

NO: R162

COUNCIL DATE: September 14, 2009

REGULAR COUNCIL

TO: **Mayor & Council** DATE: **September 9, 2009**

FROM: **General Manager, Engineering** FILE: **1220-40-86**

SUBJECT: **Award of Contract (RFQ) 1220-40-86-09 for the Supply and Delivery of Bulk Winter Road Salt**

RECOMMENDATION

The Engineering Department recommends that Council approve the award of the contract for supply and delivery of 12,000 tonnes of bulk winter road salt to McTar, a Division of LaFarge Canada Inc., in the amount of \$1,238,520, including GST.

SCOPE OF WORK

The City requests quotes for the supply and delivery of bulk winter road salt on an annual basis. The salt is used mainly for City snow and ice control operations on roadways throughout the City based on the City's Snow and Ice Control Policy. A small amount of the annual salt supply is also used by other City Departments for snow and ice control around various civic facilities, primarily recreation and cultural facilities.

DISCUSSION

Staff has researched various methods of procuring bulk winter road salt. The most economical approach is to obtain quotes from local suppliers. Staff requested quotes for the supply of 12,000 tonnes of salt under RFQ 1220-40-86-09.

In an effort to achieve optimal rates, proponents were given three pricing options:

- **Option A:** The contractor guarantees to supply 120% of the City's estimated annual salt usage. In return, the City guarantees the purchase of 80% of Surrey's estimated annual tonnage used.
- **Option B:** The City does not guarantee the purchase of a specific tonnage amount, nor does the contractor guarantee to supply any specific tonnage amount.
- **Option C:** The Proponent would guarantee inventory and provide pricing for a two-year contract.

Last year the City experienced a 35% increase in the price per tonne of salt over the prices paid in previous years. The suppliers stated that this was directly related to shipping costs. For this reason Option C above was introduced, which required proponents to guarantee the delivery of a

minimum tonnage of salt (as in Option A) and provide pricing for a two-year term instead of a single year. Option C did not result in consequential savings and therefore was discounted from consideration.

Three companies replied to the RFQ and their pricing is as follows:

Company	Option A (per tonne)	Option B (per tonne)	Total Bid Price Option A	Total Bid Price Option B
McTar, Division of LaFarge	\$103.21	\$103.21	\$1,238,520.00	\$1,238,520.00
Mainroad Maintenance Products	\$103.96	\$107.32	\$1,247,520.00	\$1,287,840.00
G&R Singh & Son Trucking Ltd.	\$122.21	\$140.70	\$1,466,520.00	\$1,688,400.00

During 2008 the City purchased salt under the procurement method described in Option A. Even though, due to the snow and ice conditions, the City needed more salt than the tonnage guaranteed by the supplier, McTar continued to supply the entire salt inventory that the City needed. This was not the experience of many other lower mainland cities, which experienced a salt inventory shortfall.

Due to the exemplary salt supply service provided by McTar during the 2008 / 2009 winter season, staff have a high degree of confidence in their ability to supply salt as needed by the City. McTar also quoted the lowest price per tonne of salt.

On this basis, the Engineering Department recommends that Council approve the award of the contract for the supply and delivery of bulk road salt for the 2009/2010 winter season to McTar, under the terms of Option A as discussed in this report, with a total maximum value of \$1,238,520 including GST.

FUNDING

Funding for the purchase of bulk road salt for the 2009 / 2010 winter season is available in the approved Engineering Roads Maintenance budget.

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General Manager, Engineering

VL/RK/GMC/jkb/brb

c.c. - Manager, Operations Division