

MEETING DATE: SEPTEMBER 21, 2005

SUBJECT: Procurement Authorization – Supply Of Rock Salt For A Three Year Period

RECOMMENDATION

It is recommended that the Commission approve the issuance of a purchase order to the Canadian Salt Company Limited, for the supply of rock salt for the period of October 15, 2005 to April 30, 2008 in the total upset limit of \$748,000 subject to approval by the City of Toronto of a report entitled “Supply and Delivery of Bulk Coarse Crushed Rock Salt with Non-Caking Agent during the 2005-2006, 2006-2007 and 2007-2008 Winter Season (3 years)” at its meetings of September 28th, 29th and 30th, 2005.

FUNDING

Funds have been allocated in the 2005 Operating Budget for the costs applicable to 2005 requirements. Funds for the remaining balance will be included in the 2006, 2007 and 2008 Operating Budgets.

BACKGROUND

As part of an arrangement with the City of Toronto, the Commission’s requirement for common rock salt is tendered as part of the City’s requirements in their Request for Quotation for the various winter seasons.

While there is currently no direct substitute for rock salt, the City of Toronto’s Transportation Services Division, have advised staff that they are currently using other methods and alternate de-icing products to reduce their dependence on rock salt. Those methods include using a salt brine solution (road salt mixed with water) to pre-wet the salt to enable a faster melting action of snow and ice as well as pre-wetting the salt and then spraying roadways prior to storms (anti-icing). Both have been used with positive results and they will continue to be used by the City of Toronto for upcoming winter seasons.

The Commission is in the process of receiving the last two of a new seven spreader purchase for the 2005-2006 winter seasons, which will electronically distribute the salt and regulate and monitor the road salt used by the Commission to minimize the environmental impact. These spreaders can be retrofitted to include a brine tank to allow the salt to be pre-wetted prior to being spread. Track and Structure staff are in the process of evaluating this modification. The Commission also on occasions mixes the rock salt with sand (80/20) prior to it being spread on roadways to further reduce the amount of rock salt being used.

The City’s RFQ specified that the bulk coarse crushed rock salt supplied by the companies include a non-caking agent which helps to prevent excessive salt build up on roadways.

The Commission uses the rock salt for snow and ice removal at all its surface and subway locations including roadways, walkways and emergency exits throughout the City of Toronto.

DISCUSSION

On July 14, 2005, the City of Toronto called for Quotations for the supply of rock salt during the period of October 15, 2005 to April 30, 2008 which included the Commission’s requirements of an estimated 3,750 tonnes per year.

City staff has advised that they received five responses to their RFQ of which four responses indicated “No Bid”. The only quotation received, which was submitted by the Canadian Salt Company is summarized in Appendix ‘A’.

The response received from the Canadian Salt Company was found to be compliant to the requirements of the RFQ and subsequently, the contract for the 2005-2008 supply of rock salt for Districts 1 (Hillcrest, Greenwood) and District 3 (Wilson) by the Canadian Salt Company was approved by the City of Toronto Works Committee on September 14, 2005 and is scheduled to go to the City of Toronto Council at its meetings on September 28th, 29th and 30th, 2005 for approval.

Reasons for the “No Bids” received from the four respondents ranged from being unable to meet the delivery timelines, distribution requirements, material requirements (volumes) and the provision of a 100% performance bond that was included in the City’s Request for Quotation.

The total per tonne price for rock salt for the 2005-2006 winter season is 7.4% higher than the previous contract for the 2004-2005 winter season. The total per tonne price for year two is 4.3% higher than year one and the total tonne price for year three is 4.3% higher than year two. This price increase can be attributed to rising production and transportation costs as well as increased costs to the vendor as a result of changes to performance bond requirements from 50% to 100% by the City.

The recommended upset limit includes an allowance of 10% for variation in usage over the contract period due to adverse weather conditions.

JUSTIFICATION

The supply of common course rock salt is required to ensure an adequate supply for the 2005-2008 winter seasons.

September 7, 2005

9-118-86

Attachment – Appendix ‘A’

APPENDIX 'A'

**SUPPLY OF ROCK SALT
FOR 2005 - 2008**

TOTAL TENDERED PRICE		
YEAR	CANADIAN SALT COMPANY *	
	DISTRICT 1	DISTRICT 3
2005 – 2006	\$144,375.00	\$72,187.50
2006 – 2007	\$150,900.00	\$75,450.00
2007 – 2008	\$157,725.00	\$78,862.50
TOTAL TENDERED PRICE	\$679,500.00	

*** Recommended for Award**