angeles, California

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 5205 AVENIDA ENCINAS #K
 CARLSBAD CA 92008

Contract ID 59081		Page 3
Contract Dates 01/01/2010 to 12/31/2013		Rate Date PO Date
Description: SLURRY, PREMIX R.E.A.S.		Contract Maximum 70,000,000.00
Allow Multicurrency PO		

Line #	Item ID	Item Desc	Item Qty	Minimum Order Amt	Contract Qty	Maximum Amt
<p>Price Agreement: Price Date: PO Date Price Quantity: Line Quantity Quantity Type: Quantity To Date</p> <p>Contract Base Price \$ 95.00000 HUR</p> <p>Service, Labor: 3 person crew at \$285/hour</p> <p>Per Amendment 02 changes: Service, Labor: Changed \$95 per person/hour</p>						
6	0.00	Rental, Service/Haul Truck, Per Day Basis	1	0.00	0	
<p>Price Agreement: Price Date: PO Date Price Quantity: Line Quantity Quantity Type: Quantity To Date</p> <p>Contract Base Price \$ 475.00000 DAY</p>						
7	0.00	Equipment Rental and Material Delivery of Field mixed Type II and III	1	0.00	1	
<p>Price Agreement: Price Date: PO Date Price Quantity: Line Quantity Quantity Type: Quantity To Date</p> <p>Contract Base Price \$ 2,000.00000 HUR</p> <p>Type II and III Slurry Seal Application (REAS):</p> <p>2 Hour Minimum application charge. To Include:</p> <p>3 Application trucks, 1 Loader, 1 Tanker and 2 Drivers</p> <p>2 Hrs minimum charge for show up only, (no material charge applied).</p> <p>4 Hrs minimum application charge, outside City limits (Los Angeles)</p>						
8	0.00	Rental, Application Trucks, Four (4) Hours Minimum	1	0.00	1	
<p>Price Agreement: Price Date: PO Date Price Quantity: Line Quantity Quantity Type: Quantity To Date</p> <p>Contract Base Price \$ 252.00000 HUR</p>						
9	0.00	Job Tankers, for delivery of Premix, R.E.A.S in trailer mounted 4,000 gallon tank to any location within the City of Los Angeles.	1	0.00	1	

City of Los Angeles, California

Contract

City of Los Angeles Purchasing Agent
 111 E 1ST STREET
 ROOM 110
 LOS ANGELES CA 90012

Vendor ID: 0000034616
 PETROCHEM MANUFACTURING INC
 5205 AVENIDA ENCINAS #K
 CARLSBAD CA 92008

Contract ID 59081		Page 4
Contract Dates 01/01/2010 to 12/31/2013		Rate Date PO Date
Description: SLURRY, PREMIX R.E.A.S.		Contract Maximum 70,000,000.00
Allow Multicurrency PO		

Line #	Item ID	Item Desc	Item Qty	Minimum Order Amt	Contract Qty	Maximum Amt
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Price Agreement: Price Date: PO Date
 Price Quantity: Line Quantity
 Quantity Type: Quantity To Date
 Contract Base Price \$ 150.00000 EA

Job Tankers:

Delivery of Premix, REAS in trailer mounted 4,000 gallon tanks to any location within the City of Los Angeles

10	0.00	Asphalt, Custom Mix, City of Los Angeles Custom Mix, Heavy Traffic Binder.	1	0.00	0
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Price Agreement: Price Date: PO Date
 Price Quantity: Line Quantity
 Quantity Type: Quantity To Date
 Contract Base Price \$ 100.00000 STN

Custom Asphalt Design:

New Asphalt Design Process to design and modify asphalt based on specifications provided by the City of Los Angeles. Price Quote based on new asphalt design mix for City of Los Angeles.

New design mix specification provided by the Bureau of Standards, Attachment B of EV 1926 (see attached pages 8-10 of specifications).

