

VILLAGE OF DOWNERS GROVE
Report for the Village
11/7/2017

SUBJECT:	SUBMITTED BY:
Award of Contract to Purchase Road Salt from State of Illinois Contract	Nan Newlon Director of Public Works

SYNOPSIS

A motion is requested for the following purchases totaling \$94,698.28:

- Purchase bulk road salt from Cargill Incorporated Salt Division of North Olmsted, Ohio for snow and ice control via the State of Illinois contract at a cost of \$43.78 per ton and a not-to-exceed cost of \$66,808.28.
- Purchase ClearLane® Enhanced Deicing Salt from Cargill Incorporated Salt Division of North Olmsted, Ohio as a sole source supplier at a contract cost of \$55.78 per ton and a not-to-exceed cost of \$27,890.

STRATEGIC PLAN ALIGNMENT

The goals for 2017 to 2019 include *Exceptional Municipal Services*.

FISCAL IMPACT

The FY17 Budget and Proposed FY18 Budget includes a total of \$290,000 for this purchase: \$80,000 in the General Fund (Page 4-3, Line 16) in the FY17 Budget and \$210,000 in the General Fund (Page 4-3, Line 16) in the Proposed FY18 Budget. Council previously approved a salt purchase of up to \$112,969.06 through a DuPage County contract.

RECOMMENDATION

Approval on the November 7, 2017 consent agenda.

BACKGROUND

On March 21, 2017, Village Council authorized joint purchase agreements with both the State of Illinois and DuPage County for the purchase of salt. These two contracts combine the needs of multiple governmental entities across the county and state into single bid documents in an effort to consolidate buying power. DuPage County issued a call for bids in April and the low bid was submitted by the Detroit Salt Company at a contract cost of \$51.49 per ton. The Village Council approved a contract with the Detroit Salt Company for up to 2,194 tons of road salt in the amount of \$112,969.06 at their meeting on June 6, 2017. This contract reflects a 9% decrease in the unit price of salt over last year's DuPage County contract.

The Village will be realizing a 47% reduction in the unit price of salt under the State of Illinois 2017-18 joint purchasing contract. Last season's unit price for salt through this program was \$64.24 per ton, and this year's price is \$43.78 per ton. Cargill, Inc. was the supplier under the state contract for 2017. The reduction in unit

prices for salt is unprecedented in the last 30 years for which the Village has data. The unit price for salt under the state contract has not been below \$50 per ton since the 2007/08 winter season. That year, the price of salt under the state contract was \$38.62 per ton.

This purchase recommendation includes 500 tons of Cargill's ClearLane® which is a proprietary, pre-treated enhanced deicing salt. Each year as part of the State's bidding process, vendors are surveyed for availability of an enhanced rock salt option. Cargill's ClearLane® salt is available to any joint purchasing participant awarded in the Cargill contract as an upcharge per ton option and is added as a separate line item. The enhanced salt features pre-treatment direct from the vendor with a product that provides enhanced melting performance with reduced corrosion and clumping. The per ton cost to purchase pre-treated salt directly from Cargill is comparable to the Village pre-treating the salt stockpile on-site, with several advantages. Purchasing pre-treated salt is more efficient than pre-treating on-site and results in a better quality product. Staff will continue to dedicate ClearLane® to a defined snow route this winter.

A summary of the Village's rock salt supply plans for 2017/18 is shown in the table below.

Vendor	Price Per Ton	Minimum Amount (Tons)	100% Allocation (Tons)	Maximum Amount (Tons)
Detroit Salt	\$51.49	1,350	1,688	2,194
Cargill, Inc.	\$43.78, \$55.78 (ClearLane®)	1,350	1,688	2,026
Total		2,700	3,376	4,220

Staff is confident that the amount of salt requested, along with the use of anti-icing agents and our salt storage capacity, will provide the material resources necessary to meet the service objectives described in the Village Snow Removal and Ice Control Policy in a cost effective manner.

ATTACHMENTS

State of Illinois Joint Salt Purchasing Form



ILLINOIS

JOINT PURCHASING REQUISITION CY'17-'18 New Purchase Commitment

PLEASE RETURN TO:

Illinois Department of
Central Management Services
801 Wm. G. Stratton Building
401 S. Spring Street
Springfield, IL 62706

Email Address for submission:
CMS.BOSS.EC@illinois.gov

No Thank You,
But keep on mailing list.

