



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: 2019-0179 Version 2

TO: Mayor and City Council Members

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

DATE: May 20, 2019

SUBJECT: Purchase Authorization for Rock Salt for the 2019/2020 Winter Season

REQUEST:

City Council is requested to amend authorization of 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, 2020.

REASON FOR PURCHASE:

The authorization of a blanket purchase order to Detroit Salt was approved at the May 6, 2019 Council meeting in the amount not-to-exceed \$206,000.00 through June 30, 2019. The year was inadvertently listed as 2019 for the 2019/2020 winter season. As such, City Council is requested to amend the blanket purchase order through date to June 30, 2020.

Sealed bids were solicited for sodium chloride (rock salt) by the City of Farmington Hills on behalf of the Michigan Intergovernmental Trade Network Cooperative (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. Detroit Salt also bid a price for the 2019/2020 season and has agreed to renew the agreement at the bid prices listed in their response.

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.

Quantities are 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 2019 Adopted Budget and FY 2020 Projected Budget

Fund Name	Department Account No	Account No. Description	Budget Amount	Cost	Remaining Budget
Major Road Fund	482.781000	MR Winter Maintenance / Materials	\$106,000	\$106,000	\$0
Local Street Fund	484.78100	LS Winter Maintenance / Materials	\$100,000	\$100,000	\$0
TOTAL			\$206,000	\$206,000	\$0

RECOMMENDATION:

It is recommended that City Council amend authorization of 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, 2020.

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

Contract Reviewed by City Attorney Yes N/A