

COUNCIL ACTION FORM

SUBJECT: PURCHASE OF ROCK SALT FOR 2009/10 ICE CONTROL PROGRAM

BACKGROUND:

This contract is to furnish rock salt for the 2009/10 Snow and Ice Control Program. Materials are to be delivered as requested by the City throughout the winter season. The estimated total cost is based on 2,000 tons of rock salt.

The following bids were received on June 18, 2009:

<u>BIDDER</u>	<u>UNIT PRICE</u>	<u>ESTIMATED TOTAL COST</u>
Independent Salt Co., Kanopolis, KS	\$66.65/ton	\$133,300.00
North American Salt Inc., Overland Park, KS	\$80.42/ton	\$160,840.00
Morton Salt, Chicago, IL	No Bid	
Cargill Incorporated, North Olmsted, OH	No Bid	

These bids significantly exceed the \$66,725 budgeted for rock salt in 2009/10. By way of background, due to winter conditions and high industry demand for snow and ice control chemicals, the 2008/09 Snow and Ice Control Program required an unusually high expenditure for rock salt and calcium chloride, with a total of \$161,752 spent for these chemicals. In the hopes that 2008/09 had been an aberration and in order to economize in the Road Use Tax fund, the 2009/10 operating budget was reduced back to a more traditional level of \$76,725 for these chemicals (including \$66,725 for rock salt and \$10,000 for calcium chloride). It is now apparent that this budgeted amount is inadequate to maintain our normal level of service.

Fortunately, the Public Works Department has identified \$30,000 in savings from a supervisor vacancy and an additional \$36,575 in savings from the recently completed 2008/09 streets maintenance budget to cover these added costs. Coupled with the \$66,725 included in the 2009/10 budget for rock salt, these savings are adequate to cover the estimated cost of this contract, which is \$133,300 based on a quantity of 2,000 tons.

ALTERNATIVES:

1. Award the contract for the 2009/10 rock salt requirements to Independent Salt Co., Kanopolis, KS, in the amount of \$66.65 per ton, to be delivered as requested by the City throughout the winter season.
2. Reject all bids and attempt to purchase rock salt on an as-needed basis.

MANAGER’S RECOMMENDED ACTION:

Increased demand for rock salt, as well as shortages that are again being predicted by the salt industry, has resulted in an approximate 13% per-ton price increase from last year for rock salt. In addition, the estimated amount of salt to be purchased is now based on a higher “normal” winter with consideration also being given for additional lane miles created by newly constructed streets in the community and the level of service for snow and ice operations that is expected by our citizens.

Therefore, it is the recommendation of the City Manager that the City Council adopt Alternative No. 1, thereby approving award of contract for the 2009/10 rock salt requirements to Independent Salt Co., Kanopolis, KS, in the amount of \$66.65 per ton, to be delivered as requested by the City throughout the winter season.