31. **Approve Amendment #2 to A/B-378-99/GG for Annual Bid Agreement for Hot & Cold Asphaltic Concrete with Orlando Paving Company, Orlando (12-month Time Extension for $3,828,646.00).**

A/B-378-99/GG provides for hot & cold asphaltic concrete to be used by the Roads division on multiple projects throughout the County. The three year contract was competitively awarded on January 24, 1999 on an Item-by-Item basis to Orlando Paving Company of Orlando and Ranger Construction Industries, Inc., South Daytona with an estimated annual expenditure of $3,493,832.50.

The contract amount was increased to $3,828,646.00 on its First Renewal, in which Orlando Paving Co. became the sole contractor when Ranger Construction decided not to renew their contract for the period of January 24, 2001 through January 23, 2002. The Second (and final) Renewal option of this project was also accepted by Orlando Paving, from January 24, 2002 through January 23, 2003.

On December 23, 2002 the Purchasing Supervisor, exercising his authority under the Seminole County Purchasing Code, signed a 45-day extension to the contract. This extended the completion date until March 7, 2003. Any further extension requires the Board's approval.

After evaluating the ongoing unrest in Venezuela and potential conflict in the Middle East (with the resulting escalation of petroleum prices) staff has concluded that re-bidding this project now would most likely result in unreasonably high prices. Therefore, Public Works/Road Operations and Stormwater divisions request a one-year extension to A/B-378-99/GG, from March 7, 2003 through March 6, 2004. Orlando Paving Co. has agreed to the extension at the same terms and conditions. It is staff's intent to re-bid this requirement as soon as practical within the next year.

Contract A/B-378-99/GG contains the standard County provision for Orlando Paving to request price increases, however any increase is limited to bituminous material only and is indexed against FDOT Section 9-2.1.1. Further, any price increase must be approved by the County. Staff believes we will obtain better prices through these modest increases than could be obtained through re-bidding in the current tumultuous market.

Public Works/Roads/Stormwater and Fiscal Services/Purchasing & Contracts recommend that the Board grant the 12-month extension and authorize the Chairman to execute the Amendment.

DEPARTMENT OF PUBLIC WORKS

ROAD OPERATIONS AND STORMWATER DIVISION

SEMINOLE COUNTY
FLORIDA'S NATURAL CHOICE

Memorandum

To: Peter Maley, Purchasing Supervisor/Program Manager

From: Jeffrey M. Thurman, Program Manager JT

Thru: Ira Barrow, Road Operations Manager IRB

Date: February 7, 2003

Re: 1- Year Renewal
A/B-378-99 Annual Bid Agreement
Hot & Could Asphaltic Concrete

Road Operations & Stormwater Division formally requests a one-year extension to the current Annual Bid Agreement (Hot & Cold Asphaltic Concrete A/B-378-99). We believe that it would be in the best interest and fiscally responsible for Seminole County to accept the proposal from Orlando Paving Company to extend the current contract, in light of the ongoing unrest in Venezuela and subsequent escalation in the price of asphalt cement. We also believe if the contract were to be solicited at this time, elevated and unrealistic bids responses would be the result. The consequence would be Seminole County paying elevated prices for the products and services identified in this contract.

JT

520 WEST LAKE MARY BLVD SUITE 200 SANFORD FL 32773-7424 TELEPHONE (407) 665-5710 FAX (407) 665-5742

Orlando Paving Company
A Division of Hubbard Construction Company
P.O. Box 547186 • Orlando, FL 32854-7186 • (407) 740-5779

February 4, 2003

Mr. Ira Barrow
Seminole County – Road Operations Manager
177 Bush Loop
Sanford, Florida 32773

Subject: 1-Year Renewal
A/B-378-99 Annual Bid Agreement
Hot & Cold Asphaltic Concrete

Dear Mr. Barrow:

Orlando Paving Company's expiration date on the above referenced project is March 7th, 2003.

