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MEMORANDUM
Purchasing Division
Public Works Department

TO: John T. Lockerby, Village Manager

FROM: 
Michael Aleksic, Purchasing Agent


Max Slankard, Public Works Director

DATE: August 25, 2015

SUBJECT: BULK ROCK SALT PURCHASE (Agenda Item)

Pricing for Bulk Rock Salt was obtained through the State of Illinois Joint Purchasing Program. Central Management Services (CMS), the state's purchasing authority, competitively bids for goods and services on behalf of government entities in the State of Illinois and allows such governments to benefit from the economies of scale in purchases while satisfying formal bidding requirements.

Account and Budget Amount: 003-3303-431.03-30 \$304,000

TABULATION

Morton Salt, Chicago, IL \$74.94/ton X 4,000 tons Total = \$299,760

RECOMMENDATION

It is recommended that a contract (renewal) for the purchase of four thousand (4,000) tons of bulk rock salt be awarded to the State of Illinois' low responsive and responsible bidder, Morton Salt, Chicago, IL, in the amount of \$299,760.

COMMENTS

Funding for this expenditure is budgeted from the Motor Fuel Tax account which is reimbursed by the State of Illinois Motor Fuel Tax for general roadway maintenance. The baseline quantity specified of 4,000 tons is based on historical usage, as well as on the amount of salt on hand. Last year's winter began very mild, but by winter's end, usage was significant. The Village did, however, purchase to the quantity limit of our contract, and therefore, there is a good supply level on hand to begin the winter maintenance operations this year. Because of that, we decreased the base tonnage for this year's contract to 4,000 tons, versus the 5,000 ton base utilized in last year's contract. For point of comparison, our baseline tonnage in prior years has been variable between 4,000 and 5,000 tons. The Village's contract is structured such that we must purchase 80% of our base tonnage (80% of 4,000 tons, or 3,200 tons), and we are able to purchase up to 120% of our base tonnage (120% of 4,000 tons, or 4,800 tons). This quantity, plus our supply on hand, should be sufficient for our operations this winter.

Under the State CMS contract, the Village had available a one year contract renewal option (this is only offered on an every other year basis) available, and we exercised that option for this year. Thus, the unit cost of \$74.94 per ton is the same price as last year, with the same vendor, Morton Salt. We have been satisfied with Morton Salt's performance and delivery in the past, and expect similar performance this winter.

Cc: Jason Wicha, Assistant Village Manager
Erik Cook, Engineering Director