



AGENDA MEMORANDUM

Action Item for the City Council Meeting September 14, 2021

DATE: September 14, 2021

TO: Peter Zaroni, City Manager

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Supply Agreements for Hot Mix Asphalt Concrete for Public Works
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CAPTION:

Motion authorizing two three-year supply agreements for the purchase of hot mix asphalt concrete, with one three-year supply agreement with Bay Ltd., of Corpus Christi, Texas, in the amount of \$9,223,678 and one three-year supply agreement with HAC Materials, Ltd., of Corpus Christi Texas, in the amount of \$1,521,390 for the total combined amount not to exceed \$10,745,068.

SUMMARY:

This motion authorizes two three-year supply agreements, one with Bay Ltd., and one with HAC Materials, Ltd., both of Corpus Christi, Texas, for a combined total of \$10,745,068. These supply agreements will provide 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 rehab City streets infrastructure. These materials will be used when conducting pothole repairs, base & pavement repairs, and mill & overlay construction. Through a comprehensive three-year analysis and future improvements, Public Works determined the annual utilization of quantities based on performance and demand of hot asphalt materials.

Both contracts provide various type of asphalt design specifications (Type B, C, D & F) for

enhancing maintenance repair capabilities for base & pavement repairs and street rehabilitation. In addition, this creates the ability to start programming larger sustainable pavement failures repairs for arterial and collector roadways and/or alley maintenance repairs.

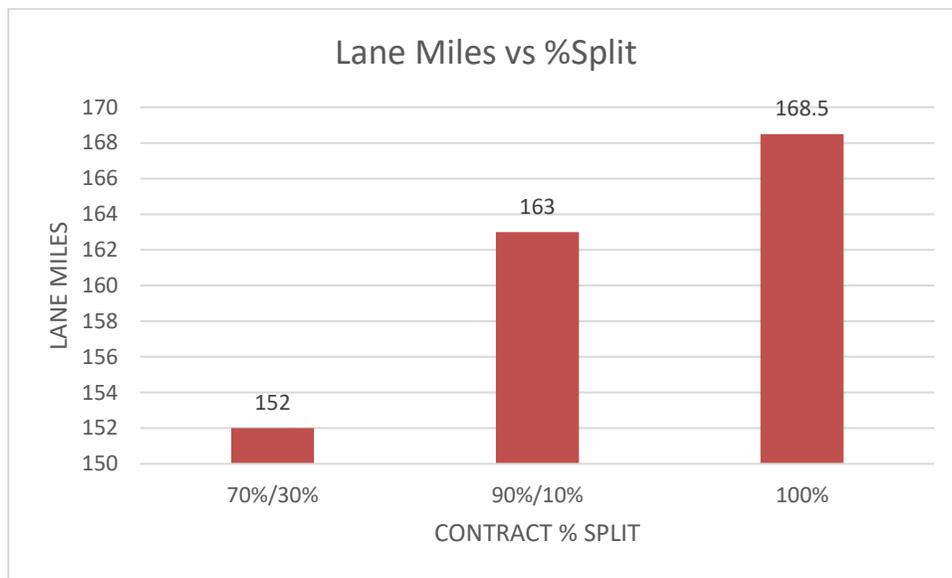
The City received two bids for this RFB. Bay LTD. had a 5% decrease in their unit price for the 2021 bids compared to 2018. While HAC had a 35.8% increase in their unit price for the 2021 bid compared to 2018. Due to a large variance in the bids received, Public Works analyzed multiple percentage splits which are shown in the table below. By using a 90/10 split, Public Works would be able to perform maintenance on 163 lane miles versus 152 lane miles using a 70/30 split due to the significant cost increase by the second respondent. As a result, a 90/10 percentage split is being recommended in order to maximize lane miles

The previous 2018 contract was a 36-month contract, 70/30 split, for a combined total of \$7,515,516.00.

This bid indicated a primary and secondary award would be established to provide for a backup supplier to the contract in the event the primary supplier is unable to provide the product.

Bay, Ltd.
Corpus Christi, Texas
 \$5,220,516
 Primary Supplier

HAC Materials, Ltd.
Corpus Christi, Texas
 \$2,295,000
 Secondary Supplier



PROCUREMENT DETAIL:

Contracts and Procurement conducted a competitive Request for Bid (RFB) process in March 2021 to obtain bids for a new contract. Language in the solicitation reads that a 70/30 percentage split would be awarded to two contractors. This split was used in the prior contract because of the small variance in pricing between the two lowest bidders. The split allowed Public Works to maximize the number of streets it could maintain while providing a back-up source of material if the need arose.

City Legal staff was consulted on the proposed change from a 70/30 to a 90/10 split because of the original language in the solicitation. Legal staff confirmed that the quantities could be adjusted to the recommended 90/10 split. Staff is recommending Bay, Ltd. the lowest, responsive, responsible bidder, as the primary vendor receiving 90% of the contract, and HAC Materials, Ltd. as the secondary vendor receiving 10% of the contract.

ALTERNATIVES:

The alternatives are that Public Works can request to purchase 100% of supply from one vendor, request a 70/30 split purchase from each vendor, or go back out to bid and search for alternative vendors.

FISCAL IMPACT:

The fiscal impact in FY 2021 is an amount of \$298,474.11 for this supply agreement with the remaining cost of \$10,446,593.89 budgeted in future years through the annual budget process.

FUNDING DETAIL:

Fund:	1041	Streets Fund
Organization/Activity:	00000	
Mission Element:	000	
Project # (CIP Only):	N/A	
Account:	119000	Material Inventory
Amount:	\$298,474.11	

RECOMMENDATION:

Staff recommends a 90/10 split for the specific reasons in that it allows for an emergency back-up to our main supplier and there would only be a 3% reduction in lane miles able to be constructed as compared to no split.

LIST OF SUPPORTING DOCUMENTS:

- Bid Tabulation
- Supply Agreement