Opt-Out-> Our unit does not want to participate in the CY' 2017-2018 Contract Procurement.
Notice-> Please complete and return the Contact information below to remain on the mailing list.

Joint Purchasing #: L1510-1510

Government Unit: Village of Downers Grove

Mailing Address: 801 Burlington Avenue

City / State / Zip: Downers Grove, IL 60515

County: DuPage

Contact Person: Terri Tarka

Telephone Number: 630-434-5530

Fax Number: 630-434-5571

Contact Email: ttarka@downers.us

Date: 03 / 22 / 2017

Delivery Point
(Provide Delivery Details To Contract) (Vendor At Time Of Order Placement)
Public Works Facility
5101 Walnut Avenue
Downers Grove, IL 60515
<- Please provide Email Address

***** Participant, Complete Only One - Either "Table-A" or "Table-B" Below *****

Table A: Complete this table to have the State "SOLICIT BDS" for your governmental entity		
ITEM DESCRIPTION	BID QUANTITY	UNIT MEASURE
AASHTO M143 Road Salt or Equivalent	(Total Tonnage)	(22 - 25 Ton / Truck)
Rock Salt, Bulk	<u>1,688</u>	Tons

Please note your Purchase Commitment Percentage for Total Tonnage Quantity as stated above (choose one):
 OPTION 1 XXXX 80.% minimum purchase requirement/120% maximum purchase requirement
 OPTION 2 100% minimum purchase requirement/120% maximum purchase requirement

***** Participant, Complete Only One - Either "Table-A" Above or "Table-B" Below *****

Table B: Complete this table to have the State "RENEW" Requirements for your governmental entity		
ITEM DESCRIPTION	QUANTITY	UNIT MEASURE
AASHTO M143 Road Salt or Equivalent	(Total Tonnage)	(22 - 25 Ton / Truck)
Rock Salt, Bulk	<u> </u>	Tons

Note: Renewal is available ONLY under Contracts PSD 4018284, 4018285, and 4018286 for prior CY' 2016-2017. Your quantity may not exceed more than a 20% increase of last season's quantity, and price cannot increase more than 10.% of last season's price. Other Terms & Conditions of Contract will remain the same as last year. Please Check Contract # Below:
 Note Current CMS Contract: PSD 4018284 () -or- PSD 4018285 () -or- PSD 4018286 ()

I certify that funds are available for the purchase of the items on this Requisition and that such items are for the sole use of this governmental unit, and not for personal use of any official or individual or re-sale.

In addition, I agree to abide by the Joint Purchasing Procedure established by the Department of Central Management Services.

SIGNATURE OF AUTHORIZED OFFICIAL OR AGENT

Village Manager

TITLE

Printed on Recycled Paper



ILLINOIS

Bruce Rauner, Governor

DEPARTMENT OF CENTRAL MANAGEMENT SERVICES

Michael M. Hoffman, Acting Director

October 1, 2017

Dear Joint Purchasing Participant:

Subject: 2017 - 2018 Rock Salt, Bulk Contract Information

In completing the 2017 – 2018 Rock Salt season contract re-procurement, the State of Illinois did not encounter the types of supply-related issues experienced in the previous seasons. We have made every effort to secure Road Salt at the best available price for participants in our contract solicitation and gladly report the State was able to obtain an offer for your location requirements through the State's procurement efforts.

We again recommend that participating agencies and governmental entities examine their application rates and roadway priorities in order to minimize next season's maintenance program cost while also ensuring the safety of the public.

Enclosed is a copy of the requisition you submitted to us for the purchase of rock salt. The information from the requisition, including purchase commitment, can be used to submit your requirements to this year's contract vendor:

Contract: PSD 4018457

Cargill Incorporated Salt Division
24950 Country Club Blvd., # 450
North Olmsted, OH 44070
Phone (800) 600-7258

Term: October 2017 – September 2018

FEIN Number: 41-0177680

Contact: Government Services

Your unit is **Contract Line No: _119_ / Price per ton** F.O.B. destination, is \$ 43 78 .
Emergency pickup of salt from vendor's warehouse is not made available in this contract.

The additional price per ton to have rock salt delivered in trucks equipped with coal/grain chute openings in the tailgate to permit controlled off-loading of rock salt onto conveyors was not provided for by this vendor in this season's procurement process.

You are responsible for issuing your own purchase order document to the vendor. Orders may be placed with the vendor via telephone, with a written or fax confirmation to follow immediately. ***You are strongly encouraged to order and store as much salt as possible in order to help prevent potential salt shortages this winter.*** Also, you must place orders in full truckload (typically 22-25 tons) delivery quantities or multiples of such.