Orlando Paving Company agrees to extend this contract for a period of one year from March 7th, 2003 to March 7th, 2004 under the condition of the existing contract.

On page eight (8) of the current contract under **"Special Terms and Conditions for Escalation – De-escalation of Bituminous Products"**, Orlando Paving Company may have to ask for a price increase under the basis of Florida Department of Transportation's Section 9-2, 1.1 for Bituminous Materials.

Orlando Paving Company's last price increase was February 14, 2001, when the Price Index for asphalt cement was $0.7099 per gallon. We may have to ask for a price increase if the Venezuelan oil workers strike isn't settled soon. Any price increase would be based on the monthly Florida Department of Transportation's Asphalt Index and can be requested for only once every six months for the next six months.

Sincerely,

R. Lewis Tillery

Lewis Tillery
Division Manager

cc: Wayne Evans
Jim Inda
Job File 54738

Orlando Paving Company
A Division of Hubbard Construction Company
P.O. Box 547186 • Orlando, FL 32854-7186 • (407) 740-5779

January 24, 2003

Mr. Ira Barrows
Seminole County- Road Operations Manager
1777 Bush Loop
Sanford, Florida 32773

RE: 2003 Asphalt Materials Bid

Dear Mr. Barrows:

Due to the Venezuela workers' strike against President Chavez, asphalt prices have soared and asphalt is in short supply on the east and gulf coasts.

The asphalt prices and shortage will cause problems for the next six months even if the strike was settled next week.

We believe it is not prudent for Seminole County at this time to request bids for asphalt material until this matter is settled and the uncertainty in the market has settled back to normal.

Orlando Paving Company will continue to honor its contract with Seminole County until this matter is resolved.

I have attached e-mails from our asphalt suppliers and the Asphalt Contractors Association of Florida regarding this matter.

Respectfully,

James E. Inda,
Project Manager- Seminole County

cc: Lewis Tillery
Wayne Evans

31

Evans, Wayne

From: Dorsey, Kevin J. [KJDorsey@MAPLLC.com]
Sent: Wednesday, January 08, 2003 11:41 AM
Subject: Urgent Alert: Increasing Asphalt Prices; Supply Problems?
Importance: High
Sensitivity: Confidential

Hello! ***1/8/03***

Our happy new year is starting out looking very disturbing for asphalt supply and pricing. I want you to know what's up right now, so you will be prepared for what seems assured of coming very soon.

I have heard reports this week that asphalt suppliers in the Ft. Lauderdale area are running out of asphalt right now, with replacement supplies in jeopardy. I also heard yesterday that a major asphalt refiner for Florida had to shut down their East Coast refinery for a week or more due to lack of asphaltic crude oil supplies. I fear this story is just going to get worse. This has been a situation in the making since Venezuela oil workers went on strike. Let me tell you what I know and think:

First, please read the article at the very bottom of my e-mail for an excellent overview of the overall crude oil supply situation. It also talks about likely coming gasoline and diesel price increases and supply issues.

Second, asphalt supplies appear to be drying-up in general. With the Venezuelan oil workers strike, with the accompanying ships blockading their export shipping docks, asphalt shipments from the Vens is reported to have stopped. This affects all the companies that purchase and resell asphalt directly from Venezuela. (We do NOT import any crude or asphalt from the Vens, but overall market shortages of asphalt put unexpected heavy demands on our supplies. This will, then, affect our inventory situations, and the prices for asphalt prices in the asphalt cargo markets. These both are quickly affecting our situation.)

Third, asphalt suppliers buying supplies for their northern terminals has skyrocketed in the past week. This is draining extra, normally available, "spot market" asphalt supplies (in ship-load quantities), which is limiting the availability of asphalt to replace supplies in Florida. This demand is up to replace lost supply from Venezuela, and because of instinct of these companies to buy asphalt while a supply is still available. Some of this may be emotional buying.

