



AGENDA MEMORANDUM

Future Item for the City Council Meeting of July 28, 2015
Action Item for the City Council Meeting August 11, 2015

DATE: July 28, 2015

TO: Ronald L. Olson, City Manager

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Supply Agreement for Emulsion Oil (SS-1)

CAPTION:

Motion authorizing the City Manager or designee to execute a supply agreement with Ergon Asphalt & Emulsions, Inc., Austin, Texas for Emulsion Oil (SS-1) in accordance with Bid Event No. 4, based on only bid, for an estimated six month expenditure of \$79,450.00 of which \$13,241.67 is required for FY 2014 – 2015. The term of the contract will be for six months with an option to extend for up to five additional six-month periods, subject to the approval of the supplier and the City Manager or designee. Funds have been budgeted by the Street Services Department in FY2014 - 2015.

PURPOSE:

Approval to establish a supply agreement for emulsion Oil (SS-1).

BACKGROUND AND FINDINGS:

The SS-1 emulsion oil is used by Street Services as a tack-coat for patch work on City streets. The agreement allows the City to pick up the material at the supplier's manufacturing plant in Corpus Christi, Texas or allows for delivery to the Street Department storage tank located at the service center.

The Purchasing Division advertised the bid event for two consecutive weeks in the newspaper as required by State Statute and notified 15 potential vendors. Two local manufacturers of emulsion oil (Sem Materials and Texas Fuel & Asphalt) had participated in the past; however, both local manufacturers no longer produce emulsion oil.

ALTERNATIVES:

N/A

OTHER CONSIDERATIONS:

None

CONFORMITY TO CITY POLICY:

This purchase conforms to the City’s purchasing policies and procedures and State statutes regulating procurement.

EMERGENCY / NON-EMERGENCY:

Non-emergency.

DEPARTMENTAL CLEARANCES:

Street Operations

FINANCIAL IMPACT:

Operating Revenue Capital Not applicable

Fiscal Year: 2014-2015	Project to Date Expenditures (CIP only)	Current Year	Future Years	TOTALS
Line Item Budget		\$1,823,714.21	\$66,208.33	\$1,889,922.54
Encumbered / Expended Amount		695,271.25	0.00	695,271.25
This item		13,241.67	66,208.33	79,450.00
BALANCE		\$1,115,201.29	0.00	\$1,115,201.29

Fund(s): Street

Comments: The \$13,241.67 financial impact shown above represents two (2) months of expenditures that will be encumbered through the end of this fiscal year. The remaining \$66,208.33 for the last four (4) months of the contract will be requested during the normal FY 2015-2016 budget approval process.

RECOMMENDATION:

Staff recommends approval of the motion as presented.

LIST OF SUPPORTING DOCUMENTS:

Bid Tabulation