



**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: 2011-0262

TO: Mayor and City Council Members
FROM: Allan E. Schneck, P.E., DPS Director
DATE: June 6, 2011
SUBJECT: Rock Salt

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 \$511,610.00 through June 30, 2013.

REASON FOR PURCHASE:

Sealed bids were solicited for sodium chloride (rock salt) by the Road Commission for Oakland County on behalf of the Michigan Intergovernmental Trade Network (MITN) in April, 2011. As a cooperative bid 214,200 tons of salt for 29 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 \$46.51 per ton for a two year contract, with an option to renew for the third year. Last year's price per ton was \$47.28.

Based on past usage, the City's estimated quantity is 5,500 tons per year. Under the terms of the contract each agency guarantees to order a minimum of 70% of the award total, although the guaranteed 70% may be carried over and applied to the second year's estimated usage. Additionally, each entity is allowed to order up to 130% of their estimated usage each year at the price bid.

It is recommended that the City award the rock salt contract to Detroit Salt Company, LLC for 5,500 tons per year at \$46.51 per ton for two years. Quantities will be managed by the department 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:

Staff will continue to monitor both the Major Road Fund and Local Street Fund Winter Maintenance material budgets for potential future budget amendments as rock salt usage is driven by weather conditions.

Fund Name	Department Account No	Account No. Description	Budget Amount	Cost	Remaining Budget
Major Roads	482.781000	Winter Maintenance Materials	\$143,020	\$140,693	\$2,327
Local Roads	484.781000	Winter Maintenance Materials	\$96,000	\$115,112	(\$19,112)
		Total	\$239,020	\$255,805	(\$16,785)

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 \$511,610.00 through June 30, 2013.

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