Fourth, refiners are operating their refineries at high production levels. As stated in the article below, replacement crude oil supplies have now reached a problem stage for the U.S., with the very real potential that refiners will have to cut back refining capacities at their refineries. This, obviously, will negatively affect refined product inventories of all products: *asphalt, gasoline, diesel, kerosene, etc.*

Fifth: Venezuela is one of the major suppliers of heavy asphaltic crude oils to refiners.

31

The disappearance of their supply of this particular asphalt grade, needed to produce asphalt, is affecting the entire crude market price and quantity equation. These reduced supplies have caused demand for other countries' heavy asphaltic crudes to increase. This is causing the price for this particular grade of crude to increase higher than is normal. What does that mean? It has caused the asphalt production costs of refiners to shoot through the roof. My company is also seeing this increase. In fact, it is the largest increase in last couple of weeks that I have ever seen. What's that mean? We cannot continue selling asphalt at current price levels and be able to replace our supplies.

What does this all mean to you? The total picture is not perfectly clear for the future, but right now it seems imminent that certainly price increases are coming, probably this week. There could be a limited supply of asphalt available in Florida in the coming weeks or months, but the extend of this is not known. Maybe little affect; maybe big. Maybe it will resolve itself quickly; maybe not.

What do we think prices will be soon? I'm not sure, but I truly suspect that we may be looking at last summer's levels before too long.

I hope this helps you. I do my best to keep you educated on what is going on in the asphalt and petroleum business so you will not be blind-sided by these issues. I truly appreciate your business, and we will do our very best to minimize the impacts of this situation on your business.

Sincerely,
Kevin
KEVIN J. DORSEY
FLORIDA TERRITORY MANAGER
ASPHALT MARKETING DIVISION

1/6/03 16:05

EIA SEES VENEZUELA STRIKE HAMPERING REFINERY RATES SOON

Worker strikes in Venezuela that have shut off petroleum exports could begin to significantly impact U.S. refinery output if the unrest continues unabated for as little as another week or so, the U.S. Energy Information Administration warned recently.

After estimating a 9.1-million bbl drop in U.S. crude stocks for the week of Dec. 27, EIA said that domestic stocks are running within a mere 8.3-million bbl of falling into what it estimates as refiner's "lower operational inventory level" of 270-million bbl. "Without more oil into the system, crude oil inventories are likely to be drawn down even further, until refinery throughput will have to be significantly curtailed," predicted EIA.

"Clearly, the loss of crude oil imports from Venezuela has impacted the U.S. oil market," noted EIA.

"Oil companies are still replacing South American supplies with crude on the open market," said EIA economist Dave Costello. "But usually you get a little build around now while driving is down and before the coldest weather arrives. Stocks are at the lowest point in 25 years or more and it's a question of when it starts to impact product inventories. It looks like another oil draw like the last one will put full refinery operations in jeopardy."

Analysts observe that OPEC is already informally pumping out more oil to supplant Venezuela exports, even in advance of an official decision to boost output quotas. "But you can't replace a short-haul supplier that easily," explained on oil market source. "It takes about 40 days for Middle East crude to reach U.S. ports." Shortly after the strikes in Venezuela closed most of its exports, the U.S. refiners were able to get nearby supply from Mexico, Canada and even Middle East crude in transit, he said. "That's used up now. And there's the Iraq war on the horizon, so it looks like it can't get a whole lot better, at least in the short term."

EIA said product inventories remain unimpressive, signaling higher gasoline and distillate prices in short order should refiners have to relax operations. "With distillate fuel near the

lower limit of the normal range and gasoline in the middle of the normal range for this time of year, there is little room to draw upon product inventories for any significant time," said EIA. "This would fuel a continued rise in product prices.

31

Kevin,
Why only 4 loads are you totally out?

