

May 10, 2022

Re: Ellicott Sand & Gravel – AL2014 Haul Rout Cost Estimate

In response to Ellicott Sand & Gravel's (ESG) *Counterproposal* dated March 2, 2022, and *Comments* dated April 18, 2022, the following are comments from El Paso County Department of Public Works (EPC – DPW):

1. ESG COMMENT: Under "ESG's Comments" Paragraph 1, Sentence 1, ESG states - "At the meeting DPW confirmed that Sanborn Road is not currently up to County standards and has had no maintenance on it for 2.5 years."

DPW RESPONSE: Sanborn is and has been included as part of the annual DPW maintenance schedule for grading which recurs on average every 6-8 weeks, dust abatement at 80 miles per year and graveling at 15 miles per year. It has been 2.5 years since Sanborn has been 'graveled'. Sanborn is currently up to county standards relative to the Average Daily Traffic (ADT) on the segment of road.

2. COMMENT: Paragraph 2, Sentence 2 – "This is highly unlikely, and to support that assertion ESG submits the following information:"

RESPONSE: Supplied information does indicate an unlikely scenario of project failure and/or realized County liability, however there is no guarantee.

3. COMMENT: Under ESG proposed road maintenance conditions, Proposal #1 – "EPC will do the work on Sanborn Road to bring it to current county standards and absorb the cost of that work prior to performing the reclamation and grading needed for hauling to start."

RESPONSE: As stated previously, Sanborn Road is up to County Standards relative to the amount of current traffic. The EPC recommended improvements to Sanborn Road prior to hauling are designed to condition Sanborn Road to handle the ESG proposed additional traffic type and volume and reduce long term maintenance requirements. The estimated cost (estimated January 2022) is approximately \$213k.

4. COMMENT: Proposal #2 – "The road will be inspected every 6 months by EPC and ESG to determine work needed to maintain road.

RESPONSE: This agreeable and EPC believes this is the best way to ensure that appropriate levels of maintenance are applied.

5. COMMENT: Proposal #4 – "ESG will pay an annual fee to EPC based on the number of tons removed yearly across the scale at the rate of 10¢ per ton for the first 100,000 tons over scale and the 6¢ per ton for every ton after that. Scale records will be available for inspection upon request and provided within 30 days of request."

RESPONSE: A per-ton-fee may be acceptable to EPC; however, the amount should be based on the actual cost determined and required for maintenance of Sanborn Road, evenly divided by

the number of actual tons hauled. Based on expected maintenance costs outlined in the initial EPC proposal (\$52k per year for years 2 and 3) and ESG proposed tonnage (85k tons a year for years 0-3), a more realistic per ton cost would be closer to 60¢ per ton at a minimum. NOTE: this is general figure for sake of discussion and is not a commitment by EPC to a defined per ton cost.

6. COMMENT: Proposal #5 – “EPC will provide ESG an annual accounting of funds...”

RESPONSE: This is aggregable to EPC.

7. COMMENT: Proposal #6 – “If an inspection determines more work is needed the associated costs for the additional work will be assigned to each party proportionally based on public uses versus ESG use.”

RESPONSE: This is agreeable to EPC, however ESG projections of 60% increase in traffic are not linearly applicable to the anticipated degradation of the roadway. Extremely conservative impacts of heavy truck traffic are +3000% increase in degradation per truck. (1 truck equals degradable impact equivalent of 30 passenger vehicles, or more). NOTE: This information is general and not necessarily specific to actual long term impacts, and it only presents a baseline for context in understanding the exponential affects on road life.

8. COMMENT: Proposal #7 – “ESG will provide raw materials for road maintenance to be credited to its annual fees as long as the material meets DPW standards.”

RESPONSE: This is agreeable to EPC if material meets minimum requirements in the Engineering Criteria Manual (ECM).

9. COMMENT: Proposal # 8 – “ESG at its cost, will grade the road as needed to maintain the surface between reclamation activities. EPC will be notified prior to such grading taking place.”

RESPONSE: This will require further discussion and would be subject to EPC County Engineer review of proposed work plan which would include materials, equipment, traffic control, associated permits/fees, license and bonding, expectation of response time/scheduling, etc.

10. COMMENT: Under “Benefits to EPC” Benefit #3 – As ESG’s annual production increases, the resulting increased fees will provide revenue in advance for expected future reclamation and grading work to maintain the road as a haul route.”

RESPONSE: This proposal also requires EPC to pay for upfront costs to perform work on Sanborn Road that it would not normally perform, without guarantees that those costs would be compensated. This is a liability to EPC.