



Legislation Text

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Resolution to Approve the Purchase of Ice Control Salt through Michigan Delivering Extended Agreements Locally (MDEAL) FY12 from Morton Salt, Inc. (\$128,910.00) and The Detroit Salty Company, LLC (\$156,748.00)

Attached is a resolution for your approval for the purchase of ice control salt. Ice control salt is used during the winter season to control snow and ice accumulations on City streets. Last year crews applied 7,011 tons of salt during the winter season. The City used 4,882 tons of salt during the 08/09 season, 8,500 tons of salt during the 07/08 season, 4,700 tons during the 06/07 season, and 7,076 tons during the 05/06 season.

Annually the State of Michigan solicits a state wide bid for bulk ice control salt allowing those who participate to receive advantageous pricing. The bid seeks pricing for salt, bulk salt and seasonal back-up supplies. Morton Salt, Inc. was the low bid for the early fill up portion of the bid and The Detroit Salt Company was the low bid for the seasonal back up. Below is an estimate of the City's purchases to be made. We have approximately 2700 tons of salt remaining in storage from the prior year and will receive the early fill up during the month of October. The contract allows the City to purchase up to 130% of the seasonal back up contracted quantity or only 70% of the contracted quantity.

Morton Salt, Inc.	3,000 tons	\$42.97/ton	\$128,910.00
The Detroit Salt Co., LLC.	3,250 tons	\$48.23/ton	\$156,748.00

If the City requires additional quantities beyond the 130%, we would be subject to then current market rates. In January of 2009, the market rate reached \$140.00 per ton. Current market rate pricing for ice control salt is approximately \$94.00. This rate is based on supply and demand and most road salt used in Michigan is imported from other areas such as Ontario, Cleveland or Chile. Working within our policy for snow and ice control, the City has a successful history of salt usage within our contract limits and has not purchased salt at market rate in recent history. The City has loaned salt to other local agencies in 2 of the last six years. In those cases, the agencies returned salt quantities loaned, on a ton for ton basis.

The Field Operations Unit of Public Services utilizes spreader controls that will be attached to all snow removal equipment. These controls regulate the amount of salt being spread and will track usage for inventory purposes. With this type of equipment, we are able to minimize salt usage and comply with the City policy of using the least amount of salt consistent with traffic safety.

Sufficient funds for this purchase are budgeted within the Public Services Area Major and Local Street funds for FY12.

Prepared by: Craig Hupy, P.E., Field Operations Unit Manager
Reviewed by: Sue F. McCormick, Public Services Administrator
Approved by: Steve Powers, City Administrator

Whereas, The City uses ice control salt on major and local streets during the winter months in response to snow and ice accumulation, with care given to achieving a balance between traffic safety and environmental effects;

Whereas, Competitive bids were solicited by the State of Michigan for early fill-up and seasonal supply of ice control salt and Morton Salt Inc., and The Detroit Salt Company, LLC submitted the lowest responsible bids respectively;

Whereas, the bid prices are firm through August 31, 2012;

Whereas, Morton Salt Inc., and The Detroit Salt Company, LLC are approved vendors of the State of Michigan and complies with the City's Human Rights Ordinance; and

Whereas, Sufficient funds have been budgeted in the Public Services Area major and Local Street Funds for the proposed expenditures;

RESOLVED, That purchase orders for the supply of ice control salt be authorized to Morton Salt, Inc in the amount of \$128,910.00 (3,000 tons @ \$42.97) and The Detroit Salt Company, LLC in the amount of \$156,748.00 (3,250 tons @ \$48.23); and

RESOLVED, That the City Administrator be authorized to take the necessary actions to implement this resolution.