

Legislation Text

File #: BILL NO. 22-101, **Version:** 1

An Ordinance awarding the bid for Project No. 790-OV for the Mill & Overlay FY23 Program to Superior Bowen Asphalt Company, L.L.C. in the amount of \$3,745,041.01 and authorizing the City Manager to execute an agreement for the same.

(Note: First read by Council on May 10, 2022. Passed by unanimous vote.)

Issue/Request:

An Ordinance awarding the bid for Project No. 790-OV for the Mill & Overlay FY23 Program to Superior Bowen Asphalt Company, L.L.C. in the amount of \$3,745,041.01 and authorizing the City Manager to execute an agreement for the same.

Key Issues:

- The Mill & Overlay Program is a key element in the City's yearly Pavement Maintenance Programs. Timely undertaking of it is necessary to extend the life of existing pavement, as it restores the pavement surface close to its original condition.
- Approximately 31 lane miles will be restored under the Mill & Overlay FY23 Program (hereinafter "Project No. 790-OV").
- Project No. 790-OV is funded by the Transportation Sales Tax Fund.
- PWE issued an advertisement for bids for the construction of Project No. 790-OV on April 6, 2022, guided by local policies and state statutes
- Superior Bowen Asphalt Company, L.L.C. (hereinafter "Contractor") was determined to be the lowest and best bidder by City staff.
- The City desires to enter into an agreement with the Contractor to perform the services for Project No. 790-OV.

Proposed Committee Motion:

I move to recommend to City Council approval of an Ordinance awarding the bid for Project No. 790-OV for the Mill & Overlay FY23 Program to Superior Bowen Asphalt Company, L.L.C. in the amount of \$3,745,041.01 and authorizing the City Manager to execute an agreement for the same.

Proposed City Council Motion:

FIRST MOTION: I move for a second reading of an Ordinance awarding the bid for Project No. 790-OV for the Mill & Overlay FY23 Program to Superior Bowen Asphalt Company, L.L.C. in the amount of \$3,745,041.01 and authorizing the City Manager to execute an agreement for the same.

SECOND MOTION: I move for adoption an Ordinance awarding the bid for Project No. 790-OV for the Mill & Overlay FY23 Program to Superior Bowen Asphalt Company, L.L.C. in the amount of \$3,745,041.01 and authorizing the City Manager to execute an agreement for the same.

Background:

The Mill & Overlay Program is the most extensive and expensive street preventive maintenance process performed under the City's Pavement Maintenance Program. The process involves removing (milling) approximately 2" of asphalt from the surface, then replacing it with new asphalt. The mill and overlay process improves smoothness, cross-slope, and ride-ability, while reducing future construction expenses by delaying the need for complete street re-construction.

The primary evaluation tool used to prioritize streets for the mill and overlay is the Pavement Condition Index (PCI), which is a standardized method to evaluate pavement condition. The 1,080 lane miles of streets within the City; the conditions (PCI) of each street is evaluated on a rotating four-year basis.

In addition to the pavement condition, the condition of the curb is also taken into consideration and associated adjacent overlay coordinated with the curb replacement program. Like most municipalities in the metro area, the City is dealing with premature curb failure. This concrete failure is primarily focused on curbs installed from 1980 to 2008. To help manage limited funding for curb replacement, Public Works typically limits curb replacement to streets that will be overlaid in the near future. Ideally, a street will be overlaid within the year following curb replacement. This process minimizes damage to newly placed overlay pavement caused by tearing out curb. Coordinating these two programs produces a finished product with new pavement surfacing and curb similar to a new street. The City's curb replacement program from last year replaced curbs in nine of the thirteen areas outlined in this mill and overlay program.

To reduce disruption to residents and to simplify the logistical operations for the paving contractor, staff attempts to group mill & overlay streets by neighborhoods. Overlaying entire neighborhoods streamlines the City's pavement management process, extends the life of the overlay, reduces the unit price for overlay work, and reduces routine maintenance in the area.

The asphalt mill and overlay program routinely receives the lowest unit price for asphalt resurfacing every year. Capital projects with asphalt paving can pay as much as two to five times the amount for asphalt paving when compared to the overlay program based on the large volume of asphalt work in the annual overlay program. The low unit prices make it advantageous for other divisions within the City to piggyback onto the overlay contract. City parking lots, fire stations, airport, and other locations have used the overly contract for asphalt resurfacing work. However, due to the significant price increases from this year, none of the department were able to piggyback onto this contract.

The FY23 Overlay program has seen the highest price increases since 2002. The MoDOT oil price index increased from \$473 to \$638 per ton (35%) for liquid asphalt from May of 2021 to May 2022. That price is expected to increase to \$678 per ton in June. The oil pricing is and indicator of the material prices, fuel prices for equipment, and energy costs to operate the asphalt plants. For example, natural gas used to heat asphalt at the plant has doubled in price. Increased labor costs and transportation costs also factored into the bid price increases from 2021 to 2022.

The combined effects of materials and labor led to 63% increase in the total installed unit price per ton of asphalt. At the time bids were advertised, the MoDOT asphalt price was closer to 5% above last year's cost, and the construction cost index was about 14% higher than last year. Other agencies reported a 16% cost increase in their overlay programs. Based on that information, City staff estimated a 15% cost increase from 2021 to 2022.

City staff contacted other agencies that observed similar price increases. The market indicates oil prices will still increase. City staff recommends awarding the bids using the unit prices of each bidder for evaluation, but used the reduced quantity to remain within budget. This recommendation considers this option to be in the best interest of the project. Rejecting and re-bidding could create an unfair bid environment because the approximate bid prices of the two bidders is now public information. Rejecting and re-bidding increases the risk for further price increases. Generally, Contractor workloads increase later in the year, so bids tend to increase in the late spring / summer months. Reduced Contractor availability, coupled with increasing oil prices, are likely to further increase the bid prices.

The City received two bids that were within 5% of each other. City staff is recommending that the bid be awarded at quantities less than those advertised. The bid had no lump sum bid items. All bid items were unit price quantities, so any reductions in quantities would be adjusted equally among all bidders, so reduced quantities would still allow a fair evaluation of the bids. The apparent low and best bidder is agreeable to quantity adjustments without any change to unit prices.

Timeline:

July - October 2022

Impact/Analysis:

Public Works Engineering advertised for bids for Project No. 790-OV on April 6, 2022. Potential bidders were notified through QuestCDN, the City's website and a mass email notification. Two (2) responsive bids were received by the April 27, 2022, bid opening date. The bids were evaluated, and City staff determined Superior Bowen Asphalt Company, L.L.C. to be the lowest and best responsive bidder. Staff had estimated a 15% increase from last year's award price. The received bids for this year ranged from 30-37% over staff's estimate. Superior Bowen has confirmed they are willing to perform the Work at reduced quantities at the unit prices reflected on their bid submittal for the program to fit within budget.

George M. Binger III, City Engineer

Staff recommends approval.

Committee Recommendation: