



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

Date: December 13, 2005
To: Honorable Sandra Colvin Roy, Chair Transportation and Public Works Committee

Subject: **Public Works Asphalt Plant Update**

Recommendation: Receive and File

Previous Directives:

- March 1, 2005 Transportation and Public Works Committee Receive and File: Asphalt Plant Update
 1. Procure hot-mix asphalt from private producers for the 2005 construction season.
 2. Submit a Request For Proposals (RFP) for a Joint Venture Asphalt Plant. This RFP prepared jointly with the City of Minneapolis Finance Department would solicit private hot-mix asphalt producers for ideas and partnership arrangements for the existing Asphalt Plant facility. Public Works will report its findings to Committee as to the feasibility of this option.
 3. Explore and test the option to utilize the existing asphalt plant facility to develop a smaller asphalt storage/distribution facility.
 4. Staff shall contact other units of government to determine their asphalt demand schedules and explore possible partnership agreements.

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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

Action provides increased revenue for appropriation increase

Action requires use of contingency or reserves

Other financial impact (Explain):

Request provided to the Budget Office when provided to the Committee Coordinator

Background/Supporting Information Attached

1. Evaluation of Proposals

On July 28, 2005 Public Works issued an RFP for a Joint Venture Asphalt Plant to private producers for ideas and partnership arrangements for the existing Asphalt Plant facility. The potential proposers were given until September 30, 2005 to submit their proposals. Public Works received submittals from three private asphalt producers, but there was no interest in a Joint Venture Asphalt Plant using the existing City facility.

Public Works did receive an alternate proposal for a long term procurement agreement for hot-mix asphalt. A financial assessment completed by Public Works and in agreement with the City Finance Department shows that this agreement is not in the best financial interest of the City.

2. Contact of Other Governmental Units

Public Works has contacted 16 other units of government to explore possible partnerships. Of these 16 contacted, 3 cities and 2 counties expressed interest in purchasing asphalt from the City of Minneapolis. An estimated annual total amount of 0 – 6,000 tons would be purchased from the City of Minneapolis Asphalt Plant by these units (*Attachment 1*).

3. Procurement From Private Producers

Public Works had successfully procured approximately 58,000 tons of hot-mix asphalt from private producers for the 2004 construction season, and approximately 55,000 tons of hot-mix asphalt during the 2005 construction season.

On two separate occasions during the 2005 construction season, Midwest Asphalt was unable to provide the City of Minneapolis Public Works Department with the mix necessary to complete work on specific days. Midwest was in a high production mode for another buyer and was not able to switch over to produce the smaller quantities of the specific mix we needed. The City was able to purchase the necessary mix from Bituminous Roadways.

4. Asphalt Silo Storage Facility

Public Works has embarked on a test to utilize portions of the existing facility to store and distribute hot-mix asphalt. At this time the mechanical process has proven to be operationally successful and it is anticipated that with continued testing through the 2006 construction season, Public Works will be able to determine any potential cost savings to the City of Minneapolis by the use of a storage and distribution facility at the completion of the 2006 construction season.

CONCLUSION

Public Works, in agreement with the Finance Department, concludes the following:

1. Decline the alternate proposal for a long term procurement agreement for hot-mix asphalt as requested in the Request For Proposals for a Joint Venture Asphalt Plant.
2. Procure future hot-mix asphalt from private producers through a periodic competitive bid process.

Attachment 1

The City of Minneapolis Public Works Department solicited other government agencies to determine if they would be interested in purchasing hot-mix asphalt from the City of Minneapolis Asphalt Plant if it were to open. Of the 16 agencies solicited, 5 responded that they would be interested. Of those interested agencies, a total of approximately 0 - 6,000 tons of asphalt would be purchased annually.

The other government agencies that were contacted are as follows:

- City of Bloomington, Charles Honchell, City Engineer – No
- City of Brooklyn Center, Todd Blomstrom, City Engineer – No
- City of Columbia Heights, Kevin Hansen, City Engineer – Yes, approximately 0 - 1000 tons/year, based on availability, competitive price, proximity to crews
- City of Crystal, Thomas Mathisen, City Engineer – No
- City of Eden Prairie, Al Gray, City Engineer – No
- City of Edina, Steve Johnson, Public Works Coordinator – Yes, approximately 0 - 2000 tons/year, based on availability, competitive price, proximity to crews
- City of Fridley, John Hawkness, City Engineer – No
- City of Golden Valley, Jeff Oliver, City Engineer – No
- City of Hopkins, John Bradford, City Engineer – No
- City of Mendota Heights, Sue McDermott, City Engineer - No
- City of Plymouth, Daniel Faulkner, City Engineer – No
- City of Robbinsdale, Richard McCoy, City Engineer – No
- City of St Louis Park, Mike Rardin, City Engineer, Jeff Stevens, Street Maintenance – Yes, approximately 0 - 2000 tons/year, based on availability, competitive price, proximity to crews
- City of West St Paul, Philip Stefaniak, City Engineer – No
- Hennepin County, Steve Peterson, Principal Engineering Technician – Yes, no estimate, based on availability, competitive price, proximity to crews
- Anoka County, Dennis Berg, Chair, Anoka County Public Works – Yes, no estimate, based on availability, competitive price, proximity to crews

It has been determined that in order to cover expenses and produce hot-mix asphalt competitively with the cost of purchasing it from private producers, the City of Minneapolis Asphalt Plant needs to maintain an annual production level of approximately 72,000 tons. The 0 - 5,000 tons of asphalt purchased from the other government agencies would increase the current estimated average annual production requirements to approximately 48,000 tons.