

**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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Jim McCannell  
Manager of Roads and Drainage Divisions

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Reg Russwurm  
Director of Engineering and Public Works

For more information contact:

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