

STAFF REPORT: Engineering & Public Works Department



REPORT TO: Infrastructure and Recreation Committee
MEETING DATE: May 11, 2010
REPORT NO.: EPW.10.049
SUBJECT: Contract Extension of TBM-2009-33, Purchase of 5/8” Crushed Gravel
PREPARED BY: Jim McCannell, Manager of Roads and Drainage Division on behalf of Tender Award Committee

A. Recommendations

THAT Council extend Contract TBM-2009-33 to Dalton R. Lowe and Sons Construction Ltd, for the supply, crushing, loading, hauling, and applying of approximately 18,000 tonnes of Granular “A” – 5/8” crushed gravel, at a cost \$7.34 per tonne to an upset limit of \$135,000 including taxes as outlined in Report EPW.10.049 entitled “Contract Extension of TBM-2009-33, Purchase of 5/8” Crushed Gravel”.

B. Background

The Request for Quotation TBM-2009-33 for the supply and place of 5/8” crushed gravel was issued on May 27, 2009, closed on June 18, 2009 and duly awarded to Dalton R. Lowe and Sons Construction Ltd. (Dalton). Within the tender there were provisions to extend the contract for up to 3 years upon receiving favourable pricing.

Staff have negotiated with Dalton to provide a price to supply, load, haul and apply 5/8 maintenance gravel from the Gibraltar gravel pits. The negotiated price for 2010 is \$7.34 per metric tonne of gravel. The total is price base on \$2.35 per metric tonne to supply the gravel, \$2.75 per metric tonne to crush and load and \$2.24 to haul and place the gravel. The increase over the price of \$6.74 from 2009 is a result of higher prices to purchase raw material, increased fuel cost and wage increases. Refer to the price break-down from Dalton provided as Attachment #1. The Contract extension for 2010 will be the 2nd year of a potential 3 years.

The unit price is comparable with what has been paid in past years as evident in Table 1 below:

TABLE 1 – Cost Comparison

Year	Cost per Metric Ton (T)	Total Cost of 16,000 Tons
2008	\$7.84/ T	\$125,440
2009	\$6.74/ T	\$107,840
2010	\$7.34/ T	\$117,440

Prices are excluding GST

This work is to be funded from the Roads and Drainage Operating Budget G/L 1-308-3001 has \$819,756. Within this account the Finance Department has confirmed there is \$135,000 allocated to the purchase of maintenance gravel. This leaves a surplus of \$17,560. (\$135,000 - \$117,440)

As of July 1st these works will be subject to the Harmonized Sales Tax (HST). The placement of maintenance gravel will occur in September and will be subject to HST. The Municipality will be able to claim back part of the Ontario component of the HST plus the 5% Federal component of the 13% HST.

Given the surplus and the HST tax rebate Staff wishes to increase the amount of gravel purchased from 16,000 tonnes to 18,000 tonnes. The total cost for the purchase of 18,000 tonnes of the maintenance gravel at \$7.34 is \$132,120 for a total cost of **\$134,445.31** including non-refundable taxes (HST rebate) resulting in a surplus of \$1,558.84.

The Tender Award Committee recommends that Contract TBM-2009-33 for the Tender to Supply, Crush, Load Haul, and Apply 5/8 Crushed Gravel as negotiated be extended to Dalton Lowes and Sons Construction Ltd. who had the lowest price meeting all the requirements of the contract documents and has demonstrated a satisfactory construction schedule. The recommendation from the Tender Award Committee is provided as Attachment #2.

This purchasing process is in compliance with the Town's current Purchasing Policies.

C. The Blue Mountains' Strategic Plan

This tender award furthers the Town's Strategic Goal #2, "Addressing the Town's municipal infrastructure needs".

D Environmental Impacts

The crushing and moving of large quantities of gravel require vast amounts of energy. This energy is supplied in the way of diesel fuel. The Contractor will be asked to comply with the Town's anti idling program.

E. Budget Impact

The 2010 Roads & Drainage Operational Budget includes \$819,756 for materials including gravel, calcium (for dust control) Asphalt and Tar and Chip. Maintenance gravel will be coded to account 1-308-3065-62000, identified for gravel resurfacing and used by the Finance Department to track for the Municipal Performance Measures. The proposed expense of \$134,445.31 for 18,000 tonnes of gravel is therefore accommodated within the 2010 Budget.

Shown below is a partial list of the breakdown of the parent account 1-308.

GL Code	Account Description	Budget Amount
1-308-3001	Road Operation (includes Hardtop Maint., Dust Layer & Gravel)	\$819,756
1-308-3030	Hardtop Maintenance	\$290,000
1-308-3045	Resurfacing	NIL
1-308-3060	Dust Control	\$60,000
1-308-3065	Gravel	\$135,000

F. Attached

1. Dalton Lowes and Sons Construction Ltd. for 2010 Quotation, April 15, 2010
2. Tender Award Committee Report recommending extension.

Respectfully submitted,

Jim McCannell
Manager of Roads and Drainage Divisions

Reg Russwurm
Director of Engineering and Public Works

For more information contact:

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DALTON R. LOWE AND SONS CONSTRUCTION LTD.

