

Municipality Of Chatham-Kent
Infrastructure and Engineering Services
Public Works

To: Mayor and Members of Council
From: Pat Bruette, Acting Director
Date: May 29, 2018
Subject: R18-186 - Supply and Haul of Bulk Coarse Highway Salt Award

Recommendations

It is recommended that:

1. The Request for Proposal R18-186 for the supply and haul of bulk coarse highway salt in the amount of \$76.49/tonne (excluding HST) for the 2018/2019 season, \$78.39/tonne (excluding HST) for the 2019/2020 season and \$80.34/tonne (excluding HST) for the 2020/2021 season plus an option to extend an additional two years be awarded to K+S Windsor Salt Ltd.
2. The Mayor and Clerk be authorized to sign the necessary agreement.

Background

The contract for the Supply and Haul of Bulk Coarse Highway Salt used for winter control was tendered on an annual basis from 1998 to 2012. The current contract was authorized in 2012 at a price of \$71.39/tonne delivered, and then extended twice until the current 2017/18 season.

In November 2017, K+S Windsor Salt Ltd. submitted a letter of consideration to extend the current contract for another three years (Appendix A). Upon review of the municipal purchasing policy, it was determined that the offer did not comply with the by-law and was therefore declined and a request for proposal (RFP) was let for competitive bidding.

Comments

The specification of the RFP covers the requirement to supply and haul solid sodium chloride for use in snow and ice control on municipal highways for three years with an option to extend for two additional years.

Proposals were received by the Purchasing Officer on Wednesday, April 11, 2018 and forwarded to the Public Works Division for review and evaluation by a committee. Three proposals were received and evaluated by the Director, Public Works and the Managers

of Public Works North and South. The proposals were found to be in order and were submitted following the necessary two envelope submittal system.

The request for proposals were assessed based on proximity of source and stockpile (10%), stockpile capacity by location (10%), transportation capacity (10%), control of source of material and production (10%), bidders experience and supervisory staff (10%) and cost (50%). The results are noted in Table 1:

Table 1 - R18-186 - Supply and Haul of Bulk Coarse Highway Salt Proposals

Company	Proposal Assessment
K+S Windsor Salt	597.2 points
Detroit Salt Company	500.0 points
Compass Minerals Canada Corp	383.1 points

As Table 2 suggests, it is estimated that an average quantity of 21,000 tonnes per year would be required based on demand over the last eight winter seasons. Contractors are aware that quantities are approximate only and that the Municipality is not obligated to purchase the quantity estimated. However, the Municipality may purchase more if demand rises.

Table 1 - Historical Purchasing - Bulk Coarse Highway Salt

Season	Tonnes	Cost per Tonne	Cost
2009/10	15,613	\$69.22	\$1,080,732
2010/11	28,420	\$72.35	\$2,056,187
2011/12	11,971	\$69.49	\$831,865
2012/13	20,484	\$71.30	\$1,462,353
2013/14	31,988	\$71.38	\$2,283,623
2014/15	26,085	\$72.64	\$1,894,984
2015/16	16,726	\$73.73	\$1,233,312
2016/17	16,261	\$74.83	\$1,216,885
Average	20,994	\$71.81	\$1,507,493

It is therefore recommended that the RFP be awarded to K+S Windsor Salt.

Areas of Strategic Focus and Critical Success Factors

The recommendation in this report supports the following areas of strategic focus:

Economic Prosperity:

Chatham-Kent is an innovative and thriving community with a diversified economy

A Healthy and Safe Community:

Chatham-Kent is a healthy and safe community with sustainable population growth

 People and Culture:

Chatham-Kent is recognized as a culturally vibrant, dynamic, and creative community

 Environmental Sustainability:

Chatham-Kent is a community that is environmentally sustainable and promotes stewardship of our natural resources

The recommendation in this report supports the following critical success factors:

 Financial Sustainability:

The Corporation of the Municipality of Chatham-Kent is financially sustainable

 Open, Transparent and Effective Governance:

The Corporation of the Municipality of Chatham-Kent is open, transparent and effectively governed with efficient and bold, visionary leadership

Has the potential to support all areas of strategic focus & critical success factors

Neutral issues (does not support negatively or positively)

Consultation

The proposals were received, opened and distributed to the Public Works Division by the Purchasing Officer. Proposals were reviewed, evaluated and ranked by a panel consisting of the former Director of Public Works and the Managers of Public Works North and South.

The 2018 expenditures and current Winter Control Reserve balance was confirmed by the Director, Budget and Performance Services.

Financial Implications

Quantities in the tender are approximate only and do not obligate the Municipality to purchase the estimated quantity. This allows for administration to be flexible in the amount of salt purchased if winter weather conditions are mild, or to align salt use with annual budget allotments as directed by Council. Based on the annual purchasing average, the estimated total value of the three-year contract is \$5,820,989.34.

The 2018 Budget for salt is \$1,050,553. To-date \$1,552,276 has been spent. During the 2018 budget deliberations, administration requested a base budget increase of \$500,000 but it was not approved.

Currently there is \$3,240,000 in the Winter Control Reserve which is anticipated to be sufficient to cover this year's overage.

Prepared by:

Pat Bruette,
Acting Director, Public Works

Reviewed by:

Thomas Kelly, MBA, P.Eng.
General Manager
Infrastructure and Engineering Services

Consulted and confirmed the content of the consultation section of the report by:

Jennifer Scherle
Purchasing Officer, Financial Services

Gord Quinton
Director, Budget and Performance Services

Attachment: Appendix A – Offer to Extend Contract T12-120 Supply and Haul of Bulk Coarse Highway Salt

C: Purchasing Officer, Financial Services

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K+S WINDSOR SALT Ltd.
K+S SEL WINDSOR Ltée

November 24, 2017

Mr. Miguel Pelletier
Director of Public Works
Municipality of Chatham-Kent
315 King St. West
Chatham, Ontario,
N7M 5K8

Dear Mr. Pelletier,

RE: CONTRACT NO.T12-120: SUPPLY AND HAUL OF BULK COARSE HIGHWAY SALT

K+S Windsor Salt Ltd. is pleased to submit the following pricing for your consideration with respect to an extension of our current Salt Supply Contract:

PRICING / TERM:

2018-19 Winter Season:	\$74.64* per tonne / delivered
2019-20 Winter Season:	\$75.75* per tonne / delivered
2020-21 Winter Season:	\$76.90* per tonne / delivered

* The Harmonized Sales Tax (HST) is extra

All other terms and conditions specified in the above captioned contract will remain in effect during the extension period.

We trust that this proposal meets with your approval and look forward to continuing to have the privilege of supplying the Municipality of Chatham-Kent salt requirements throughout the duration of this contract extension.

Sincerely,

John DeMeo
Sales & Marketing Manager, Ontario Bulk De-icing

Sincerely,

Luc B. Savoie
Vice-President, Sales and Marketing