



**Request for City Council Committee Action
From the Department of Public Works**

Date: December 14, 2004
To: Honorable Sandra Colvin Roy, Chair Transportation and Public Works Committee

Subject: **Update on Public Works Asphalt Plant**

Recommendation: Receive and file

Previous Directives:

- December 2, 2003 Transportation and Public Works Committee Receive and File: Asphalt Plant Update
- February 14, 2003 TPW: After discussion, Public Works was directed to continue operation of the City asphalt plant for the 2003 construction season.
- December 19, 2002 TPW: Public Works was directed to:
 - a) Purchase hot-mix asphalt through competitive bids on the private market for the 2003 construction season; and
 - b) Continue operations at the City's asphalt plant to the extent necessary during the 2003 construction season for the sole purpose of eliminating existing stockpiled products used for the production of hot-mix asphalt; and
 - c) Upon the elimination of the existing stockpiled products, suspend operations at the asphalt plant for a maximum of one year; and
 - d) During this one-year period, Public Works staff is directed to further evaluate the options available for providing City crews with hot mix asphalt in the most economical manner, and report back no later than the fall of 2003 with a recommendation regarding permanent closure of the facility; and
 - e) Aggressively pursue the public/private partnership concerning an asphalt plant authorized by the Legislative in 2002, to supply potential partners with the most recent estimates of the City's asphalt needs, and report back to Transportation & Public Works Committee within 3 cycles concerning the results of these discussions.

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Approved by:

Klara A. Fabry, P.E., City Engineer, Director of Public Works

Presenters: Paul W. Ogren, P.E., Director of Field Services
Kevin J. Danen, P.E., Superintendent of Environmental Engineering

Financial Impact (Check those that apply)

No financial impact - or - Action is within current department budget.
(If checked, go directly to Background/Supporting Information)

Action requires an appropriation increase to the Capital Budget

Action requires an appropriation increase to the Operating Budget

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| <p>___ Action provides increased revenue for appropriation increase</p> <p>___ Action requires use of contingency or reserves</p> <p>___ Other financial impact (Explain):</p> <p>___ Request provided to the Budget Office when provided to the Committee Coordinator</p> |
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Background/Supporting Information Attached

At the December 2, 2003 Transportation and Public Works Committee, Public Works presented an update on the City's Asphalt Plant. At that time, we outlined next steps which included:

- Suspend production operations of the City asphalt plant at the end of the 2003 construction season (note: some activity at the plant may occur in order to support the Public Works Street Department for liquid asphalt cement or other miscellaneous needs – depending upon the results of the asphalt bid process);
- Take competitive bids for the supply of asphalt products for 2004;
- Adjust staffing levels to accommodate this change;
- Work with the Finance Department regarding any necessary changes to the 2004 Asphalt Plant budget;
- Retain the reserve fund balances in the Engineering Materials and Testing Division until final decisions are made;
- Return to the Council for direction to proceed with an RFP process for a joint venture once additional details are work out;
- Report back in the Fall of 2004 with a recommendation regarding permanent closure of the facility;
- Report back in the Fall of 2004 with a recommendation on the feasibility of participating in an asphalt supply partnership or joint venture;
- Permanently decommission the concrete plant, dispose of all the equipment, and cancel all applicable operating permits.

As directed, the Department of Public Works has obtained hot-mix asphalt through the competitive bid process from private producers for the 2004 construction season. To date, Public Works has purchased 61,078 tons of product.

With the final goal of optimum efficiency and quality for the City of Minneapolis, Public Works has been conducting an investigation regarding the procurement of hot-mix asphalt from private producers. Public Works has been collecting data during the 2004 construction season which is now being analyzed. This information along with an analysis of the City of Minneapolis asphalt plant and resulting recommendations is being assembled into report form to be presented to Council. It is estimated that this report will be completed and ready for presentation on February 1, 2005.