



**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: 2010-0147

TO: Mayor and City Council Members
FROM: Roger Rousse, Director of Department of Public Service
DATE: March 12, 2010
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 for the winter season 2010-2011 in the amount not-to-exceed \$260,040.00 through June 30, 2011.

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 May, 2008. As a cooperative bid 246,299 tons of salt for 26 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 \$42.98 per ton for 2009/2010. Pricing is extended to all 26 participating communities.

As part of the bid, the cooperative has the option to renew. The majority of participating communities have agreed to renew the contract for the 2010/2011 with a 10% increase in pricing and a reduction in the minimum commitment. Prices will remain firm for the third year of the contract if renewed.

Last year Detroit Salt's pricing was 40% less than the second lowest bid from North American Salt. Additionally, Detroit Salt, a Michigan company, has been the lowest bid for the cooperative for five consecutive years.

Currently the City has an inventory of salt purchased at the current 2009/2010 pricing, in anticipation of buying less salt at the 2010/2011 pricing. As weather is the variable for salt usage, the reduction in the minimum commitment should be beneficial to the City.

It is recommended that the City award the rock salt contract to Detroit Salt Company LLC for 5500 tons at \$47.28 per ton. 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 bidder
MITN Cooperative Purchase

Method of Purchase:

Blanket Purchase Order

BUDGET:

Funds for bulk rock salt are budgeted in major and local roads. Funds will be proposed in the 2011 budget for rock salt. Since the purchase of rock salt is highly weather dependant, this account will be monitored to ensure that adequate budget is available. If additional funds are needed, either a budget adjustment or budget amendment shall be presented.

Fund Name	Department Account No	Account No. Description	2010 and 2011 Budget Amount	Cost	Remaining Budget
Major Roads	482.781000	Winter Maintenance Materials	\$130,000	\$143,220	(\$13,200)
Local Roads	484.781000	Winter Maintenance Materials	\$106,500	\$117,180	(\$10,6870)
		TOTAL:		\$260,400	

RECOMMENDATION:

It is recommended that City Council authorize a blanket purchase order to Detroit Salt Company LLC, Detroit, Michigan for the purchase of rock salt for the winter season 2010-2011 in the amount not-to-exceed \$260,040.00 through June 30, 2011.

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