



Legislation Text

File #: 19-0531R, **Version:** 1

RESOLUTION AUTHORIZING THE PURCHASE OF 6,600 TONS OF ROAD SALT FROM COMPASS MINERALS AMERICA, INC. IN THE AMOUNT OF \$421,410.

CITY PROPOSAL:

RESOLVED, that the proper city officials are hereby authorized to purchase 6,600 tons of road salt from Compass Minerals America, Inc. in the amount of \$421,410, payable from 110-500-1920-5223-01 (General Fund, Public Works and Utilities, Street Maintenance, salt and sand salt).

STATEMENT OF PURPOSE: This resolution authorizes the tax-exempt purchase of 6,600 tons of road salt for the Fall/Winter 2019 street maintenance season in the amount of \$421,410. The City uses a salt/sand mixture to provide for safe and efficient transportation on the City's roadways.

Salt pricing is based on delivery location and there are three main delivery points in the City: 105 North 40th Avenue West, 1123 Mesaba Avenue, and 2407 Commonwealth Avenue. Widespread salt shortages last winter resulted in a large price increase and a limit to the contractual amount that the suppliers are required to provide for the upcoming season. The price of salt for the 2019/2020 season is \$63.85 per ton for Mesaba Avenue and 40th Avenue West and \$64.73 per ton for Commonwealth Avenue location. Prices have increased over 80% from last season, when the prices were \$35.80 and \$35.32 per ton. The average 2019 price for cities and counties in MNDOT District 1 is \$73.72.

This purchase is against Minnesota State Contract 131788, Release S-763(5). Per contract, the City is required to provide an estimate of tons of salt needed for the entire season, and is obligated to purchase at least 80 percent of that estimated total. This year, the vendor is contractually obligated to provide up to 100 percent of the estimated total. The MN Materials Management Division continues to work with road salt suppliers to secure additional quantities. Estimates are based on a five-year average. Estimated usage for last season was 13,200 tons with actual orders of 5,579 tons in fall 2018 and 8,304 tons in spring 2019 for a total of 13,883 tons. This season's estimate is 13,600 tons.