



Staff Report

Report To: Dan Best, Chief Administrative Officer
From: **Don Giberson, Director of Operations and Infrastructure**
Date: October 15 2018
Report: ESD.18.33
Subject: Tender Results for the Supply of Winter Sand

Recommendations:

That South Huron Council receive the report from Don Giberson, Director of Operations and Infrastructure RE: Tender Results for the Supply of Winter Sand; and

That South Huron Council accept the tender received from the low bidder N.C. Jones & Sons and authorize the award of a contract for Supply of Winter Sand in the amount of \$35,002.88 (including HST).

Purpose:

The purpose of this report is to notify Council of the results of the tender for the supply winter sand, to mix/stockpile with road salt provided by the Municipality and to haul road salt from Compass Minerals in Goderich to Municipal Works Yards in South Huron and to recommend award of a contract to the low bidder.

Background and Analysis:

The tender for the Supply of Winter Sand was advertised on the Bids & Tenders web site on August 14, 2018. Tenders closed on Thursday, September 20, 2018 at 2:00pm and three (3) tenders were received by the Municipality. Tenders were opened by Deputy Mayor Dave Frayne, in the presence of Angela Shipway, Financial Services Supervisor; Maggie McBride, Treasury Assistant; Don Giberson, Director of Operations and Infrastructure and several contractors.

The following are the tender results:

	Contractor	Price (Excluding HST)	HST	Total Cost (Including HST)
1	N.C. Jones & Sons	\$30,976.00	\$4,026.88	\$35,002.88
2	Clarence Carter and Sons Ltd	\$32,800.00	\$4,264.00	\$37,064.00
3	Ryan Bossence	\$33,472.00	\$4,351.36	\$37,823.36

Tenders were checked by the Director; found to be complete and in conformance with the tender specifications.

Operational Considerations:

There were no alternatives considered.

South Huron's Strategic Plan:

Section 6.2.2 of the Municipality of South Huron 2015- 2019 Strategic Plan identifies key objectives that are reflective of the collective perspectives of the strategic planning process.

The recommendations and actions outlined in this report are reflective of the following strategic objectives:

Administrative Efficiency and Fiscal Responsibility

Increased Communications and Municipal Leadership

Transparent, Accountable and Collaborative Governance

Dedicated Economic Development Effort

Financial Impact:

The costs associated with the supply of winter sand are included in the 2018 Transportation Services Operating Budget.

A detailed financial analysis of the tender received from the low bidder was carried out and summarized as follows:

FINANCIAL ANALYSIS SUMMARY		
	Unit Price	Total
Supply, load, haul & mix 1600 tonne of winter sand at Usborne Yard	\$10.05	\$16,080.00
Supply, load, haul & mix 960 tonne of winter sand at Stephen Yard	\$10.25	\$9,840.00
Haul salt from Compass Mine in Goderich to Usborne Yard	\$7.90	\$3,160.00
Haul salt from Compass Mine in Goderich to Stephen Yard	\$7.90	<u>\$1,896.00</u>
Subtotal		\$30,976.00
13% HST		<u>\$4,026.88</u>
TOTAL		\$35,002.88
Cost prior to HST		\$30,976.00
Non-recoverable HST		<u>\$545.18</u>
TOTAL		\$31,521.18

The increase in the total cost is due an increase in the quantity of winter sand over previous years. The quantity increase is as a result of an operational change to revise the sand/salt mix at the Usborne Shed from a 55/45 mix to an 80/20 mix. There will be an offsetting decrease in road salt costs as a result of changing the sand/salt mix.

The 2018 budget for winter sand and salt is \$82,700 and the actual expenditures to date are \$41,852. This is much higher than normal for this time of year. This increase in costs is a result of the extremely harsh winter and extensive winter control operations carried out from January to March.

Based on previous year's average snowfall and the expected expenditures to prepare for the 2018/19 winter season, it is anticipated that winter sand/salt material expenses for 2018 may be over budget. It is also anticipated that this potential over-expenditure will be offset by other under-expenditures in the Transportation Services Operating Budget. At the end of the fiscal year, if the overall Winter Control costs are over budget, funds could be transferred from the Winter Stabilization Reserve to cover the extra costs.

Historically there have been few bidders on the Winter Sand tender. In order to give Council a more fulsome picture of pricing trends for winter sand, an analysis was carried out on the historical costs as follows:

	Historical Winter Sand costs per tonne					
	2013	2014	2015	2016	2017	2018
Usborne Yard	\$9.15	\$10.25	\$10.75	\$9.50	\$11.05	\$10.05
Stephen Yard	\$8.65	\$9.75	\$10.85	\$10.50	\$10.55	\$10.25
NOTE: The 2018 unit price for the supply of winter sand is lower than the previous year.						
	Historical costs per tonne to haul road salt					
	2013	2014	2015	2016	2017	2018
Usborne Yard	\$7.50	\$7.50	\$7.50	\$8.00	\$7.50	\$7.90
Stephen Yard	\$7.85	\$7.85	\$7.85	\$8.00	\$7.85	\$7.90

Legal Impact:

There are no legal implications for the Corporation resulting from the proposed recommendation.

Staffing Impact:

There are no staffing implications for the Corporation resulting from the proposed recommendation.

Policies/Legislation:

Approved 2018 Transportation Services Operating Budget

Consultation:

Director of Financial Services
Supervisor of Operations (Roads)

Related Documents:

None

Respectfully submitted,



Don Giberson, Director of Operations and Infrastructure