7463 Highway 26, P. O. Box 70, Stayner, Ontario, L0M 1S0

Email: loweconstruction@bellnet.ca

SAND • GRAVEL • CUSTOM CRUSHING



April 15, 2010

Town of the Blue Mountains
26 Bridge Street East
Box 310
Thornbury, Ontario
N0H 2P0

Attention: Mr. Jim McCannell, Manager of Roads & Drainage

Dear Jim:

RE: TBM-2009-33 Gravel Tender – Renewal

Further to our telephone conversation of today and our previous quote dated March 12, 2010, we confirm that our company would like to renew the contract term for the upcoming season based on the following revised pricing:

Supply	\$2.35/mt	X 16,000=	\$ 37,600.00
Crush & Load	\$2.75/mt	X 16,000=	\$ 44,000.00
Hauling & Applying	<u>\$2.24/mt</u>	X 16,000=	<u>\$ 35,840.00</u>
	\$7.34/mt	SUBTOTAL	\$117,440.00
		GST	\$ 5,872.00
		PST (applies to Supply/Crush)	<u>\$ 5,888.00</u>
		TOTAL	<u>\$129,200.00</u>

We trust the above pricing is reasonable for the upcoming season and look forward to hearing from you with respect to the renewal of the 2009-33 Gravel Contract.

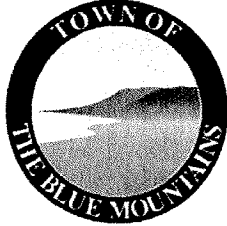
Yours truly,
DALTON R. LOWE & SONS
CONSTRUCTION LTD.

Per: **Bob Lowe/tl**

Bob Lowe (Authorized Signing Officer)
/tl
SENT BY EMAIL ONLY (jmccannell@thebluemountains.ca)

MEMORANDUM

EPW.10.049
Attachment #2



DATE: April 15, 2010
FROM: Jim McCannell, Manager of Roads & Drainage
TO: Tender Award Committee
SUBJECT: Award and Extensions of Formal Quotation TBM-2009-33 for the Supply, Crush, Load Haul, and Apply 5/8 Crushed Gravel

The Purchasing Policy F.S. 08.08 Schedule B, allows the Tender Award Committee to award contracts up to \$100,000. Contracts over \$100,000 shall be awarded by Council based on the recommendations of the Tender Award Committee.

The Request for Quotation TBM-2009-33 was issued on May 27, 2009 and closed on June 18, 2009 at 2:00 p.m. local time. The bid opportunity was advertised on Town's website and the OPBA website. An advertisement was placed in the Courier Herald and the Enterprise Bulletin. Four bids were returned to the Town meeting all the conditions of the tender. Dalton Lowes and Sons Construction were awarded this work for 2009.

Within the tender there are provisions to extend the contract for up to 3 years upon receiving favorable pricing. Dalton Lowes has provided a unit price of \$7.34 per metric tonne to extend the contract for year 2 of the 3 year contract. The Contract Extension for 2010 will be the 2nd year of a potential 3 years.

Staff have negotiated with Dalton R. Lowes and Son to provide a price to supply, load, haul and apply 5/8 maintenance gravel from the Gibraltar gravel pits. The negotiated price for 2010 is \$7.34 per metric tonne of gravel. The total is price base on \$2.35 per metric tonne to supply the gravel, \$2.75 per metric tonne to crush and load and \$2.24 to haul and place the gravel. The increase over the price of \$6.74 from 2009 is a result of higher prices to purchase raw material, increase fuel cost and wage increases.

The unit price is comparable with what has been paid in past years.

Year	Cost per Metric Tonne (mt)	Total Cost of 16,000 Tons
2008	\$7.84/ mt	\$125,440
2009	\$6.74/ mt	\$107,840
2010	\$7.34/ mt	\$117,440

Prices are excluding GST

Due to increased Budget and the HST tax rebate staff wishes to increase the amount of gravel purchased from 16,000 tonnes to 18,000 tonnes.


The cost for the purchase of 18,000 tonnes of the maintenance gravel at \$7.34 is \$132,120 for a total cost of \$134,445.31 including non-refundable taxes. (HST rebate)

This work is to be funded from the Roads and Drainage Operating Budget G/L 1-308-3001 has \$819,756. Within this account **\$135,000 is allocated to the purchase of maintenance gravel.**

Staff recommend that Contract TBM-2009-33 for the Supply, Crush, Load, Haul, and Apply 5/8 Crushed Gravel as tendered be extended to Dalton Lowes and Sons Construction who had the lowest price meeting all the requirements of the contract documents and has demonstrated a satisfactory construction schedule.


This purchasing process is in compliance with the Town's current Purchasing Policies

Recommended By:

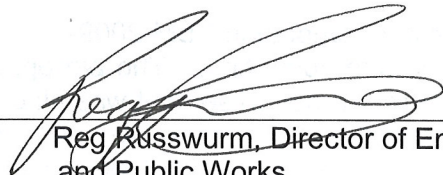


Jim McCannell

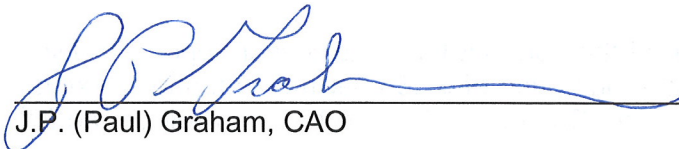
APPROVED BY:



Sherri Adams, Manager of Purchasing



Reg Russwurm, Director of Engineering
and Public Works



J.P. (Paul) Graham, CAO