Sr. Vice President: Asphalt Operations
Hubbard Construction Company
Phone: 407-623-3900
Fax: 407-623-3814
email address: wevans@hubbard.com

-----Original Message-----
From: Dorsey, Kevin J. [mailto:KJDorsey@MAPLLC.com]
Sent: Sunday, January 19, 2003 10:14 PM
To: OPC - Wayne Evans (E-mail)
Cc: OPC - Dave Gannon (E-mail); Orlando - Lewis Tillery (E-mail)
Subject: SUPPLY SHORTAGE IN JACKSONVILLE
Importance: High
Sensitivity: Confidential

Wayne,
1/19/03

My supply of asphalt in Jacksonville is a problem now! I only have enough asphalt up there to allow you to pull a total of 4 loads of AC-30 only, until my ship arrives in mid-February. Sorry this situation just seems to be getting worse. Let me know if you don't need these loads, as I have others who want it.

Regards,
Kevin

KEVIN J. DORSEY
FLORIDA TERRITORY MANAGER
ASPHALT MARKETING DIVISION

MARATHON ASHLAND PETROLEUM LLC
P.O. BOX 5117
TAMPA, FL 33675-5117
813-431-1508 CELL
KJDORSEY@MAPLLC.COM

31

Evans, Wayne

From: Dorsey, Kevin J. [KJDorsey@MAPLLC.com]
Sent: Monday, January 20, 2003 1:01 PM
To: Evans, Wayne
Subject: RE: SUPPLY SHORTAGE IN JACKSONVILLE
Sensitivity: Confidential

Wayne,

That's a total for Orlando Paving. Atlantic Coast can get 2 loads per day.

Kevin

-----Original Message-----
From: Evans, Wayne [mailto:wevans@Hubbard.com]
Sent: Monday, January 20, 2003 10:37 AM
To: Dorsey, Kevin J.
Cc: Pruitt, Larry
Subject: RE: SUPPLY SHORTAGE IN JACKSONVILLE
Sensitivity: Confidential

Kevin,
Is the 4 loads / day or total?
Wayne

Sr. Vice President: Asphalt Operations
Hubbard Construction Company
Phone: 407-623-3900
Fax: 407-623-3814
email address: wevans@hubbard.com

-----Original Message-----
From: Dorsey, Kevin J. [mailto:KJDorsey@MAPLLC.com]
Sent: Monday, January 20, 2003 8:52 AM
To: Evans, Wayne
Cc: Pruitt, Larry
Subject: RE: SUPPLY SHORTAGE IN JACKSONVILLE
Sensitivity: Confidential

Wayne,

I'm heading toward being out very quickly. I'm trying to stretch what I've got in Jacksonville to JAX customers so I won't run out.

Kevin

-----Original Message-----
From: Evans, Wayne [mailto:wevans@Hubbard.com]
Sent: Monday, January 20, 2003 7:08 AM
To: Dorsey, Kevin J.
Cc: Pruitt, Larry
Subject: RE: SUPPLY SHORTAGE IN JACKSONVILLE
Sensitivity: Confidential

31

Evans, Wayne

From: Dorsey, Kevin J. [KJDorsey@MAPLLC.com]
Sent: Thursday, January 23, 2003 4:37 PM
To: OPC - Wayne Evans (E-mail)
Cc: OPC - Dave Gannon (E-mail)
Subject: Asphalt Supply At Tampa
Importance: High
Sensitivity: Confidential

Wayne, ***1/23***

I have calculated how much asphalt I can supply you at Tampa from now through January 31. I can supply a combination of Orlando Paving and East Coast Paving a total of 32 truck loads of asphalt for this whole time period.

I will recalculate what February looks like next week, and I will supply you those numbers late next week.

I wish I had more to sell, Wayne!

