

STAFF REPORT: ENGINEERING AND PUBLIC WORKS DEPARTMENT

REPORT TO: Infrastructure & Recreation Committee
MEETING DATE: December 13, 2011
REPORT NO.: EPW.11.106
SUBJECT: Tender Award 2011-49-T-EPW – 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 receive Report EPW.11.106, “Tender Award 2011-49-T-EPW – Purchase of 5/8” Crushed Gravel”;

AND THAT Council authorize a reallocation of \$8,500 from Spot Improvements to Gravel in the 2012 Roads Operation Budget to increase the Gravel budget from \$140,000 to \$148,500 to allow for the purchase of approximately 17,000 tonnes of gravel as considered in Tender 2011-49-T-EPW;

AND THAT Tender 2011-49-T-EPW be awarded to Dalton R. Lowe and Sons Construction Ltd, for the supply, crushing, loading, hauling, and application of approximately 17,000 tonnes of Granular “A” – 5/8” crushed gravel, at a cost of \$8.58 per tonne, in the amount of \$145,860 excluding HST, plus applicable non-refundable HST for a total cost of \$148,427.14.

B. Background

For 2011 fall gravel placement, the Town purchased 17,500 tonnes of crushed gravel at a unit cost of \$7.93 per tonne for a total cost of \$140,971.92 (including non refundable HST) During preliminary 2012 Budget discussions, this amount was kept at \$140,000.

On October 24, 2011, Council approved the Infrastructure and Recreation Committee Report of October 11, 2011. This Committee Report included Staff Report EPW.11.087 with the following Recommendation:

THAT Council grant preapproval in the 2012 municipal budget process for the tendered purchase of 5/8” crushed summer maintenance gravel at a total budgeted amount of \$140,000, as detailed in Staff Report EPW.11.087 “2012 Summer Maintenance Gravel Budget Preapproval”, to allow for the spring placement of gravel.

Tender 2011-49-T-EPW for the purchase of approximately 17,000 tonnes of 5/8” crushed maintenance gravel was issued on October 28, 2011, with a closing date of November 17, 2011. The following tenders were received:

Bidder	Tender Amount Excluding HST
Dalton Lowe & Sons Construction Ltd.	\$145,860.00
E.C. King Contracting	\$149,940.00
Harold Sutherland Construction	\$152,490.00

The three tenders that were received all met the conditions of the Town Tender.

The 2012 unit price per tonne as submitted by Dalton Lowe & Sons Construction Ltd. is \$8.58. The following table shows the tendered cost trend over time for information:

Year	Cost per Tonne (T)
2008	\$7.84/ T
2009	\$6.74/ T
2010	\$7.34/ T
2011	\$7.93/ T
2012	\$8.58/ T

Prices are excluding HST

The 2012 tendered cost per tonne of \$8.58 represents an increase of approximately 9% over 2011. Staff Report EPW.11.087 (provided as Attachment 1) noted the benefits of placing gravel earlier in the year as reduced loose gravel being thrown into the roadside ditches by snowploughs and the resulting ditch maintenance cost to remove the gravel. If the gravel is placed in the spring, it becomes well compacted and tightened by the year’s traffic prior to snowploughing. Staff Report EPW.11.087 also noted it was expected the price per tonne would increase by 20% to \$9.50 because there is an increased demand for maintenance gravel by municipalities and there are a limited number of contactors able to place the gravel within a specific timeframe. At a 9% increase over 2011 pricing, the 2012 tendered price of \$8.58 per tonne is well below the expected price of \$9.50 as noted in Report EPW.11.087.

If the full 17,000 tonnes is to be purchased as considered in the tender, the cost at the tendered price would be \$148,427.14 including non-refundable HST. In order to purchase the entire quantity, the 2012 Budget for gravel placement will need to be increased in the amount of \$8,500, being the amount the tendered price came in over the \$140,000 amount.

Another option available to the Town would be to only place 16,100 tonnes of gravel within the original 2012 Budget consideration (\$139,564.66 including non refundable HST), however, given the marginal cost increase and ability to reallocate funds it is recommended that 17,000 tonnes be purchased and placed.

It is recommended therefore that Council authorize a reallocation of \$8,500 from the 2012 Spot Improvements Budget to the 2012 Gravel Budget to allow for the purchase of approximately 17,000 tonnes of gravel.

The Tender documents noted the contract would be for an initial term of one (1) year from the date of award, as well as noting the Town reserves the right to formally renew the contract in whole or in part, for four (4) additional years for a total contract term of up to Five (5) years. Each additional renewal would be subject to Council approval.

Staff recommend that Tender 2011-49-T-EPW be awarded to Dalton R. Lowe and Sons Construction Ltd, for the supply, crushing, loading, hauling, and application of approximately 17,000 tonnes of Granular "A" – 5/8" crushed gravel, at a cost of \$8.58 per tonne, in the amount of \$145,860 excluding HST, with applicable HST added for a total cost of \$148,427.14.