11	0.00	Delivery, Trucking to Asphalt Plant I of Asphalt, Custom Mix, City of Los Angeles Custom Mix, Heavy Traffic Binder.	1	0.00	0
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Price Agreement: Price Date: PO Date
 Price Quantity: Line Quantity
 Quantity Type: Current Order Quantity
 Contract Base Price \$ 11.14000 STN

12	0.00	Delivery, Trucking to Asphalt Plant II of Asphalt, Custom Mix, City of Los Angeles Custom Mix, Heavy Traffic Binder	1	0.00	0
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Price Agreement: Price Date: PO Date
 Price Quantity: Line Quantity
 Quantity Type: Current Order Quantity
 Contract Base Price \$ 13.20000 STN

13	0.00	Job Tankers, for Delivery of Premix, REAS not within the City of L.A., (price to include delivery fee (line 9) and mileage from PMI's shipping Plant).	0	0.00	0
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City of Los Angeles, California

Contract

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Contract ID 59081		Page 5
Contract Dates 01/01/2010 to 12/31/2013		Rate Date PO Date
Description: SLURRY, PREMIX R.E.A.S.		Contract Maximum 70,000,000.00
Allow Multicurrency PO		

Line #	Item ID	Item Desc	Item Qty	Minimum Order Amt	Contract Maximum Amt
Price Agreement: Price Date: PO Date Price Quantity: Line Quantity Quantity Type: Current Order Quantity Contract Base Price \$ 3.00000 SMI					
For any location outside the City of L.A., delivery change (line 9) + \$3.00/mile from PMI Shipping Plant					
14	0.00	Asphalt, Custom Modified Asphalt Binder for the City of Los Angeles Pilot Program, Heavy Traffic Binder	1	0.00	1000
Price Agreement: Price Date: PO Date Price Quantity: Line Quantity Quantity Type: Current Order Quantity Contract Base Price \$ 1,000.00000 STN					
Modified Asphalt Binder All inclusive price: (raw materials, processing fee, delivery & Markup)					
15	0.00	Premix, Fine REAS Slurry	0	0.00	0
Price Agreement: Price Date: PO Date Price Quantity: Line Quantity Quantity Type: Current Order Quantity Contract Base Price \$ 3.00000 GLL					
16	0.00	Pump Rental, Specialized Slurry Pump, pump capable of 250 gallons centralized mix slurry per minute	0	0.00	0
Price Agreement: Price Date: PO Date Price Quantity: Line Quantity Quantity Type: Current Order Quantity Contract Base Price \$ 500.00000 DAY					
17	0.00	Delivery, Trucking (CA Trucking) to Asphalt Plant I of Asphalt, Custom Mix, City of Los Angeles Custom Mix, Heavy Traffic Binder. Note* Please include Proof of Delivery/Bill or of Lading from CA Trucking along with their invoice to ensure pro	0	0.00	0
Price Agreement: Price Date: PO Date Price Quantity: Line Quantity Quantity Type: Current Order Quantity Contract Base Price \$ 14.49000 STN					

City of Los Angeles, California

Contract

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Contract ID 59081		Page 6
Contract Dates 01/01/2010 to 12/31/2013		Rate Date PO Date
Description: SLURRY, PREMIX R.E.A.S.		Contract Maximum 70,000,000.00
Allow Multicurrency PO		

Line #	Item ID	Item Desc	Item Minimum Order Qty	Item Contract Maximum Amt
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18	0.00	Delivery, Trucking (CA Trucking) to Asphalt Plant II of Asphalt, Custom Mix, City of Los Angeles Custom Mix, Heavy Traffic Binder. Note* Please include Proof of Delivery/Bill or of Lading from CA Trucking along with their invoice to ensure prom	0	0.00	0
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Price Agreement: Price Date: PO Date
 Price Quantity: Line Quantity
 Quantity Type: Current Order Quantity
 Contract Base Price \$ 17.20000 STN

19	0.00	Fuel Surcharge, (CA Trucking) Delivery Percentage Mark up (+) charged to the City: +30% Note* Please include Proof of Delivery/Bill or of Lading from CA Trucking along with their invoice to ensure prompt payment.	0	0.00	0
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Price Agreement: Price Date: PO Date
 Price Quantity: Line Quantity
 Quantity Type: Current Order Quantity
 Contract Base Price \$ 0.01000 LO

Sum All Adjustments
 0.00

City of Los Angeles, California

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Contract ID 59081		Page 7
Contract Dates 01/01/2010 to 12/31/2013		Rate Date PO Date
Description: SLURRY, PREMIX R.E.A.S.		Contract Maximum 70,000,000.00
Allow Multicurrency PO		

Line #	Item ID	Item Desc	Item Qty	Minimum Order Amt	Contract Qty	Maximum Amt
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RENEWAL OPTION:

The City reserves the right to renew this contract for four (4) additional one (1) year periods. All renewals shall be on an annual basis and under the same terms and conditions of the original contract.