Regards,
Kevin

KEVIN J. DORSEY
FLORIDA TERRITORY MANAGER
ASPHALT MARKETING DIVISION

MARATHON ASHLAND PETROLEUM LLC
P.O. BOX 5117
TAMPA, FL 33675-5117
813-431-1508 CELL
KJDORSEY@MAPLLC.COM

31

Evans, Wayne

From: Jim Warren [jwarren@acaf.org]

Sent: Monday, January 20, 2003 9:34 PM

To: Buddy Rollins; David Donofrio; Donald L. Conner; Ignacio Halley; Michael Garffer; Mike Slade; Ted McRae; Wayne Evans

Subject: Liquid Asphalt Supply Issues

We have been tracking the liquid supply issues as a result of the Venezuelan strike. The Department is aware of this issue - we gave them the heads up a couple weeks ago. There are provisions for suspension of time if you run out and FTBA and ACAF is working with the Department on some other options if you have to haul in from a remote terminal. If prices rise, the bituminous price adjustment will help defray the extra expense of the liquid component of your mix. As prices fall after this situation is over, the overall cost differential should work out. The silver lining of this cloud is that overall production is lower due to the colder and wetter weather in January. We ask everyone to be patient and work together for the good of the industry during this period. We will keep you informed as conditions warrant. If you have to cease operations because of lack of liquid supply, please call or email so we can track it. Thank you.

Jim Warren
Executive Director
Asphalt Contractors Association of Florida, Inc.
1007 E. DeSoto Park Drive, Suite 201
Tallahassee, FL 32301
Wk: 850.222.7300
Fax: 850.942.5632
Cell: 850.591.0558
jwarren@acaf.org
www.acaf.org

31

Evans, Wayne

From: Dorsey, Kevin J. [KJDorsey@MAPLLC.com]

Sent: Tuesday, January 21, 2003 3:12 PM

Subject: FW: Venezuela Strike; Crude Hits $34.20 Today On NYMEX

1/21/03 11:46

FITCH SEES STAGGERED END TO VEN STRIKE; REORG MAY MAR RETURN TO NORMAL

Punctuating sentiments in the oil trading community that the U.S. won't see oil imports from Venezuela begin to flow steadily until at least summer -- even with a near-term end to the strike by oil workers there -- FitchRatings said today it anticipates the impasse between Chavez' regime and the opposition to continue.

As a result, strikers will disband and workers will eventually return to work, Fitch said, concurring with a previous OPIS report that details a slow return to normal upstream production levels when workers resume their duties. According to Fitch's "Latin American Quarterly," reactivation could take 30-60 days **and reinstatement of heavy crude production could take even longer.**

Further impairment of operations, even if the strike is ended, could come from the Ministry of Energy and Mines' proposal to restructure Petroleos de Venezuela into two geographic entities, and eliminate 9,000 Caracas-based professionals.

"Although this effort may facilitate the near-term resumption of operations, Fitch believes a widespread cut among the company's seasoned professionals would adversely affect PDVSA's stand-alone ability to formulate and execute long-term strategic objectives and business plans," according to the quarterly.

Inda, Jim

From:	Evans, Wayne
Sent:	Friday, January 24, 2003 1:01 PM
To:	Inda, Jim
Subject:	FW: Citgo Plans to Slash Spending

FYI

Sr. Vice President: Asphalt Operations
Hubbard Construction Company
Phone: 407-623-3900
Fax: 407-623-3814
email address: wevans@hubbard.com

-----Original Message-----
From: Dorsey, Kevin J. [mailto:KJDorsey@MAPLLC.com]
Sent: Friday, January 24, 2003 9:49 AM
Subject: FW: Citgo Plans to Slash Spending

Citgo Plans to Slash Spending
Source: Tulsa World, 1/23/03 9:49:00 AM

Excerpts:

The Venezuela strike has led to higher operating costs and a credit downgrade.

Tulsa-based Citgo Petroleum Corp., which relies on Venezuela for about half of its oil supplies, said Tuesday it will cut discretionary capital spending by $200 million this year and is reviewing future capital expenditures.

