

Request for Council Action

Originator Purchasing	Item Regular and Treated Road Salt - Approve Purchase
Agenda Section Consent	Date 8/18/2014

Description

Council is requested to approve the purchase of regular and treated road salt for de-icing roads during the 2014/2015 winter season. Regular road salt is available under State of Minnesota Contract #77774 from Cargill, Inc. at a contract price of \$66.55 per ton a 11.3% increase. The 2013/2014 contract price was \$59.79 per ton. Minnesota State Sales Tax was applicable to the salt purchases made in 2013 only.

Treated road salt is available under State of Minnesota Contract #77778 from Cargill, Inc. at a contract price of \$80.07 per ton a 7.08% increase. The 2013/2014 contract price was \$74.77 per ton. Minnesota State Sales Tax was applicable to the salt purchases made in 2013 only.

Prior to bidding these contracts, the State of Minnesota requested participating cooperative purchasing (CPV) members to submit their quantity requirements for the upcoming contract season. Bloomington's requirements for 2014/2015 are 2,000 tons of regular and 4,000 tons of treated salt. The provisions of these contracts require the CPV members to purchase a minimum percentage of their submitted quantities. Contract Vendors in turn must guarantee to supply a maximum additional percentage of the submitted quantities at the awarded contract price. Based on these contract provisions and the unit prices, the maximum expenditure for both regular and treated salt under this contract would be approximately \$547,416.00.

These quantities are required due in part to last year's above average snowfall and below average temperatures that resulted in normal salt supplies being excessively depleted. In an effort to restore adequate supplies on-hand to ensure availability of treated and regular salt for the 2014/2015 season, additional funding is needed.

Note: Actual quantities for 2013/2014 were 1805 tons of regular salt and 3331 tons of treated salt for a total expenditure of \$387,913.42 (total expenditure includes 6.875% Minnesota State Sales Tax on the 2013 purchases).

Council is also requested to move budget authority in the amount of \$261,000 from the General Fund Contingency balance to the Street Maintenance Budget 101-7625-431-6717 for the 2014/2015 salt expenditures.

Funding for this expenditure is budgeted in the 2014 Street Maintenance Budget, Activity 101-7625-431-6717.

Requested Action

Approve the purchase of up to 2400 tons of regular road salt at cost of \$66.55 per ton plus tax under State of Minnesota Contract #77774 and up to 4,800 tons of treated road salt at a cost of \$80.07 per ton plus tax under State of Minnesota Contract #77778 from Cargill, Inc. Approve moving budget authority of \$261,000 from General Fund Contingency to 101-7625-431-6717.

Attachments: