

COUNCIL WORKSHOP ITEM

ITEM: Participation in the Intergovernmental Supply of Bulk Rock Salt Program
FY 2002/03

DATE: September 26, 2002

PREPARED BY: Robert Schiller, Assistant Director of Public Works, Operations
John J. Bajor, Director of Public Works

PURPOSE: The Village submitted a request for 4,200 tons to be included in the 2002/03 joint purchase agreement with the State of Illinois for supply of roadway bulk rock salt. Dupage County also participates in this program for the rock salt purchase. The State of Illinois contract was awarded to Cargill Incorporated

BID AMOUNT: \$ **ACCOUNT:** 001.349.0000.5226
BUDGET AMOUNT: \$ 126,000.000

DISCUSSION:

The recommended unit price per ton of \$29.44 represents no increase from last year's salt price . Cargill Salt was the awarded contract vendor in 2000/01 & 2001/02.

The request for purchase of 4,200 tons will allow the Village to purchase additional salt without penalty at the contract price, should the need arise. The contract requires that we purchase a minimum of 70% (2,940 tons) of the allocation and up to our maximum of 130% (5,460 tons) without penalty. The State advised that purchases made over the 130% guaranteed limit are subject to increase if the vendor's cost for rock salt increased by more than 5%. The vendor must submit proof of this increase before any increases are allowed.

Emergency pickup of rock salt at the vendor's warehouse is available Monday-Friday, 7:00 a.m. to 5 p.m., at a price of \$ 47.00 per ton. The award letter (attached) encourages governmental units to order early and store as much salt as possible in order to prevent potential salt shortages this winter.

As part of our annual snow removal program the following table is used to show the road salt purchase for the last fourteen years.

While rock salt is purchased on an as-needed basis, in order to maintain the practice of salting all roadway surfaces there is a strong likelihood that we will require more that the 5,160 tons of salt set by current budget parameters.

Fiscal Year	Tons Purchased	Contract Price per ton	Extension
1987/88	6885.6296	\$17.09	\$117,675.41
1988/89*	7150.3518	\$20.72	\$155,267.44
1989/90	5999.1091	\$20.89	\$125,321.39
1990/91	5669.6909	\$21.22	\$120,310.84
1991/92	3636.9848	\$21.72	\$78,995.31
1992/93	4082.1409	\$21.72	\$88,664.10
1993/94	5130.2030	\$23.60	\$121,072.79
1994/95	3034.3500	\$23.35	\$70,852.07
1995/96	2777.2900	\$26.60	\$73,875.91
1996/97**	4126.9000	\$26.94	\$110,982.76
1997/98	4044.0000	\$26.76	\$108,217.44
1998/99**	3832.8100	\$26.65	\$101,769.81
1999/2000	4315.6800	\$24.56	\$105,993.10
2000/01	6803.8800	\$25.21	\$171,525.81
2001/02	4955.6500	\$29.44	\$145,984.34

* Includes a \$7,7112.15 penalty charge for overage in FY1988/89

** Liquidated damages reduced the total purchase by \$195.93 in 1996/97 and \$374.58 in 1998/99

ATTACHMENT:

Joint Purchase Rock Salt Purchase Contract Information Letter

RECOMMENDATION: It is recommended that the Village accept the State unit price of \$29.44/ton with the total purchase not to exceed \$126,000.00 without further Village Council approval.

The Director of Public Works concurs with this recommendation.

Approved by Village Manager:



ILLINOIS

George H. Ryan, Governor

DEPARTMENT OF CENTRAL MANAGEMENT SERVICES

Michael S. Schwartz, Director

September 1, 2002

Dear Joint Purchasing Participant:

Subject: 2002-2003 Rock Salt Contract Information

Your requisition for rock salt is enclosed so that you may be able to submit your requirements to this year's contract vendor:

Contract Number: PSD 4009494
Cargill Incorporated Salt Division
24950 Country Club Blvd., Suite 450
North Olmsted, OH 44070
Phone (800) 600-7258
FEIN: 41-0177680

The contract price per ton, FOB destination, is **\$29.44**. Emergency pickup of salt at vendor's warehouse is available at prices of **\$47.00** per ton. Warehouses are open Monday through Friday, 7 a.m. to 5 p.m. Please contact the vendor during regular business hours for the specific warehouse location in your area.

The additional price per ton to have rock salt delivered in trucks equipped with coal/grain chute openings in the tailgate to permit the controlled off-loading of rock salt onto conveyors is **\$3.00** per ton.

Each governmental unit shall be responsible for issuing its 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. *Governmental units are strongly encouraged to order early and to store as much salt as possible in order to help prevent potential salt shortages this Winter.* Governmental units need to make every effort to place orders in full truckload lots (20-22 tons).

Each governmental unit is responsible for ensuring that the 70% guaranteed purchase requirement is met before the end of the contract (June 30, 2003). The vendor is required to furnish not less than 130% (if required) of the requisitioned need by March 1, 2003.

Each governmental unit shall be responsible for the processing of 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 actual delivery for orders placed between November 1, 2002 thru April 1, 2003 shall not exceed seven calendar days. There is not a set delivery time limit for orders placed prior to November 1, 2001.

For orders placed between November 1, 2002 and April 1, 2003, if the vendor is unable to make delivery within seven calendar days, local governmental units shall have the right to retain \$.20 per ton per calendar day as liquidated damages on the undelivered portion of the order. For an order placed prior to 9:00 a.m. on a given day, that day would be considered as the first calendar day of the seven day delivery period. For orders placed after 9:00 a.m. on a given day, the following day would be considered as the first calendar day of the seven day delivery period. If after seven days of liquidated damages assessment, the vendor has still failed to deliver as required local governmental units shall have the right to terminate the order and purchase salt or abrasives from other sources or take action consistent with public safety as needed to continue business. Any and all additional costs may be collected from the original vendor, in addition to any liquidated damages.

All deliveries shall be covered with approved weather proof materials. The vendor will ensure that the 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.

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 foreign material is discovered in dumped deliveries, the salt and the 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 conforming load of replacement salt, or issue a refund to the governmental unit consistent with the contract price.

For your protection, the state has secured a performance bond from the contract vendor, valued at 20% of the total contract award.

By December 1, 2002, the contract vendor shall have in place stockpile(s) located in or near Illinois covering 100% of the tonnage awarded for the northern regions of the state. By January 1, 2003, the contract vendor shall have in place stockpile(s) located in or near Illinois covering 100% of of the tonnage awarded for all other regions of the state. At our discretion, we will be inspecting these stockpiles to ensure that these stockpiles are in sufficient quantities, and that the commitments to these stockpiles are with the users of this contract.

The contract price shall remain firm for the entire contract period up to the 130% guaranteed limit, unless otherwise changed by law. The contract price for purchases made in excess of the 130% guaranteed limit is subject to increase if vendor's costs for providing rock salt increase by more than 5%. Prior to acceptance of any price increase, the contract vendor must submit documentation to the local governmental unit justifying the increase. However, in the event that the economically adjusted price offered is higher than the next lowest bidder's bid which was offered on the bid invitation, and if the next lowest bidder is willing to hold its quoted price firm, the governmental unit shall be permitted to buy rock salt from the next lowest bidder at the bidder's quoted price. Such secondary award will remain in effect for as long as the quoted price remains firm.

Unless an emergency exists, those local governmental units under the 130% purchase threshold will receive salt deliveries prior to those local governmental units over the 130% purchase threshold. In the case of an emergency, efforts will be made to have the vendor ship enough salt to aid affected local governmental units through the emergency.

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
Buyer, CMS/PSD