



## ITEM REPORT CITY COUNCIL

Agenda Date: 7/15/2025  
Agenda Section: Consent Agenda

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**Department Origination:** Public Works

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**Agenda Item:** Approve Amending the Budget for the 2025 Street Crack Sealing Contract in the Not-to-exceed Amount of \$260,807.20

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**Approval Required:** Simple Majority Vote

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### **BACKGROUND**

At the May 6, 2025 Council Meeting, the contract for the 2025 Street Crack Sealing was awarded to Astech Corporation in the Not-to-Exceed Amount of \$140,000.

The crack sealant contract and budget in the May 6<sup>th</sup> RCA used the historic average of 30-50% of the existing cracks requiring sealing. This past winter was very tough on the cracks, and the streets must have shifted more than normal, the actual percentage of cracks open were around 90-95%.

The contract is broken out into two pay items; "Route & Seal", and "Blow & Go". The Route & Seal quantity was higher than expected so there were more cracks forming than anticipated, these cracks are new cracks that haven't been previously sealed. The contract estimated 30,000 – 50,000 linear feet and the actual total is 67,449. The "Blow & Go" bid item is used for blowing out the existing cracks and re-sealing with new crack sealant. This bid item has drastically exceeded the estimated quantity of \$125,000 – 175,000. The actual quantity came in at 239,349 linear feet. The crack sealing has been completed and the final quantities have been agreed to by staff and the contractor.

The contract with Astech prohibits the contractor from applying crack sealant to a crack that is not open (we only seal cracks that need sealant). To help keep the contractor honest, city staff periodically inspect the crack sealant operation to ensure the contractor is following these guidelines and to monitor the budget. The contractor has been following these requirements. As an example to the extent of crack sealing required this year, when working on Grand Oaks Drive between Excelsior Road and Clearwater Road there were 36 existing cracks, 34 of the 36 cracks were open and required sealing.

When the budget issues were identified, the number of streets that were not going to be crack sealed was alarming so priorities were set within the Streets Budget and the direction was to finish the crack sealing per the map and transfer funds within the 2025 Streets Budget.

Staff reached out to a contact who previously crack sealed the streets in Baxter for 13 years and asked if there has previously been any winters with this high of a percent of cracks that required sealing. The individual said yes, it is not common but occasionally we do have winters that open more than the typical 30-50%.

### **FINANCIAL IMPLICATIONS**

The original Budget that was approved with the 2025 Streets budget included \$140,000 for the labor to install the crack sealant and \$40,000 to purchase crack sealant. To pay for the additional budget, the following line items are proposed to be adjusted in the budget.

1. Use **\$20,000** from the crack sealant budget allocated to purchasing crack sealant. There is still one truck load available for next year to use, and the \$40,000 budget included purchasing another truck load. To crack seal the city requires approximately 1.5 truckloads so staff is proposing to only purchase half a truck on this year's budget.
2. Staff have submitted a Purchase Order to replenish the road salt from last winter and there will be **\$40,000** remaining in the road salt budget that staff is proposing to transfer to the crack sealing budget.
3. The City received no applications for seasonal help again this year in the Streets Department so there is **\$8,000** available that staff is proposing to transfer to the crack sealing budget.
4. The 2025 Streets Budget included **\$30,000** for lateral patching for repairing the seams on pavement that will better serve the roadway system by means of crack sealing.
5. There is \$30,000 in Pavement Repair that has not been used, staff is proposing to use **\$22,807.20** of the pavement repair budget for the crack sealing budget.

#### **STAFF RECOMMENDATIONS**

The Utilities Commission and staff recommend transferring the money outlined in the financial implications to pay for the additional crack sealing. The importance of keeping water out of the pavement and subgrade is too important to not finish crack sealing. If there were only a few roads that could not be crack sealed, the City could have prioritized based on future projects. The percent of cracks that were open requiring crack sealing was a surprise to staff and unfortunately the 46% cost increase this year has amplified the budget issues.

#### **COUNCIL ACTION REQUESTED**

**MOTION** to approve amending the budget for the 2025 Street Crack Sealing Contract in the not-to-exceed amount of \$260,807.20.