



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: 2020-0211

TO: Mayor and City Council Members
FROM: Allan E. Schneck, P.E., Director of Public Services
DATE: June 8, 2020
SUBJECT: Rock Salt for the 2020/2021 Winter Season

REQUEST:

City Council is requested to authorize a blanket purchase order for the purchase of rock salt to The Detroit Salt Company, Detroit, Michigan in the amount not-to-exceed \$206,000.00 through June 30, 2021.

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 Cooperative (MITN) for the 2018/2019 season with renewal options for future years. The MITN Cooperative exercised the renewal option for the 2019/2020 Winter Season and has again determined that renewing for the 2020/2021 was in the entities best interest and has renewed the agreement at the bid prices and terms listed in their response. The pricing for salt at the early fill rate for each season has been/is as follows:

2018/2019 Season = \$50.14/ton
2019/2020 Season = \$52.67/ton
2020/2021 Season = \$54.25/ton

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 3,200 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 2020 Adopted Budget and FY 2021 Proposed 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	484.781000	MR - Winter Maintenance / Materials	\$100,000	\$100,000	\$0
		TOTAL	\$206,000	\$206,000	\$0

RECOMMENDATION:

It is recommended that City Council authorize a blanket purchase order for the purchase of rock salt to The Detroit Salt Company, Detroit, Michigan in the amount not-to-exceed \$206,000.00 through June 30, 2021.

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