



City of Rochester Hills  
AGENDA SUMMARY  
FINANCIAL ITEMS

1000 Rochester Hills Dr.  
Rochester Hills, MI 48309  
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[www.rochesterhills.org](http://www.rochesterhills.org)

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Legislative File No: 2018-0169

**TO:** Mayor and City Council Members

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

**DATE:** May 7, 2018

**SUBJECT:** Purchase Authorization for Rock Salt for the 2018/2019 Winter Season

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**REQUEST:**

City Council is requested to authorize a blanket purchase order to Detroit Salt, Detroit, Michigan for the purchase of rock salt in the amount not-to-exceed \$206,000.00 through June 30, 2019.

**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 3, 2018 with three (3) responses received. As a cooperative, 73,000 tons of salt for 27 governmental entities, including the City of Rochester Hills, was bid. The lowest, responsive, responsible bidder was Detroit Salt at a bid price of \$51.14 per ton for the 2018/2019 season.

Rock Salt continues to be a challenging commodity to procure. Pricing is dictated by fuel prices, weather conditions, weather predications, supply and demand. Specifications for this bid allows the agencies to exercise some flexibility with their usage. Unlike other cooperative contracting efforts, agencies can 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 Detroit Salt Company represents a 13% savings over last year's pricing. Quantities were estimated at 4,000 tons and will be managed by the Department of Public Services to insure an adequate supply. The City has worked with Detroit Salt Company in the past and they have provided excellent service.

**PROCESS:**

**Vendor Name and Address:**

The Detroit Salt Company  
12841 Sanders Street  
Detroit, MI 48217

**Reason for Selection:**

Lowest, responsive, responsible bidder

**Method of Purchase:**

Blanket Purchase Order

**BUDGET:**

Funding is included in the FY 2018 Adopted Budget and the FY 2019 Projected Budget.

<b>Fund Name</b>	<b>Department Account No</b>	<b>Account No. Description</b>	<b>Budget Amount</b>	<b>Cost</b>	<b>Remaining Budget</b>
Major Road	482.781000	Material	\$106,000	\$106,000	\$0
Local Street	484.781000	Material	\$100,000	\$100,000	\$0
		<b>Total</b>	<b>\$206,000</b>	<b>\$206,000</b>	<b>\$0</b>

**RECOMMENDATION:**

It is recommended that the Rochester Hills City Council authorize a blanket purchase order to Detroit Salt, Detroit, Michigan for the purchase of rock salt in the amount not-to-exceed \$206,000.00 through June 30, 2019.

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