

Report to Council



Date: February 10, 2020
To: Council
From: City Manager
Subject: City's Westside Gravel Pit – Excavation Agreement
Department: Infrastructure Operations

Recommendation:

THAT Council receives, for information, the report from the Public Works Department dated February 10, 2020;

AND THAT Council authorizes the Public Works Department to enter into an Excavation Agreement with Lafarge Canada Inc.;

AND FURTHER THAT the 2020 Financial Plan be amended to include the additional revenue within the Westside pit operations.

Purpose:

To enter into a minor partnership with Westlake Paving & Aggregates with respect to the City owned gravel pit.

Background:

The City owns and operates a gravel pit located at 2250 Westlake Road in West Kelowna

Over the past years the neighbouring Lafarge gravel pit has been mining at a far higher rate than the City's Westside gravel pit resulting in substantial grade difference on the northwest corner of the Westside gravel pit (see attached graphics). This grade difference results in neither the City or Lafarge being able to mine this section due to safety regulations under the Provincial Mines Act.

In a letter dated June 28, 2019 (attached), Lafarge Canada Inc. has submitted two proposals of which staff recommend proposal #1. The proposal would allow Lafarge to mine 20 metres inside the City property line and would include a royalty payment of \$1.85 per cubic metre for the material removed from the City site. It is estimated that approximately 14,000 cubic metres would be mined under this agreement (see attached graphics), resulting in a royalty payment of \$25,900.

In addition, upon agreement to this proposal, Lafarge will accept 4442 cubic meters of waste asphalt free of charge. This waste is located on the northwest corner in question and would have to be removed prior to mining. The cost of tipping fees and transportation of this waste equates to approximately \$225,000.

Staff have consulted with Geotechnical consultants Golder Associates Ltd. and they also recommend Proposal #1, siting the following benefits to the City:

- Ability for the City to extract more aggregate once the NW corner is mined (see diagram).
- Compliance with mines act.
- Ability to share Mine Plan with Lafarge Canada Inc. moving forward.
- Cost savings for trucking and tipping fees.
- Creation of space for more inventory.
- The royalty payment of \$1.85 per cubic metre is considered to be fair market value

If no agreement is reached a barrier of un-mineable material would be left between the City Gravel Pit and Lafarge Pit. The Ministry of Mines could force an agreement between Lafarge and the City of Kelowna in the future and there is no guarantee that LaFarge would be responsible for removal of the waste material.

Internal Circulation:

Stephen Fleming – City Clerk
Genelle Davidson - Divisional Director, Financial Services
Johannes Saufferer - Real Estate Department Manager
Darren Tompkins – Purchasing Manager
Graham Hood - Strategic Land Development Manager

Considerations applicable to this report:

Financial/Budgetary Considerations:

If the agreement is reached the 2020 Financial Plan will need to be amended to include the additional revenue within the Westside pit operations.

Considerations not applicable to this report:

Legal/Statutory Authority:

Legal/Statutory Procedural Requirements:

Existing Policy:

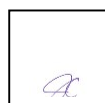
External Agency/Public Comments:

Communications Comments:

Submitted by:

I. Wilson, Infrastructure Operations Manager

Approved for inclusion:



Joe Creron, Deputy City Manager

Report Approval Details

Document Title:	2020 Westside Gravel pit.docx
Attachments:	- Lafarge letter.pdf - Gravel Pit graphics.pdf
Final Approval Date:	Feb 3, 2020

This report and all of its attachments were approved and signed as outlined below:

Joe Creron