



AGENDA MEMORANDUM

Action Item for the City Council Meeting October 19, 2021

DATE: October 19, 2021

TO: Peter Zaroni, City Manager

FROM: Roland Mata, Interim Director of Public Works
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Emulsion Oil for Public Works

CAPTION:

Motion authorizing a three-year supply agreement with two one-year renewal options with Ergon Asphalt & Emulsions, Inc., of Austin, Texas, for emulsion oil in an amount not to exceed \$1,252,485.00, and a potential \$2,080,275.00 if options are exercised, with FY 2022 funding in an amount not to exceed \$417,495.00 available through the Streets Fund.

SUMMARY:

This motion authorizes a three-year supply agreement with two additional one-year period renewal options with Ergon Asphalt & Emulsions, Inc., for emulsion oil. Emulsion oil will be used by the Public Works Department In-House Operations to perform pothole repairs, utility cuts, and milling and overlay projects.

BACKGROUND AND FINDINGS:

The Public Works Department utilizes these type of emulsion oils to bind the roadway base to the new asphalt layer. This application is sprayed unto the roadway base by either oil distributor truck spray bar or by hand wand. Emulsion oils are utilized daily throughout all maintenance activities in Street Operations maintenance programs.

With the increased customer requests for maintenance, the Streets Operations crews will require additional supply of emulsion oils to meet demands for repairs.

PROCUREMENT DETAIL:

In May 2018, the Contracts and Procurement Department conducted a competitive request for bid process to obtain bids for a new supply contract. The City received one responsive, responsible bid out of 60 notifications issued and awarded the contract to the lowest responsive, responsible bidder, Ergon Asphalt & Emulsions, Inc., of Austin, Texas. The previous agreement in 2018 was for a three-year quantity in the amount of \$328,366.50 for a total of 105,000 gallons at \$3.13 per gallon.

Contracts and Procurement conducted a competitive Request for Bid process in July 2021 to obtain bids for a new long-term contract. The City received one bid and is recommending award to the lowest responsive, responsible bidder, Ergon Asphalt & Emulsions, Inc., of Austin, Texas. Ergon Asphalt & Emulsions, Inc. is the incumbent supplier.

The proposed contract is for an amount not to exceed \$1,252,485.00 for 402,600 gallons of emulsion oil at \$3.11 per gallon. Emulsion oil usage by Public Works is forecasted to increase by over 240% during the three-year period as result of our projections to execute more mill and overlay projects.

ALTERNATIVES:

An alternative is to continue using the current supply Public Works has, which will hinder operations by not having the available resources to complete projects.

FISCAL IMPACT: The fiscal impact in FY 2022 is an amount not to exceed \$417,495.00 for this supply agreement with the remaining cost of \$834,990.00 budgeted in future years through the annual budget process. If both renewal options are exercised, then an additional \$827,790.00 will be budgeted in future years through the annual budget process.

FUNDING DETAIL:

Fund:	1041	Streets
Organization/Activity:	12420	Base Restoration Utility Cuts
Mission Element:	051	Maintain Pavement
Project # (CIP Only):	N/A	
Account:	520130	Maintenance & Repairs
Amount:	\$267,196.80	

Fund:	1041	Streets
Organization/Activity:	12430	Surface Preservation
Mission Element:	051	Maintain Pavement
Project # (CIP Only):	N/A	
Account:	520130	Maintenance & Repairs
Amount:	\$150,298.20	

RECOMMENDATION:

Staff recommends the approval of this agreement with Ergon Asphalt & Emulsions, Inc., of Austin, Texas for emulsion oil for Public Works, as presented.

LIST OF SUPPORTING DOCUMENTS:

Bid Tabulation
Supply Agreement