



City of Rochester Hills
AGENDA SUMMARY
FINANCIAL ITEMS

1000 Rochester Hills Dr.
Rochester Hills, MI 48309
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www.rochesterhills.org

Legislative File No: 2017-0243

TO: Mayor and City Council Members

FROM: Allan E. Schneck, P.E., Director of Public Services

DATE: June 5, 2017

SUBJECT: Purchase Authorization for Rock Salt for the 2017/2018 Winter Season

REQUEST:

City Council is requested to authorize a blanket purchase order to Cargill, Inc., North Olmstead, Ohio for the purchase of rock salt in the amount not-to-exceed \$200,000.00 through June 30, 2018.

REASON FOR PURCHASE:

Sealed bids were solicited for sodium chloride (rock salt) by the City of Farmington Hills on behalf of the Michigan Intergovernmental Trade Network (MITN). Bids were opened on Tuesday, April 18, 2017 with four responses received. The bid calls for a one-year term with the option to renew for an additional year. As a cooperative, 64,000 tons of salt for 26 governmental entities, including the City of Rochester Hills, was bid. The lowest, responsive, responsible bidder was Cargill, Inc. at a bid price of \$56.69 per ton for the 2017/2018 season.

Rock Salt continues to be a challenging commodity to procure. Pricing is dictated by fuel prices, weather conditions, weather predications, supply and demand. The 2016/2017 winter season returned a lower than projected usage due to a moderate winter this past season. Specifications for this bid allows the agencies to exercise some flexibility with their usage, unlike other cooperative contracting efforts. With this contract, agencies have the ability to increase or decrease their quantity commitment by 30% during the season and still maintain the contracted price per ton. This successful model helps agencies deal with the fluctuating demand.

The recommended award to Cargill, Inc., represents a 3% savings over last year's pricing. Quantities were estimated at 3,000 tons and will be managed by the Department of Public Services to insure an adequate supply.

PROCESS:

Vendor Name and Address:

Cargill, Inc. – Deicing Technology Business
24950 Country Club Blvd, Suite 450
North Omsted, OH 44070

Reason for Selection:

Lowest, responsive, responsible bidder

Method of Purchase:

Blanket Purchase Order

BUDGET:

Funding is included in the FY 2017 Adopted Budget and the FY 2018 Projected Budget.

Fund Name	Department Account No	Account No. Description	Budget Amount	Cost	Remaining Budget
Major Road	482.781000	Material	\$105,000	\$100,000	\$5,000
Local Street	484.781000	Material	\$105,000	\$100,000	\$5,000
		TOTAL	\$210,000	\$200,000	\$10,000

RECOMMENDATION:

It is recommended that the Rochester Hills City Council authorize a blanket purchase order to Cargill, Inc., North Olmstead, Ohio for the purchase of rock salt in the amount not-to-exceed \$200,000.00 through June 30, 2018.

APPROVALS:	SIGNATURE	DATE
Department Review		
Department Director		
Budget Content: Finance Director		
Purchasing Process: Supervisor of Procurement		
Mayor		
Deputy Clerk		