



Legislation Text

File #: 19-794, Version: 1

CITY COUNCIL AGENDA ITEM

ACTION REQUESTED:

Approve the award of Cooperative Procurement 19-253, Roadway Salt, to Compass Minerals for an amount not to exceed \$1,211,264

DEPARTMENT: Department of Public Works

SUBMITTED BY: Richard Dublinski, Director

BOARD/COMMISSION REVIEW:

N/A

BACKGROUND:

The Department of Public Works (DPW) requires roadway salt for winter operations to maintain safe roadways. Over the past ten years, the City has used an average of 14,000 tons of salt per year. During the 2018/19 winter season, the City used approximately 14,300 tons of salt.

It has been the City's policy to have both salt domes substantially full at the beginning of the winter season so that at minimum, it is prepared for an average to moderately heavy winter season. This initial salt supply not only provides the City enough salt for application during a typical winter season but also eliminates the reliance on winter delivery which can often be delayed and more expensive. The ultimate capacity of the City's salt domes is 18,000 tons, and there is approximately 14,000 tons of salt currently available in the domes for this winter season.

The chart below shows the pricing received over the past ten years through the State of Illinois Joint Purchasing program.

Winter Season	Cost per Ton
2010/11	\$67.71
2011/12	\$57.27
2012/13	\$51.91
2013/14	\$52.46
2014/15	\$52.46
2015/16	\$62.35
2016/17	\$44.08
2017/18	\$44.77
2018/19	\$44.77

2019/20	\$94.63
---------	---------

Historically, the cost of salt has fluctuated following a harsh winter or when salt shortages have occurred throughout the Midwest, not just Illinois. There is currently a regional salt shortage due to the harsh winters in the region over the past couple of years. The majority of the stockpiles from salt companies were used or sold last winter. In addition, the two largest salt producers have either had strike issues (not producing any salt) or challenges in their mining operations (producing less than average salt) coupled with Illinois waterway closures which delayed shipping and increased costs to the owners which are transferred on to the consumer. This has left the market a speculated several million tons short of market demand.

DISCUSSION:

The City has several options for procuring salt. In the past, the City has conducted a bid for summer delivery of salt and has participated in the State of Illinois Joint Purchasing program and the DuPage County Joint Purchasing Program. The City again participated in the State of Illinois Joint Purchasing program for the 2019/20 winter season. The City did not participate in the Joint Purchasing Program with DuPage County or conduct a bid for summer delivery for this winter season as the pricing received from the State of Illinois program has historically been better. In addition, the quantity needed for the 2019/20 season did not warrant having multiple vendors. These procurement methods will be reevaluated for possible use for the 2020/21 winter season.

In order to participate in the State of Illinois Joint Purchasing program, the City was required to tell the State how much salt it will need for the season by April 1, 2019. Under the State's Joint Purchasing Program, the City is required to purchase a minimum of 80% of the amount requested. The selected vendor is required to furnish up to 120% of the amount if requested.

The City requested 16,000 tons of salt through the state bid. Therefore, the City is required to purchase a minimum of 12,800 tons of salt and can order as much as 19,200 tons of salt depending on need. DPW requested 16,000 tons of salt so that the salt domes can be refilled in early winter of 2019 in preparation for the winter 2019/20 winter season. The City will still have the ability to refill the domes throughout the season as salt is used for winter operations.

The price under this contract is \$94.63 per ton, a 112% increase from the 2018/19 price of \$44.77 per ton.

DPW staff has been taking measures to limit the use of salt due to its high cost and environmental impacts. Over the years, DPW has changed procedures for salting cul-de-sacs. DPW has lowered application rates when conditions warrant and have postponed the application of salt on residential streets, including cul-de-sacs, until after plowing is complete in some circumstances. These operational changes have resulted in an average reduction in quantity needed of nearly 5,000 tons of salt per year. In addition, beginning in 2019 DPW is retrofitting the salt spreader control systems on all of the plow trucks. This two-year upgrade program will allow supervisors the ability to control salt spread remotely to ensure operational consistency and adherence to best practices for environmentally-sound snow and ice removal. DPW will monitor if there is a need to further expand salt reduction measures during the coming winter due to the high pricing received.

FISCAL IMPACT:

CIP #: N/A

Roadway salt is expensed to the salt and chemicals accounts listed below. The totals provided reflect the 2020 proposed budget, as the majority of this contract will occur during that period. A total of \$1,211,264 has been budgeted for roadway salt in 2020. It is anticipated that there will be sufficient funds to accommodate the requested award.

Account Number	Fund Description	Proposed 2020 Total Budget Amount
31251100-541409	General Fund	\$1,153,819
31251200-541409	Commuter Parking Fund	\$141,945