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STAFF REPORT: ENGINEERING AND PUBLIC WORKS DEPARTMENT



REPORT TO: Infrastructure and Recreation Committee
MEETING DATE: October 16, 2012
REPORT NO.: EPW.12.072
SUBJECT: Tender Award 2011-49-T-EPW – Purchase of 5/8” Crushed Gravel” – 2013 Contract Extension
PREPARED BY: Jim McCannell, Manager of Roads and Drainage

A. Recommendations

THAT Council receive Report EPW.12.072, “Tender Award 2011-49-T-EPW – Purchase of 5/8” Crushed Gravel” – 2013 Contract Extension;

AND THAT Council authorize Pre-approval in the amount of \$274,500 for Gravel in the 2013 Roads Operation Budget to allow for the purchase of approximately 30,000 tonnes of gravel as considered in this Report;

AND THAT Tender Award 2011-49-T-EPW – Purchase of 5/8” Crushed Gravel” – 2013 Contract Extension be awarded to Dalton R. Lowe and Sons Construction Ltd, for the supply, crushing, loading, hauling, and application of approximately 30,750 tonnes of Granular “A” – 5/8” crushed gravel, at a cost of \$8.75 per tonne, in the amount of \$269,063 plus the non refundable HST of \$4,735.50 for a total expenditure of \$273,800.

B. Background

The Purchasing of Goods and Services Policy POL.COR.07.05 clause 7 “Powers of the Tender/Proposal Award Committee” states:

“The Tender / Proposal Award Committee, within the parameters of this policy, are hereby authorized to make awards for Tenders from \$50,001 - \$100,000 and \$25,001 to \$100,000 for Requests for Proposals within the respective budget allocations. Awards exceeding \$100,000 shall be made by Council with a recommendation from the Tender / Proposal Award Committee.”

Tender 2011-49-T-EPW – Purchase of 5/8” Crushed Gravel

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.

During the 2012 budget process the budget for maintenance gravel was increased from \$145,000 to \$201,000 to reduce the deficit in road maintenance the Town is experiencing. The proposed budget for 2013 is \$274,500 and further increase to \$341,500 for 2014 and \$415,000 by 2015. This will return gravel purchases to 2005 levels of approximately 40,000 tonnes annually.

The 2013 unit price per tonne as submitted by Dalton Lowe & Sons Construction Ltd. is \$8.75. 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
2013	\$8.75/ T

Prices are excluding HST

It had been earlier 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. At a 1.98% increase over 2012 pricing, the 2013 tendered price of \$8.75 per tonne, which Staff believe is reasonable given fuel costs.

Tender 2011-49-T-EPW was for an initial period of one (1) year, with the Town reserving the right to extend the Tender contract for a period of up to four (4) additional years. Staff is recommending pre-approval of the Tender contract amount for the 2013 Budget process and that the Tender contract awarded to Dalton R. Lowe & Sons Construction Ltd. for the summer of 2012 be extended for the summer of 2013 at the cost of \$8.75 per tonne for an estimated total cost of \$270,000 excluding HST.

The Tendering Process was originally conducted in compliance with the Town's Purchasing Policy and Procedures.

The Contractor will begin crushing gravel in the fall of 2012 to stockpile materials for June of 2013. Maintenance gravel will be placed once the load restrictions on the roads in the Gibraltar area are lifted. Payment for the gravel will not be requested until the gravel is placed. This is anticipated to be around July 1, 2013.

C. The Blue Mountains' Strategic Plan

Addressing the Town's municipal infrastructure needs.
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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

Funding for this project is recommended to be pre-approved for the proposed 2013 Budget. This item would be funded from the Roads and Drainage Division, Maintenance Gravel Budget, item 1-308-3065-62000. The proposed 2013 budget has \$274,000 allocated for the purchase of maintenance gravel.

F. In Consultation With

Sherri Adams, Manager of Purchasing
Darcy Chapman, Capital Accountant

G. Attached

None

Respectfully submitted,

Jim McCannell

Jim McCannell
Manager of Roads and Drainage Division

Tender Proposal Award Committee

Troy Speck

Troy Speck
Chief Administrative
Officer

Reg Russwurm

Reg Russwurm
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Sherri Adams

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