

NO: R222

COUNCIL DATE: November 16, 2015

REGULAR COUNCIL

TO: Mayor & Council **DATE: October 28, 2015**

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

SUBJECT: Award of RFQ 1220-040-2015-099 for the Supply and Delivery of Bulk Winter Road Salt

RECOMMENDATION

The Engineering Department recommends that Council:

1. Award RFQ 1220-040-2015-099 to Mainroad Maintenance Products for the annual supply and delivery of 6,000 tonnes of bulk winter road salt to the City of Surrey for a two-year term at an annual price of \$554,460, including GST; and
2. Set the annual expenditure authorization limit for this Contract at \$610,000, including GST and contingency.

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 for snow and ice operations during the upcoming winter season.

DISCUSSION

The Engineering Department requests quotes from suppliers for bulk winter road salt on an annual basis. Based on our experience from past years, the usage of road salt for snow and ice control has ranged from 5,000 to 17,000 tonnes, depending on the severity of the snow season.

The 17,000 tonne threshold reflects the salt usage during the 2008/2009 winter season when the most intense snowfalls in decades had impacted the region. Due to salt supply shortages that occurred throughout North America during that winter season, our practice has since been to ensure that we are proactive in maintaining access to at least 17,000 tonnes of salt to endure a similar severe winter season. We estimate that we have a supply of approximately 11,000 tonnes of road salt in storage at this time.

RFQ Process

Quotations were requested from local suppliers for the supply and delivery of bulk winter road salt. In an effort to achieve optimal rates, a Request for Quotation (RFQ) was issued by the City that included three pricing options as follows:

- **Option A:** The contractor must guarantee to supply 120% of the City’s estimated annual salt usage of 6,000 tonnes. In return, the City guarantees to purchase a minimum tonnage of 4,000 tonnes which represents 80% of the City’s estimated annual salt usage.
- **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. Given that the bulk road salt commodity price has ranged widely from year-to-year in the past, this option does not commit the City to a minimal tonnage purchase in the event of a high commodity price year.
- **Option C:** Two-year pricing for Option A and B. Council had previously awarded a two-year contract for bulk road salt (locking in a two-year rate) to guard itself against a potential increase in salt commodity price and/or the associated shipping costs in the second year of the contract.

Two proponents responded to the RFQ. The following table reflects the results for each of the above three Options:

Option A: One-Year Contract

Company	Cost per tonne including GST	Total Cost (6,000 tonnes) including GST	Corrected Amount including GST
Mainroad Maintenance Products	\$92.41	\$554,460	\$554,460
McTar, Division of LaFarge	\$96.10	\$576,600	\$576,600

Option B: One-Year Contract

Company	Cost per tonne including GST	Total Cost (6,000 tonnes) including GST	Corrected Amount including GST
Mainroad Maintenance Products	\$95.20	\$571,200	\$571,200
McTar, Division of LaFarge	\$96.10	\$576,600	\$576,600

Option C: Two-Year Contract

Company	Cost per tonne including GST	Total Cost (6,000 tonnes) including GST	Corrected Amount including GST
Mainroad Maintenance Products	\$92.41	\$554,460	\$554,460
McTar, Division of LaFarge	\$96.10	\$576,600	\$576,600

Both proponents have met the requirements of the RFQ and no errors or omissions were found in their respective submissions.

Mainroad Maintenance Products (Mainroad) has offered the lowest price for each of the above three options.

Over the past eight years, the City has purchased bulk road salt at pricing that has ranged from a low of \$86.97/tonne to a high of \$123.88/tonne, with an average cost of \$94.51/tonne. The per tonne cost of bulk road salt offered by Mainroad at \$92.41/tonne falls below our eight-year average cost and represents good value to the City. On this basis, it is recommended that the City award a contract to Mainroad based on Option C to ensure that the City is locked into a static unit price over a two-year period; this price is not subject to an increase in the second year of the contract.

Mainroad has satisfactorily provided bulk road salt supply to the City in previous years and in accordance with our requirements.

FUNDING

Funding for this project is available in the approved 2015 Roads Operating Budget.

SUSTAINABILITY CONSIDERATIONS

The use of road salt reduces icy road conditions during the winter months, helping to maintain safe traffic flow during snow events. In particular, it supports the following City Sustainability Charter scope of actions:

- EN3: Vehicle Fleet Programs;
- EC3: Sustainable Infrastructure Maintenance and Replacement;
- EC4: Sustainable Fiscal Management Practices;
- EN8: Sustainable Engineering Standards and Practices; and
- EN16: Land, Water and Air Quality Management.

CONCLUSION

The Engineering Department recommends that Council:

- Award RFQ 1220-040-2015-099 to Mainroad Maintenance Products for the annual supply and delivery of 6,000 tonnes of bulk winter road salt to the City of Surrey for a two-year term at an annual price of \$554,460, including GST; and
- Set the annual expenditure authorization limit for this Contract at \$610,000, including GST and contingency.

Fraser Smith, P.Eng., MBA
General Manager, Engineering

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