



CITY GOVERNMENT

Study: City should make more asphalt, replace plant



October 13, 2015 - A truck moves on site at the City of Memphis Asphalt Plant Tuesday afternoon. A new study says Memphis should keep its asphalt plant, but streamline its operations and prepare to build a new plant. (Yalonda M. James/The Commercial Appeal)

By Ryan Poe of The Commercial Appeal

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Steamrolling contractors' hopes, a new study says the city of Memphis should expand its hot-mix asphalt production while preparing to spend upwards of \$2.5 million on a new plant.

After looking at a mix of options, including outsourcing roughly 22 jobs, the study's authors said the best deal for the city would be to keep operating the [plant at 1049 Sledge Ave.](#), north of Elmwood Cemetery, but churn out

75,000 tons of hot-mix a year instead of the roughly 59,000 tons it does now.

At the same time, the city should plan to buy a new plant that could produce up to 100,000 tons in 2019 — 20 years after the city bought its existing plant for \$1.3 million — and explore whether it could sell leftover hot-mix to neighboring agencies like Memphis Light, Gas and Water and Shelby County, according to the study.

Public Works interim director **Robert Knecht** said the city has committed to raising production above 75,000 tons, and has had a preliminary discussion with MLGW about the utility buying asphalt for the street repairs it makes. The city can only sell asphalt to other government agencies.

The ultimate decision about whether to outsource the work will be made by mayor-elect Jim Strickland, who takes office Jan. 1.

"We plan to keep it open for now," Knecht said.

Some private asphalt makers had hoped their production volumes would make outsourcing a money saver for the city, which was left pockmarked with potholes by a series of winter storms earlier this year. In March alone, the city filled roughly 25,000 potholes, contributing to the more than 76,000 potholes the city filled in the fiscal year that ended in June, Knecht said.

The study shows outsourcing would be the "most economical choice" if the city produces between 40,000 and 60,000 tons, although 40,000 would be unrealistic given the size of the city. But above 75,000 tons, the study said, the cost projections "slightly favor" keeping all or some paving functions in-house.

If the city raises its production volume to 80,000 tons, the city would pay about \$6.5 million per year on production — roughly \$1 million more per year than at 60,000 tons — but would save more than \$7 per ton.

The study didn't estimate revenue from sales to other agencies, which would likely make the in-house option more attractive. Also, Knecht said

keeping production and paving has other benefits. For instance, he said, some asphalt makers close down in the winter, when the city needs asphalt the most to shore up potholes.

If the city follows the study's recommendation, it will continue to outsource some of its production and paving projects on an as-needed, case-by-case basis.

The study was prepared by engineering firms Allen & Hoshall and Gresham Smith and Partners, and by Allworld Project Management.



About Ryan Poe

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