

 <b>ST. CHARLES</b> <small>SINCE 1834</small>		<b>AGENDA ITEM EXECUTIVE SUMMARY</b>					
		Title:		Motion to Approve the Acceptance and Purchase of 7,000 tons of Rock Salt from Central Salt at a Cost of \$93.75 per ton.			
		Presenter:		Chris Minick, Finance Director			
<i>Please check appropriate box:</i>							
<input type="checkbox"/> Government Operations			<input type="checkbox"/> Government Services				
<input type="checkbox"/> Planning & Development			<input checked="" type="checkbox"/> City Council (08/04/14)				
<input type="checkbox"/> Public Hearing							
Estimated Cost:		\$656,250		Budgeted:		<input type="checkbox"/> YES <input checked="" type="checkbox"/> X <input type="checkbox"/> NO	
If NO, please explain how item will be funded:							
<b>Executive Summary:</b>							
<p>Staff recommends approving a quote from Central Salt for 7,000 tons of rock salt at \$93.75 per ton. \$450,000 has been budgeted for this expense, but with a cost of \$656,250 for 7,000 tons, the difference of \$206,250 would come from a Budget Addition. This would allow us to fill our two salt domes to prepare for the 2014/2015 snow removal season. Although the cost per ton is higher than recent years, the cost is consistent with pricing from the end of last season and is market price for the salt that is available.</p>							
<b>Attachments:</b> <i>(please list)</i>							
Memo							
<b>Recommendation / Suggested Action</b> <i>(briefly explain):</i>							
Motion to approve the acceptance and purchase of 7,000 tons of salt from Central Salt for 2014/2015 snow removal season at a cost of \$93.75 per ton.							
<i>For office use only:</i>		Agenda Item Number: IA					

DATE: July 25, 2014

TO: Mayor Rogina and Aldermen  
Mark Koenen, City Administrator

FROM: Chris Minick, Finance Director  
Mike Shortall, Purchasing and Inventory Control Division Manager

RE: Road Salt Requisition

On 3/11/2014, the City of St Charles filed with the State of Illinois our requisition to commit the city to 7000 tons of road rock salt for the FY 2014/2015 snow season. The State of Illinois bid on our behalf (and 600+ municipalities) in June 2014. The result of this bid was an unprecedented "no bid" meaning vendors did not bid a price or commit to deliver salt for a significant number of locations for the 2014/2015 snow season. It has been reported that approximately 195 locations did not receive a bid for the upcoming snow removal season.

An email was sent on July 17, 2014 from the State of Illinois explaining that pricing was solicited through competitive procurement and that upon review of the bid offers that the City of St. Charles was not selected for a bid offer. The e-mail also reported that the prices received for those locations that did receive bid offers ranged from \$70 to over \$140 per ton.

The reason given for the no-bid stated that "The severity across the nation of the past season, with its high frequency of snow and ice events through late fall, winter and early spring has severely depleted vendor and manufacturer supply to a degree that is very likely impacting the availability of road salt through normal channels." The memo also strongly urged locations that did not receive a bid to seek alternative pricing to fulfill road salt needs. Immediately the Purchasing Department began its search for alternative suppliers.

The City has reached out to many sources to acquire quotes for delivery of 7,000 tons of road salt. One quote acquired listed a price of \$156/ton. A second quote from Central Salt would make delivery of Salt for \$93.75 per ton and would deliver the full quantity in August or September. One of our traditional suppliers, Morton Salt, is not willing to commit at this time but would be available to discuss pricing in a few weeks. We also attempted to obtain a quote from Cargill Salt, but to this point Cargill has been reluctant to provide a quote and quantity that they would commit to deliver. Cargill has also been a traditional salt supplier. Last year, the City needed to supplement purchases of rock salt from the state contract due to the severity and length of the winter. The price at the end of the 2014 season was \$96 per ton, and quantities were severely limited.

Staff recommends approving the Central Salt quote for \$93.75 for 7,000 tons. This would allow us to fill our two salt domes to prepare for the 2014/2015 snow removal season. Although the cost per ton is higher than recent years, the cost is consistent with pricing from the end of last season and is market price for the salt that is available.

After receipt of the quotes and based on preliminary individual conversations with Aldermen informing them of the situation, Staff entered into a contract with Central Salt to procure road salt for the upcoming snow removal season. Staff is now seeking ratification and formal City Council approval of that action.

On 7/18/2014 another email was received from the State of Illinois stating that they are attempting to rebid road salt for no bid communities. The City anticipates participating in the State alternative bid for road salt at a reduced quantity of 3,500 tons. It is unknown if any vendors will choose to bid. At this point in time, our salt domes are essentially empty and any purchases made on a state contract would refill our salt domes during the season as product is used on the roadway.