ANNUAL PRICE ADJUSTMENT FOR LONG TERM FIXED PRICE CONTRACTS:

Unit Prices for each line item shall be fixed for one year from the contract start date. On contract anniversaries and renewals, unit prices **may** be adjusted for the next year in accordance with manufacturer's published price adjustments. Any price adjustments shall be mutually agreed upon by the City Purchasing Agent and the supplier. Price increases will not exceed a reasonable amount, supported by written documentation as indicated in the paragraph below and as determined by the City Purchasing Agent, for any price adjustment. Price reductions may be issued at any time.

The City reserves the right to terminate contract without further obligation by either party in event price increases are not acceptable. Escalating factors will not be automatically granted. Requests for price increases shall be in writing and accompanied by each manufacturer(s) price list(s) with appropriate supporting documents acceptable to the City. Such documents shall include, but not be limited to manufacturer/distributor/dealer invoices, insurance bills, utility bills, freight bills, payroll records, etc. The request shall state the percentage increase and the revised price for each affected contract item.

No increases will be granted without prior approval of the City Purchasing Agent.

RECYCLED CONTENT PRODUCTS:

As an essential part of the City of Los Angeles' comprehensive program for solid waste management, it is in the public interest to purchase recycled products with the highest recycled material content feasible in the City's procurement of goods and equipment. (City of Los Angeles Administrative Code Division 10, Chapter 1, Article 6, Section 10.32)

City employees are required to purchase recycled content products from this contract whenever feasible, consistent with the City's Recycled Products Purchasing Program.

Contractor is required to identify recycled products that may be suitable for inclusion under this contract to the City of Los Angeles, if such products become available during the contract term.

OTHER GOVERNMENT AGENCY PURCHASES:

Other government agencies may make purchases using the prices, terms and conditions of this contract.

QUARTERLY REPORTS:

The supplier shall provide the City Purchasing Agent with quarterly reports, to include the following:

- 1) Expenditure Report that indicates Manufacturer name, description, product/part number, quantity, unit price and extended price of all items sold to the City (contract inception to report date).
- 2) Recycled Material/Product Report that indicates the quantity and description of products sold to the City that have recycled material content. This information may be included in the Expenditure Report.
- 3) MBE/WBE/OBE Report that indicates the quantity and description of products sold to the City that were manufactured by or obtained from Minority, Women, or Other Business Enterprise sub-suppliers. This information may be included in the Expenditure Report.

Reports shall be created in a MS/Excel spreadsheet format as provided by the Purchasing Agent, and delivered by the 10th of the month following contract quarter end to City of Los Angeles Purchasing Agent, 111 E. First St., Attn: Procurement Analyst, Room 110, City Hall South, Los Angeles, California, 90012-4111. The supplier shall reference the City's contract number on all reports.

SUPPLIER PERFORMANCE REVIEWS:

The supplier agrees to attend periodic performance reviews, facilitated by the City's Contract Manager. Reviews will be held a minimum of once per calendar quarter and will focus on the supplier's and the City's meeting product and service quality levels stated in the contract, adherence to the contract terms and conditions, and will provide a forum to

City of Los Angeles, California

Contract

City of Los Angeles Purchasing Agent
111 E 1ST STREET
ROOM 110
LOS ANGELES CA 90012

Vendor ID: 0000034616
PETROCHEM MANUFACTURING INC
5205 AVENIDA ENCINAS #K
CARLSBAD CA 92008

Contract ID 59081	Page 8
Contract Dates 01/01/2010 to 12/31/2013	Rate Date PO Date
Description: SLURRY, PREMIX R.E.A.S.	Contract Maximum 70,000,000.00
Allow Multicurrency PO	

Line #	Item ID	Item Desc	Item Qty	Minimum Order Amt	Contract Qty	Maximum Amt
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informally discuss opportunities for improving products, services, contract terms and conditions, and other related issues in an effort to create economies and cost reductions for the supplier and the City.

LIQUIDATED DAMAGES FOR LATE DELIVERY:

Delivery delays beyond the Contract/Purchase Order delivery date will result in added expense to the City. The City of Los Angeles shall be paid damages for such delay. Inasmuch as the amount of damage is extremely difficult to ascertain, the supplier agrees to compensate the City in the amount of \$100.00 per calendar day beyond the delivery date specified. This amount shall be fixed as liquidated damages that the City will suffer by reason of such delay, and not as a penalty. The City shall have the right to deduct and retain the amount of such liquidated damages from any monies due the supplier.

The supplier shall be entitled to a reasonable extension of time for unavoidable delay in delivery due to causes not reasonably foreseeable by the parties at the time of the Contract/Purchase Order execution, and that are entirely beyond the control and without the fault or negligence of the supplier, including, but not limited to, acts of God or the public enemy, war or other national emergency making delivery temporarily impossible or illegal acts or omissions of other suppliers, strikes and labor disputes not brought on by any act or omission of the supplier, fire, flood, epidemics, quarantines, or freight embargoes.