The reduction in spending comes after all three major rating firms slashed Citgo's credit rating amid an oil industry strike in Venezuela.

The 51-day strike has sharply reduced Citgo's Venezuelan oil supplies. As a result, the company has been forced to buy replacement supplies on the more expensive spot market.

Citgo, a major U.S. refiner and retailer of fuel, receives about half of its crude oil under long-term supply agreements with Petroleos de Venezuela, the national oil company of Venezuela and Citgo's parent firm. Citgo employs 4,500 people, including 950 in Tulsa.

The strike, coupled with the credit downgrades, have led to a substantial increase in Citgo's operating costs, creating concerns about liquidity.

"This shortening of credit terms has negatively impacted our working capital and liquidity," Citgo said Tuesday in a filing with the Securities and Exchange Commission.

Suppliers have shortened Citgo's payment terms, in some cases requiring payment before delivery, the filing said.

Citgo said the downgrades were based on false perceptions, not the true financial health of the company and its operations.

"While these perceptions have not necessarily been based upon our actual financial situation or operations, the reactions that have followed have placed pressure on our liquidity," the filing said.

Last week, Moody's Investors Service cut its rating on Citgo's senior unsecured debt to Ba2, two levels below investment grade. Standard & Poor's cut its rating on Citgo to B+. Fitch Ratings lowered its rating to BB-.

Despite the supply setbacks, the company says it has maintained normal operations at its refineries and is still meeting its supply agreements.

The strike also prompted Citgo to postpone an offering of as much as $250 million of unsecured notes from a $400 million shelf registration, the filing said.

The strike, which began Dec. 2, is an effort to oust Venezuela President Hugo Chavez. Venezuela is the fourth largest supplier of oil to the United States.

DEPARTMENT OF FISCAL SERVICES
PURCHASING AND CONTRACTS DIVISION

SEMINOLE COUNTY
FLORIDA'S NATURAL CHOICE

TIME EXTENSION

December 20, 2002

To: Peter W. Maley, CPCM, CPM
Purchasing Supervisor

From: Gloria M. Garcia, CPPB
Senior Procurement Analyst

Subject: **A/B-378-99/GG – Hot & Cold Asphaltic Concrete**
Time Extension

Pursuant to Seminole County Purchasing Code Sec. 330.3, you are authorized to approve time extensions not to exceed forty-five (45) days.

The above agreement expires on January 23, 2003. A forty-five (45) day time extension is requested to allow sufficient time to process and award the new term contract. Orlando Paving, Inc., Orlando has agreed to extend the agreement at the same terms, conditions and pricing until March 7, 2003.

☒ Approve ☐ Disapprove

Peter W. Maley
Purchasing Supervisor

12/23/02
Date

GMG

SEMINOLE COUNTY
FLORIDA'S NATURAL CHOICE℠

December 20, 2002

Orlando Paving, Inc.
P.O. Box 547186
Orlando, Florida 32854-7186
Attention: Wayne Evans – Senior Vice President Asphalt Operations

SUBJECT: TIME EXTENSION
ANNUAL TERM CONTRACT
A/B-378-99/GG – Annual Bid Agreement
Hot & Cold Asphaltic Concrete

Dear Mr. Evans:

The expiration date of this contract is January 23, 2003. In accordance with the Seminole County Purchasing Code, we are requesting a forty five (45) day extension to March 7, 2003, provided all prices, terms and conditions remain the same, while the new bid is processed

If your firm agrees to extend for the additional time period, please reply in writing (or you may Fax to 407-665-7956 and follow-up with original via mail.) Please use the comment section below for your response.

We appreciate your service to Seminole County, and trust we may continue a mutually satisfactory business relationship.

Sincerely,

Gloria M. Garcia

Gloria M. Garcia, CPPB
Senior Procurement Analyst

Comments: ☐ Agree to extend ☐ Disagree to extend

____

____

____________________ __________
Authorized Signature Date

GMG