

NO: R215

COUNCIL DATE: October 18, 2010

REGULAR COUNCIL

TO: **Mayor & Council**

DATE: **October 15, 2010**

FROM: **General Manager, Engineering**

FILE: **1220-40**

SUBJECT: **Award of Contract for the Supply and Delivery of Bulk Winter Road Salt**

RECOMMENDATION

The Engineering Department recommends that Council approve the award of Contract No. 1220-40-79-10 for the supply and delivery of 12,000 tonnes of bulk winter road salt to McTar, a Division of LaFarge Canada Inc., in the amount of \$1,043,640 including HST.

INTENT

The purpose of this report is to seek Council approval to award a contract for the supply and delivery of bulk winter road salt that will be used in snow and ice removal operations during the upcoming winter season.

SCOPE OF WORK

The City requests pricing for bulk winter road salt on an annual basis. The City typically uses between 5,000 and 17,000 tonnes of road salt a year depending on the severity of the weather during the winter season.

DISCUSSION

Staff has researched various methods of procuring bulk winter road salt and has concluded that the most economical approach is to invite pricing from local suppliers. This process was followed in relation to salt purchases for the 2010/2011 winter season. In an effort to achieve optimal rates, the Request for Proposals provided for three pricing options as follows:

- Option A: The contractor must guarantee to supply 120% of the City's estimated annual salt usage, being 12,000 tonnes. In return, the City guarantees to purchase a minimum tonnage that represents 80% of the City's estimated annual salt usage, being 8,000 tonnes.

- **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:** This option requires proponents to provide pricing on the basis of a guaranteed supply (as in Option A) and pricing for a two-year term instead of a one-year term.

Three companies responded to the RFQ that was issued by the City. The following table documents the results:

Company	Option A (per tonne)	Option B (per tonne)	Option C (per tonne)	Total Bid Price Option A	Total Bid Price Option B	Total Bid Price Option C
McTar, Division of LaFarge	\$86.97	\$84.73	\$86.97	\$1,043,640.00	\$1,016,760.00	\$1,043,640.00
Mainroad Maintenance Products	\$92.01	\$92.57	\$94.25	\$1,104,120.00	\$1,110,840.00	\$1,131,000.00
G&R Singh & Son Trucking Ltd.	\$102.20	\$102.20	\$104.44	\$1,226,400.00	\$1,226,400.00	\$1,253,280.00

There is no pricing advantage to ordering road salt for two years based on the bids submitted under Option C. The low bid submitted by McTar offers a 16% reduction in pricing for salt supply and delivery in comparison to prices per tonne that were paid by the City in 2009/2010. McTar has supplied the City's salt for the past two (2) winter seasons and no supply or delivery problems were experienced. The bid submitted by McTar under Option A is recommended in that the supply of salt is guaranteed with only a modest premium in the cost and with salt prices dropping locking in prices for a second year (i.e., Option C) is not recommended.

FUNDING

Funding for the supply and delivery of bulk road salt is available in the Roads Maintenance Budget.

CONCLUSION

Based on the above discussion, it is recommended that Council approve the award of Contract No. 1220-40-79-10 for the supply and delivery of 12,000 tonnes of bulk winter road salt to McTar, a Division of LaFarge Canada Inc., in the amount of \$1,043,640 including HST.

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General Manager, Engineering

GMC/jkb/kd/brb