

**STAFF REPORT: Engineering & Public Works Department**

**REPORT TO:** Infrastructure and Recreation Committee  
**MEETING DATE:** May 10, 2011  
**REPORT NO.:** EPW.11.045  
**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 17,500 tonnes of Granular "A" – 5/8" crushed gravel, at a cost \$7.93 per tonne to an upset limit of \$140,000 excluding HST as outlined in Report EPW.11.045 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 2011 is \$7.93 per metric tonne of gravel. The total is price base on \$2.54 per metric tonne to supply the gravel, \$2.97 per metric tonne to crush and load and \$2.42 to haul and place the gravel. The increase over the price of \$7.34 from 2010 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 2011 will be the 3rd year and final year of the contract.

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
2011	\$7.93/T	\$126,880

*Prices are excluding HST*

This work is to be funded from the Roads and Drainage Operating Budget G/L 1-308-3065-62000, within this account the Finance Department has confirmed there is \$140,000 allocated to the purchase of maintenance gravel.

Given the budget , Staff wishes to increase the amount of gravel purchased from 16,000 tonnes to 17,500 tonnes. The total cost for the purchase of 17,500 tonnes of the maintenance gravel at \$7.93 for a total cost of \$138,775.

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.

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. Financial Impact**

The 2011 Roads & Drainage Operational Budget account 1-308-3065-62000 includes \$140,000 for the purchase of maintenance gravel. The proposed expense of \$138,775 for 17,500 tonnes of gravel is therefore accommodated within the 2011 Budget.

### **F. Attached**

1. Dalton Lowes and Sons Construction Ltd. for 2011 Quotation, April 25, 2011

Respectfully submitted,

***Jim McCannell***

Jim McCannell  
Manager of Roads and Drainage Divisions

***Reg Russwurm***

Reg Russwurm,  
Director of Engineering  
and Public Works and Acting CAO

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 25, 2011

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

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

Dear Jim:

RE: TBM-2009-33 Gravel Tender – Renewal

Further to our telephone conversations and recent email exchanges, we have now had an opportunity to review the numbers with respect to renewing the above contract term for the upcoming season. As discussed, Bates Sand and Gravel have increased the supply cost of the material at both the Hard Rock pit and the Stone Glen pit. As well, as you are aware, the cost of fuel has increased approximately 23 cents per litre from this time last year and 33 cents per litre from 2009 when we originally bid the job, with further increases expected. Accordingly, we are looking at an 8% increase from 2010 to cover these additional expenses. The following sets out the pricing for 2011:

Supply	\$2.54/mt	X 16,000=	\$ 40,640.00
Crush & Load	\$2.97/mt	X 16,000=	\$ 47,520.00
Hauling & Applying	\$2.42/mt	X 16,000=	\$ 38,720.00
	\$7.93/mt	SUBTOTAL	\$126,880.00
		HST	\$ 16,494.40
		TOTAL	\$143,374.40

You will note that this price is still substantially lower than the other bidders from 2009 despite the fact that HST at 13% now applies to all of the contract.

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*

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Bob Lowe (Authorized Signing Officer)

/tl

SENT BY EMAIL ONLY (jmccannell@thebluemountains.ca)