



Legislation Text

File #: 18-1539, **Version:** 1

Resolution to Approve the Purchase of Ice Control Salt through the Michigan Delivering Extended Agreements Locally (MIDEAL) from Detroit Salt Company for Seasonal Backup Supply (\$192,320.00) and to Appropriate \$119,970.00 from the Central Stores Fund Balance **(8 Votes Required)**

Attached for your approval is a resolution to purchase ice control salt for the upcoming winter season and to appropriate funds from the unobligated central stores fund balance.

The City uses Ice control salt to control snow and ice accumulations on City streets. The City applied 6,459 tons of salt in the FY18 winter, 4,892 tons of salt in the FY17 winter, 3,794 tons of salt in the FY16 winter, 4,342 tons of salt in FY15, 7,582 tons of salt in FY14 and 6,083 tons of salt during the FY13 winter season.

The Public Works Unit of Public Services utilizes electronically-calibrated spreader controls on all its snow removal equipment. These controls regulate the amount of salt being applied. Usage is also tracked for inventory purposes. With this type of equipment, the City is able to reduce salt waste during application.

The State solicits an annual bid for bulk ice control salt, allowing participating local governments to receive advantageous pricing. The bid seeks pricing for early fill and seasonal backup supply of ice control salt.

Detroit Salt Company was the low bidder for the seasonal backup supply. The price of seasonal backup ice control salt increased from \$35.11 (last season) to \$47.83 (this season). The 36% increase is attributable to the increased demand from last winter.

As a result of the City using the MIDEAL bid, the quantities are guaranteed. The contract allows the City to purchase up to 130% of the contracted quantity or only 80% of the contracted quantity, as conditions warrant. Should the City need more than 130%, the material cost would be based on the market rate. In January 2009, the market rate reached \$140.00/ton. This rate is based on supply and demand. The majority of road salt used in Michigan is imported from other areas such as Ontario, Cleveland or Chile.

For its seasonal backup supply, the City could need as many as 4,000 tons of ice control salt. At \$47.83/ton plus \$1,000.00 for truck loading variances (due to the difficulty of loading trucks to the exact tonnage ordered, the City seeks an additional \$1,000.00 above the quantity requested to be able to pay the vendor, Detroit Salt Company, if overloading should occur on the early fill deliveries), the City expects to spend as much as \$192,320.00.

Budget/Fiscal Impact

Although funding was budgeted in the FY 19 Central Stores Operations and Maintenance budget for the purchase of ice control salt, the increase in pricing was not anticipated. It is therefore necessary

to seek supplemental funding from the Central Stores fund balance to address increased pricing.

Prepared by: Paul Matthews, Assistant Manager Public Works

Reviewed by: Molly Maciejewski, Public Works Manager

Reviewed by: Craig Hupy, Public Services Area Administrator

Approved by: Howard S. Lazarus, City Administrator

Whereas, The City uses ice control salt on major streets, local streets, and other public space in response to snow and ice accumulation, with care given to achieving a balance between traffic safety and environmental impacts;

Whereas, Competitive bids were solicited by the state of Michigan for early fill and seasonal backup supply of bulk ice control salt;

Whereas, Detroit Salt Company submitted the lowest responsible bid for seasonal backup supply;

Whereas, The bid prices are firm through August 31, 2019;

Whereas, Detroit Salt Company is an approved vendor of the State of Michigan and complies with the City's Non-Discrimination Ordinance;

Whereas, Increased pricing was not anticipated during FY 19 budget preparation;

Whereas, Commodities such as ice-control salt are passed through an inventory system within the Central Stores Fund; and

Whereas, Sufficient funds for this purchase are available within the Central Stores Operations and Maintenance Budget and Fund Balance to cover the increase in costs;

RESOLVED, That a purchase order for the supply of ice control salt for seasonal backup bulk supply be authorized to Detroit Salt Company in the amount of \$192,320.00 (4000 tons @ \$47.83/ton + \$1000.00 for truck loading variances for early fill);

RESOLVED, That \$119,970.00 be appropriated from the Central Stores Fund Balance; thereby, increasing the revenue and expenditure budget within the Central Stores Fund for the increased cost of salt;

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