C. The Blue Mountains' Strategic Plan

Consideration of spring placement of summer maintenance gravel would represent efforts to further the Town's Strategic Goal No. 2, "Addressing the Town's municipal infrastructure needs", in that the road system would be maintained earlier in the year for summer traffic.

D. Environmental Impacts

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

The application of spring gravel will reduce the amount of gravel lost during winter control operations, and thereby may result in less truck trips for the replacement of maintenance gravel.

E. Financial Impact

It is recommended that a reallocation of the 2012 Budget be approved in the amount of \$8,500 from Spot Improvements to Gravel being the rounded up amount the tendered price came in over the \$140,000 originally budgeted plus applicable non-refundable HST. This would allow the full 17,000 tonnes considered in the tender to be purchased. This increase could be funded from a reallocation of Spot Improvements, G/L Account 1-308-3030-64050, currently proposed at \$55,000.

F. In Consultation With

Sherri Adams, Manager of Purchasing
Darcy Chapman, Capital Accountant
Troy Speck, Chief Administrative Officer.

G. Attached

1. Staff Report EPW.11.087, "2012 Summer Maintenance Gravel Budget Preapproval"

Respectfully submitted,

Jim McCannell

Jim McCannell
Manager of Roads and Drainage Division

Tender Proposal Award Committee

Troy Speck

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CAO

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STAFF REPORT: ENGINEERING & PUBLIC WORKS DEPARTMENT



REPORT TO: Infrastructure & Recreation Committee
MEETING DATE: October 11, 2011
REPORT NO.: EPW.11.087
SUBJECT: 2012 Summer Maintenance Gravel Budget Preapproval
PREPARED BY: Jim McCannell, Manager of Roads and Drainage Division

A. Recommendations

THAT Council grant preapproval in the 2012 municipal budget process for the tendered purchase of 5/8" crushed summer maintenance gravel at a total budgeted amount of \$140,000, as detailed in Staff Report EPW.11.087 "2012 Summer Maintenance Gravel Budget Preapproval", to allow for the spring placement of gravel.

B. Background

During the Infrastructure and Recreation Committee Service Review prior to 2012 Budget considerations, the Committee reviewed Summer Maintenance Costs. Staff was directed to consider alternatives to the tendering and purchase of summer maintenance gravel in the spring of 2012.

The current summer maintenance gravel tender was recommended for award to Dalton Lowe & Sons Construction Ltd. at the Committee meeting of July 14, 2009, as detailed in Staff Report EPW.09.059 (Attachment 1), in the amount of \$118,672, representing a cost per tonne of \$7.42 in 2009. The Staff Report notes the contract for summer maintenance gravel could be extended for 2010 and 2011 for a total of three years and this was done.

Staff have now considered whether the 2012 gravel budget should be approved prior to final 2012 Budget finalization so as to allow for earlier placement of road gravel. The primary reason for wanting to place gravel in the spring is reduced loose gravel being thrown into the roadside ditches by snowploughs and the resulting ditch maintenance cost to remove the gravel. If the gravel is placed in the spring, it becomes well compacted and tightened by the year's traffic prior to snowploughing.

If budget preapproval is granted, the work can be tendered late fall/winter for spring placement. It is proposed the gravel would be placed between June 1 and July 15 following load restrictions being removed. Once the gravel has been placed and shaped, application of calcium chloride would occur.

With delivery and application of summer maintenance gravel in the spring of 2012, it is expected the price per tonne would increase because there is an increased demand for maintenance gravel by municipalities and there are a limited number of contactors able to place the gravel within a specific timeframe. To obtain the best pricing the tender should be released as soon as possible to be ahead of other municipalities that will also tender for spring gravel.

It is anticipated the unit cost will be around \$9.50 per tonne for spring gravel compared to the 2011 price of \$7.93 per tonne for fall gravel based on discussions with other municipalities. The cost increase is approximately 20% and will result in less gravel being purchased for the budgeted amount of \$140,000. In 2011 the Town purchased 17,500 tonnes at \$7.93/ tonne at \$138,775. If the price increased to \$9.50, the current budget will allow for the purchase of 14,700 tonnes, a reduction of 2,800 tonnes. The true cost impact will not be known until a spring gravel tender is let and the new pricing can be evaluated. The current contractor has advised they do not have the ability to take on more spring and early summer work due to commitments already in place.

Staff have researched the issue and have not been able to find definitive literature that provides a business case for spring or summer placement of maintenance gravel. It is generally accepted though as best practice to place maintenance gravel early in the year. Staff have not been able to determine if there is a net cost savings other than that there is an opportunity cost for Staff who could do other work than clean gravel out of ditches.

