

NO: R162

COUNCIL DATE: September 12, 2011

REGULAR COUNCIL

TO: **Mayor & Council**

DATE: **September 7, 2011**

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. 1220-40-2011-031 for the supply and delivery of 6,000 tonnes of bulk winter road salt to McTar, a Division of LaFarge Canada Inc., in the amount of \$472,980 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 Engineering Department requests quotes from suppliers for bulk winter road salt on an annual basis. The Department 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 quotes from local suppliers for the supply and delivery of road salt. In an effort to achieve optimal rates, the Request for Quotes (RFQ) that was issued by the City included two pricing options as follows:

- **Option A:** The contractor must guarantee to supply 120% of the City's estimated annual salt usage, being 6,000 tonnes. In return, the City guarantees to purchase a minimum tonnage that represents 80% of the City's estimated annual salt usage, being 4,000 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.

Three companies responded to the RFQ. The following table documents the results:

Company	Option A (per tonne)	Option B (per tonne)	Option A Total Bid Price	Option B Total Bid Price
McTar, Division of LaFarge	\$78.83	\$76.81	\$472,980.00	\$460,860.00
Mainroad Maintenance Products	\$88.15	\$88.15	\$528,900.00	\$528,900.00
G&R Singh & Son Trucking Ltd.	\$93.10	\$93.10	\$558,600.00	\$558,600.00

The low bid for Option A as submitted by McTar represents a 9.5% reduction in the price for salt supply and delivery in comparison to the price per tonne that was paid by the City for salt for the 2010/2011 winter season.

McTar has supplied the City's salt in each of the last three (3) winter seasons with no supply or delivery problems. The bid submitted by McTar under Option A is recommended as it guarantees the supply of salt with only a modest premium in the cost. During this last year, the Engineering Department has constructed a new salt storage facility which will allow the Department to buy and store larger quantities of salt and thereby reduce the risks associated with salt supply problems. The City currently has an estimated 11,000 tonnes of salt in storage. This contract calls for the supply of up to an additional 6,000 tonnes of salt, which will ensure that the City will have sufficient salt supply to address the demands of a severe winter.

FUNDING

Funding for the supply and delivery of bulk road salt is available in the approved 2011 Operating budget.

CONCLUSION

Based on the above discussion, it is recommended that Council approve the award of Contract No. 1220-40-2011-031 for the supply and delivery of 6,000 tonnes of bulk winter road salt to McTar, a Division of LaFarge Canada Inc., in the amount of \$472,980 including HST.

Vincent Lalonde, P.Eng.
General Manager, Engineering

VL/GMC/ brb