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Bruce Rauner, Governor

DEPARTMENT OF CENTRAL MANAGEMENT SERVICES

Michael M. Hoffman, Acting Director

Your governmental unit is responsible for ensuring that the 80 or 100 percent minimum guaranteed purchase commitment (as noted on your Requisition) is met before the end of the winter season, June 30, 2018. The vendor is required to furnish not less than 120-percent (if needed) of the contract quantity by March 1, 2018. Your governmental unit is responsible for processing vendor invoices in a timely manner.

Delivery shall be made as soon as possible after vendor receipt of order by phone or mail. The maximum time from receipt of order to the actual delivery for orders placed between December 1, 2017 through April 1, 2018 shall not exceed seven working days, unless as modified in the Order Guidelines herein..

For orders placed between December 1, 2017 and April 1, 2018, if a vendor is unable to make delivery within the order timeline, local governmental units shall have the right to retain as liquidated damages, not as a penalty, 5.% per working-day on the undelivered portion of the order, but not to exceed 50.%. For orders placed prior to 9:00 a.m. on a given day, that day to be considered as the first calendar day of the seven-day delivery period. For an order placed after 9:00 a.m. on a given day, the following day shall be considered as the first calendar day of the seven day delivery period.

CMS reserves the right to mitigate application of liquidated damages imposed against a vendor, in the event of orders exceeding the maximum percentages outlined below:

An agency may order up to 20.% of their awarded contract tonnage in any given week and vendor shall deliver within 7 working-days after receipt of order. Quantity ordered above the 20.% threshold shall have an extended deliver time of one-working-day for each one-percentage-point above the 20.% guideline. For example, if an agency orders 25.% of their awarded total 100 ton, delivery of the first 20 ton (20.%) shall be within 7 working-days after receipt of order, the remaining 5 ton should be delivered within 12 working-days after receipt of order.

If after seven working-days of liquidated damages assessment, the vendor has still failed to deliver, local governmental unit shall have the right to terminate an order and purchase road salt or abrasives from another source, or take action consistent with public safety as needed to continue daily business. Any and all additional costs incurred may be collected from the original vendor, in addition to liquidated damages, by participant's legal action.

All deliveries shall be covered with approved weatherproof materials. The vendor shall ensure that delivery person inspects the inside of the trailer and that all salt is removed from the trailer before leaving a delivery point. The vendor will ensure all weights and measures shown on delivery tickets are correct. Local governmental units reserve the right to require that delivery trucks occasionally be directed to a scale in the vicinity of the delivery point as a check on delivered truckloads.



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Deliveries of rock salt containing any foreign material such as mud, rocks, grader teeth, wood, tarpaulins, etc., may be rejected at the delivery site. In the event that any foreign material is discovered in dumped deliveries, the salt and foreign matter may be reloaded onto the cartage hauler's truck by the local governmental unit and returned for credit, or the vendor shall immediately ship a specification compliant load of replacement salt, or issue a refund to the governmental unit consistent with the contract price.

In December 2017, the contract vendor shall have in place stockpile(s) located in or near Illinois covering the tonnage awarded for the northern regions of the State, and in January of 2018 the contract vendor shall have in place stockpile(s) in or near to Illinois covering the total tonnage awarded for all regions of the State. At our discretion, we will inspect the stockpiles to ensure that these stockpiles are in sufficient quantities, and that vendor commitments to the stockpiles are with the users of this contract.

Enhanced rock salt 2017 - 2018 season availability:

The Department of Central Management Services surveyed vendors for availability of an enhanced rock salt option in the invitation for bid, and received an offering from Cargill Salt Division. Locations interested in this enhanced salt option must call the vendor for product availability information and to facilitate potential ordering arrangements.

Their product is made available to any joint purchasing participant awarded in the Cargill Salt Division Contract as an up-charge per ton option and would be added to your order as a separate line item. Contact Stacy Bruzda: 800-600-7258 for salt availability details.

The enhanced salt product features additional pre-treatment of approved road salt with a product providing enhanced melting performance, with reduced corrosion and clumping.

It is hoped that this information will be beneficial to you in the utilization of this contract. If you have any further questions concerning the rock salt contract, please feel free to contact me at (217) 782-8091.

Sincerely,

Wayne Ilsley, CBBP, Buyer
Bureau of Strategic Sourcing

GovSalt.doc