INSURANCE:

The supplier's General Liability and Worker's Compensation Insurance Certificates are on file in the Purchasing Agent's office.

REPRESENTATIVE SAMPLE TESTING:

Representative samples may be taken from each delivery and tested for compliance with specifications. Testing costs will be paid by the City for samples that comply. If samples do not comply with requirements, the expense of testing will be charged to the supplier, and delivery will be rejected. The supplier will be required to pick up the rejected material and to make a new delivery within 5 days of notification by the City. Notification will be made by the most effective means to the supplier's designated representative.

EXHIBIT "B"

SUMMARY OF ESTIMATED CHARGES

Purchase of Central Mix	\$ 463,325
Type II – 200,000 gallons X \$2.15/gallon = \$430,000	
+ sales tax at 7.75% = \$33,325	
Delivery Charges	
Type II – 200,000 gallons X \$0.10/gallon = \$20,000	\$ 21,550
+ sales tax at 7.75% = \$1,550	
Two (2) Applicator Trucks w/Driver	
\$2,520/truck per day X 2 trucks = \$5,040	\$ 55,440
\$5,040 X 11 days = \$55,440	
One (1) Service Truck w/Pumper	
\$475/day X 11 days = \$5,225	\$ 5,225
One (1) Slurry Pump	
\$500/day X 11 days = \$5,500	\$ 5,500
One (1) Laydown Box	
\$250/day X 11 days = \$2,750	\$ 2,750
Transport Trailers	
\$150/trailer X 67 trailer loads = \$10,050	\$ 10,050
Laydown (labor) Including Supervisor	
\$3,800/day X 11 days = \$41,800	\$ 41,800
<hr/> Total Estimated Charges (including sales taxes)	<hr/> \$605,600

**MINUTES OF A SPECIAL MEETING
OF THE BOARD OF DIRECTORS OF
PETROCHEM MANUFACTURING, INC.
BY UNANIMOUS WRITTEN CONSENT**

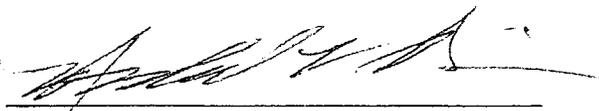
The following actions are taken effective as of July 1, 2013, by unanimous written consent without a meeting pursuant to Article II section 2.5 of the Bylaws of the Corporation by all of the directors of the Corporation. The actions taken herein shall be as effective as if they were taken pursuant to a meeting regularly held and noticed.

Whereas, a proposed Vendor Purchase Agreement with the City of Oceanside has been presented to the Board of Directors for the supply and placement of Type II Rubberized Emulsion Aggregate Slurry (REAS) on selected City of Oceanside streets ("Agreement").

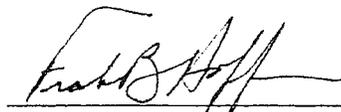
Whereas, the Board of Directors believes that it is in the best interests of Petrochem Manufacturing, Inc. ("Company") to enter into the Agreement on the terms presented to the Board of Directors with such changes as may be approved by the President of the Company.

Resolved, that Michael V. Burris as the President and Frank Hoffman as the Chief Financial Officer of the Company are hereby authorized and directed to sign the Agreement as presented to the Board of Directors with any changes as may be approved by the President of the Company.

Resolved further, that the officers of the Company are hereby authorized and directed to do any and all such acts as may be reasonably necessary to carry out the terms of the Agreement.

By: 

Michael V. Burris, Director

By: 

Frank B. Hoffman, Director

By: William A. Robertson
William Robertson, Director

FY 2013-2014 Slurry Seal Program

Street	From	To	Length
Redondo	N. River Road	N. River Road	
Luna Drive	Redondo	Siesta Dr.	
Sol Sito	Siesta	end	
Casa Drive	Siesta	end	
Siesta Drive	Redondo	end	
Roja Drive	Redondo	Luna Dr.	
Tacayme	Siesta Dr.	end	
Verde Drive	Redondo	Redondo	
Roja Drive	Redondo	Macario Dr.	
Claire Drive	Elaine Ave	Marblehead	
Stephanie	Elaine Ave	Marblehead	
Michael St.	Parker Street	Stephanie	
Ann Street	Parker Street	Stephanie	
Elaine Ave.	Parker Street	Sol Drive	