



Legislation Text

File #: 16-0830R, **Version:** 1

RESOLUTION AUTHORIZING A PURCHASE FROM COMPASS MINERALS FOR THE TAX-EXEMPT PURCHASE OF ROAD SALT FOR SPRING 2017 IN THE AMOUNT OF \$472,240.

CITY PROPOSAL:

RESOLVED, that the proper city officials are hereby authorized to purchase 8,000 tons of road salt from Compass Minerals America to be used in Spring 2017 in accordance with Minnesota State Contract 77776, Release S-803(5), specifications and pricing at \$59.03 per ton for a total amount of \$472,240, terms net 30, FOB destination, payable from General Fund 110, Public Works and Utilities 500, Street Maintenance 1920, Salt & Sand Salt 5223-01.

RESOLVED FURTHER, that this purchase is exempt from state sales tax as a result of legislative changes signed into law in 2013.

STATEMENT OF PURPOSE: This resolution authorizes the tax-exempt purchase of 8,000 tons of road salt for Spring 2017 in the amount of \$472,240 from Compass Minerals America. This purchase is based on Minnesota State Contract 77776, Release S-803(5).

The 2016/2017 price for road salt is \$59.03 per ton, a reduction of 5% from last season's price of \$62.14 per ton. The City uses salt during the winter season to de-ice roads for the prevention of accidents. We also mix some amount of salt with sand to use on the roadways.

The City used 9,896 tons of salt in the spring of 2016, and ordered 5,100 tons for fall 2016. The salt order is based on a 5-year average usage. We are obligated to purchase 80% of the salt ordered as a cooperative purchasing member and the vendor must provide 120% of the order.