



STAFF REPORT

Meeting Type: City Council
Meeting Date: July 20th 2026
From: AJ Thorne Public Works Director
Subject: Contract Award: 2026 Pavement Maintenance

DECISION TO BE MADE:

Whether to authorize the City Manager to sign an agreement with Knife River Corporation, NW for the 2026 Pavement Maintenance Project.

APPLICABLE COUNCIL GOAL:

- **Goal 7.11:** Complete pavement management plan; ensure pavement plans are visible and accessible to the public.

BACKGROUND / CONTEXT:

The City uses Pavement Maintenance System software to prioritize street maintenance projects based on a condition survey performed every five years. The City hires a firm to perform an inventory of Sandy's streets, assigning each street section a Pavement Condition Index (PCI) score. In 2025, Capital Asset calculated Sandy's average PCI score at 79. This is a drop of 3 points since the 2020 inventory.

Using local option fuel tax revenue, the City has historically completed \$500,000 to \$600,000 worth of street maintenance (asphalt overlays and surface treatments) projects every two years. Unfortunately this approach has become inadequate over the years. The half-million dollar projects do not complete enough pavement upgrades to maintain our PCI goal of 80. According to the 2025 report, a budget of \$600,000 each biennium is expected to lower our score to 75 by the year 2030. To maintain our current pavement condition, we would need to budget approximately \$1,270,000 for maintenance every two years.

PW has already exhausted this budget line item for the current biennium with the project in summer 2025, which totaled of \$536,751.38. This new project was bid in an attempt to make headway toward better pavement management for the City.

KEY CONSIDERATIONS / ANALYSIS:

Pavement projects are suggested by the inventory report in order to provide the maximum return on investment. In addition, PW staff performs additional inspection and prioritizes projects with known safety issues or high impacts for earlier improvements.

On June 25th 2026 the City of Sandy received three bids for our 2026 Street Maintenance program. The work will consist of slurry seal treatments and paving selected streets as shown on the attached map. A summary of the bids is listed below:

Bidder	Amount
Knife River Corporation	\$561,990.50
S-2 Contractors	\$577,024.00
Western United Civil Group	\$690,762.50

BUDGET IMPACT:

The budget line item for pavement work in the Street Utility fund has already been used by the 2025 Street Maintenance project. However, during the 2025-2027 budget process, Council expressed interest in using Street Fund contingency funds to perform additional paving work. This bid was advertised in response to that request.

The 2025-2027 Street Utility fund budget includes just over \$2,000,000 in contingency funds.

RECOMMENDATION:

Authorize the City Manager to sign an agreement with Knife River Corporation, NW for the 2026 Pavement Maintenance Program Construction Contract in an amount not to exceed \$561,990.50

SUGGESTED MOTION LANGUAGE:

"I move to accept the low bid of \$561,990.50 with Knife River Corporation, NW for the 2026 Pavement Maintenance Program Construction Contract, and authorize the City Manager to enter into an agreement with Knife River Corporation, NW to complete this project."

LIST OF ATTACHMENTS / EXHIBITS:

- Map of streets to receive treatment
- Bid Opening Summary & Tabulation