The Town's options include:

1. Status Quo: remain with late summer gravel placement. This maximises the gravel placed but increases the amount of gravel lost during snowploughing.
2. Preapprove 2012 budget to permit the placement of spring gravel as soon as load restrictions are removed. The cost of gravel is increased however there is less loss. A contingency plan with this option is that should the cost be considered excessive, the Town could re-tender for summer gravel placement.
3. Remain with Status Quo but continue to research the issue for 2013 Budget after the Town's service review initiatives are completed.

In addition to the consideration of moving to spring gravel placement, a 2012 Budget Enhancement Report is being prepared by Staff to increase the level of maintenance gravel over several years to achieve industry best practice of 3" of gravel every 3 years.

This report has been prepared in the affirmative to grant budget preapproval for Council's consideration.

C. The Blue Mountains' Strategic Plan

Consideration of spring placement of summer maintenance gravel would represent efforts to further the Town's Strategic Goal No. 2, "Addressing the Town's municipal infrastructure needs", in that the road system would be maintained earlier in the year for summer traffic.

D. Environmental Impacts

The crushing and moving of large quantities of gravel requires vast amounts of energy. The energy is supplied in the way of diesel fuel. The contractor will be asked to comply with the Town's anti-idling program. The implementation of spring gravel will reduce the amount of less gravel lost during winter control operations, and thereby will result in less truck trips for the replacement of maintenance gravel.

E. Financial Impact

It is proposed the 2012 Roads and Drainage Operational Budget would include \$140,000 for materials. The materials will be coded to Account 1-308-3065-62000, identified for gravel resurfacing and used by the Finance and Information Technology Department to track for the Municipal Performance Measures.

F. Attached

1. Staff Report EPW.09.059, "Purchase of 5/8" Crushed Gravel (TBM-2009-33)

Respectfully submitted,

Jim McCannell

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Reg Russwurm

Reg Russwurm
Director of Engineering and Public Works

STAFF REPORT: Engineering & Public Works Department



REPORT TO: Infrastructure and Recreation Committee
MEETING DATE: July 14, 2009
REPORT NO.: EPW.09.059
SUBJECT: Purchase of 5/8" Crushed Gravel,
(TBM-2009-33)
PREPARED BY: Jim McCannell, Manager of Roads and
Drainage Division

A. Recommendations

THAT Council award Contract TBM-2009-33 to Dalton R. Lowe and Sons Construction Ltd, for the supply, crushing, loading, hauling, and applying of approximately 16,000 tonnes of Granular "A" – 5/8" crushed gravel, at a cost \$7.42 per tonne for an estimated cost of \$107,840.00 + \$5,440 PST and \$5,392 GST for a total cost of \$118,672 as outlined in Report EPW.09.059 entitled "Purchase of 5/8" Crushed Gravel (TBM-2009-33)".

B. Background

Advertisements were placed in local newspapers on Wednesday May 27 and Friday May 29 2009, requesting the following tender submission:

TBM-2009-33 Tender to supply, crush, load, haul, and apply approximately 16,000 tonnes of Granular "A" – 5/8" crushed gravel, at the request of the Manager of Roads & Drainage. The tender opportunity closed on June 18, 2009: 2:00 P.M. local time.

The bids were opened at a public opening that afternoon. The bid submissions received are as follows;

No.	Bidder	Tender Amount Including PST & GST
1	Harold Sutherland Construction	\$149,880.00
2	P.D. Brooks Haulage and Construction	\$154,424.00
3	Dalton Lowe & Sons Construction Ltd.	\$118,672.00
4	Donegan Haulage & ready Mix Ltd.	Declined to Bid
5	Beaver River Stone	\$198,880.00

Four bids was received that met the all the conditions of the tender. The unit price from Dalton R. Lowe and Sons Construction Ltd for 2009 will be \$7.42 per tonne. See table #2 for cost comparisons. The decrease in price can be attributed to the reduction of diesel fuel costs. The material will be paid by the tonne based on weigh tickets.

year	Price per tonne , placed
2009	\$7.42
2008	\$7.85
2007	\$6.32

The Town will not continue to crush gravel extracted from the landfill. The overburden is now too thick to continue with gravel removal. If the overburden can be removed and used as cover at the landfill it may be possible to extract more gravel in the future.

In this tender, PST is only paid on the supply and crushing of the gravel. The hauling and applying is considered an installation of the product and is PST exempt.

Staff recommends that Contract TBM-2009-33 be awarded to Dalton R. Lowe and Sons Construction Ltd., being the lowest bidder and meeting the requirements of the contract documents. This contract has the provision to be extended for 2010 and 2011 for a total of up to 3 years. There is flexibility to adjust the unit prices to account for increases or decreases in fuel prices.

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 2009 Roads & Drainage Operational Budget includes \$190,000 for materials. Theses materials 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.

F. Attached

None.

Respectfully submitted,

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