



City of Rochester Hills
AGENDA SUMMARY
FINANCIAL ITEMS

1000 Rochester Hills Dr.
Rochester Hills, MI 48309
248.656.4630
www.rochesterhills.org

Legislative File No: 2014-0317

TO: Mayor and City Council Members
FROM: Allan E. Schneck, P.E., Director of Public Services
DATE: August 11, 2014
SUBJECT: Purchase Authorization for Rock Salt for the 2014/2015 Winter Season

REQUEST:

City Council is requested to authorize a blanket purchase order to Detroit Salt Company LLC, Detroit, Michigan, for the purchase of rock salt in the amount not-to-exceed \$155,000.00 through June 30, 2015.

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) in April, 2014. As a cooperative bid 78,850 tons of salt for 32 governmental entities, including the City of Rochester Hills, was bid. The lowest, responsive, responsible bidder was Detroit Salt Company LLC at a bid price of \$47.41 per ton.

Utilizing the new Salt Storage Facility, the Department of Public Services was able to purchase enough salt, at last years lower rate of \$39.82, to fill the storage facility (3,500 tons). The DPS was then able to reduce the estimated quantity to 2,500 tons based on current inventory and the efficient application of brine and other ice control products.

Under the terms of the contract each agency guarantees ordering a minimum of 70% of the award total, but is also allowed to order up to 130% of their estimated usage each year at the price bid. Quantities will be managed by the Department of Public Services to insure an adequate supply.

PROCESS:

Vendor Name and Address:

Detroit Salt Company LLC
12841 Sanders St
Detroit MI 48217

Reason for Selection:

Lowest, responsive, responsible bid

Method of Purchase:

Blanket Purchase Order

BUDGET:

Funds are included in the FY 2014 Adopted Budget, as well as the FY 2015 Proposed Budget.

Fund Name	Department Account No	Account No. Description	Budget Amount	Cost	Remaining Budget
Major Roads	482.781000	Winter Maintenance Materials	\$100,000	\$84,745.37	\$15,254.63
Local Roads	484.781000	Winter Maintenance Materials	\$100,000	\$69,337.12	\$30,662.88
		Totals:	\$200,000	\$154,082.49	\$45,917.51

*Salt has historically used 55% Major Roads, 45% Local Roads

RECOMMENDATION:

It is recommended that the Rochester Hills City Council authorize a blanket purchase order to Detroit Salt Company LLC, Detroit, Michigan for the purchase of rock salt in the amount not-to-exceed \$155,000.00 through June 30, 2015.

APPROVALS:	SIGNATURE	DATE
Department Review		
Department Director		
Budget Content: Finance Director		
Purchasing Process: Supervisor of Procurement		
Mayor		
City Council Liaison		