



AGENDA MEMORANDUM

Action Item for the City Council Meeting August 27, 2024

DATE: August 27, 2024

TO: Peter Zanoni, City Manager

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Hot Mix Asphaltic Concrete Pavement Material for Public Works

CAPTION:

Resolution authorizing two one-year supply agreements, with two one-year options, for the purchase of hot mix asphaltic concrete pavement material, with Anderson Colombia Co., Inc., of Corpus Christi for up to \$4,500,000.00 and with Berry Contracting, LP, dba Bay LTD., of Corpus Christi for up to \$4,500,000.00, for a combined total amount not to exceed \$9,000,000.00 and a potential amount up to \$27,000,000.00 if options are exercised, with FY 2025 funding of \$5,000,000.00 from the Street Fund, subject to budget approval.

SUMMARY:

This resolution authorizes two one-year supply agreements, one with Anderson Colombia Co., Inc., of Corpus Christi and one with Berry Contracting, LP dba Bay LTD., of Corpus Christi, Texas for a combined total of \$9,000,000. These supply agreements will provide the needed hot mix asphalt concrete to the Public Works Department for city-wide street maintenance and repair projects.

BACKGROUND AND FINDINGS:

Public Works utilizes hot mix asphalt concrete (HMAC) to maintain and rehabilitate City streets infrastructure. These materials are used in our Rapid Pavement Program, non-structural overlays, pothole repairs, and base & pavement repairs. As the department continues street work, the demand for HMAC remains vital.

In FY 2021, Public Works competitively bid a 70/30 split contract for our HMAC supplier. Due to the volatility of the price for liquid asphalt the submitted bids had a 30% variance between the two

bidders. This led to the recommendation of a 90/10 split. The offer was rejected by the second lowest bidder resulting in a contract with only one supplier. This presented obstacles such as plant breakdowns, unavailable mix designs, and lack of contract capacity.

What’s more, in FY 24, our current supplier experienced 39 days of breakdowns and 14 days of service disruption, diminishing our ability to complete projects efficiently and forcing us to procure hot mix asphalt from the second vendor without contract capacity.

A new strategy was proposed to produce a new procurement that would provide flexibility between vendors and allow them to compete for business on a month-to-month basis. The bid allows suppliers to provide a discount based on monthly volume and submit a price monthly. We received two bids from the only local suppliers in the Nueces County area. The bid resulted in an average difference of 5% between both suppliers on the most utilized HMAC TY D, which is the material used as the final surface of our roadways.

PROCUREMENT DETAIL:

Finance & Procurement conducted a competitive Request for Proposal process to obtain proposals for a new contract for hot mix asphaltic concrete pavement material to repair roads and road surface treatments for the Public Works Department. The City received two responsive, responsible proposals, and is recommending the award to the two best value proposals, Anderson Columbia Co., Inc., of Corpus Christi, and Berry Contracting, LP dba Bay LTD., of Corpus Christi.

Hot mix asphaltic concrete pavement material is volatile and fluctuates on an upward scale, as shown on graph from 2016 to 2024.

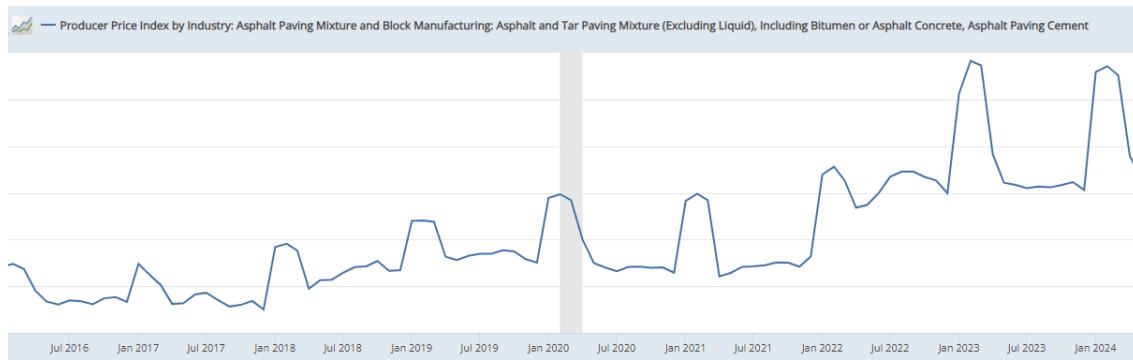
In 2021, the cost of material from Bay Ltd. was \$72.81 per ton to the current proposed pricing of \$95.06 per ton. This shows an increase of 30.55% per ton.

In 2021, the cost of material from Anderson Columbia Co. was \$108.00 per ton to the current proposed pricing of \$90 per ton. This shows a decrease of 16.67% per ton.

Overall, the low bid has increased 23.61% from the 2021 price of \$72.81 per ton to the current proposed price of \$90 per ton.

The chart below demonstrates the cost difference between the lowest cost from 2021 to 2024 for hot mix asphaltic concrete material.

	2021	2024	Variance %	Variance \$ per Ton	Est. Usage Annual Variance
Hot Mix Asphaltic Concrete Material per Ton	\$72.81	\$90.00	23.6%	\$17.19	\$567,270.00



ALTERNATIVES:

The alternative is that Public Works can request to purchase 100% of supply from one vendor, request or go back out to bid and search for alternative vendors.

FISCAL IMPACT:

No fiscal impact in FY 2024 for this agreement. The funding is included in the FY 2025 operating budget with funds available in the Street Fund. An estimated amount of \$2,500,000 from the Surface Preservation Org and \$2,500,000 and from the Street Utility Cut Repair Org.

FUNDING DETAIL:

Fund: 1041 Street Fund
 Organization/Activity: 12430 Surface Preservation Org
 Department: 33 Street
 Project # (CIP Only): N/A
 Account: 520130 Maintenance and Repairs

Fund: 1041 Street Fund
 Organization/Activity: 12420 Street Utility Cut Repairs
 Department: 33 Street
 Project # (CIP Only): N/A
 Account: 520130 Maintenance and Repairs

RECOMMENDATION:

Staff recommends authorizing execution of two one-year supply agreements, with two one-year options, for the purchase of hot mix asphaltic concrete pavement material, with Anderson Colombia Co., Inc., of Corpus Christi, and with Berry Contracting, LP dba Bay LTD., of Corpus Christi for Public Works as presented.

LIST OF SUPPORTING DOCUMENTS:

- Resolution
- Supply Agreement
- Matrix