

City of Fayetteville Staff Review Form

2015-0313

Legistar File ID

August 4, 2015

City Council Meeting Date - Agenda Item Only
N/A for Non-Agenda Item

Terry Gulley

7/17/2015

Transportation Services /
Transportation Services Department

Submitted By

Submitted Date

Division / Department

Action Recommendation:

Staff recommends approval of a resolution awarding Bid 15-41 to and authorizing the purchase of bulk crushed rock salt from Central Salt, LLC as primary supplier and Oakley Fertilizer, Inc. as secondary supplier, for delivered materials and Oakley Fertilizer, Inc. as primary supplier and Central Salt, LLC as secondary supplier for materials picked up by City staff, in variable amounts, as needed throughout the 2015-2016 winter season.

Budget Impact:

2100.4120.5204.00	Street																														
Account Number	Fund																														
Project Number	Project Title																														
<table border="0" style="width: 100%;"> <tr> <td style="width: 30%;">Budgeted Item?</td> <td style="width: 10%; text-align: center;">Yes</td> <td style="width: 30%;">Current Budget</td> <td style="width: 10%; text-align: right;">\$</td> <td style="width: 10%; text-align: right;">85,059.00</td> </tr> <tr> <td></td> <td></td> <td>Funds Obligated</td> <td style="text-align: right;">\$</td> <td style="text-align: right;">66,214.39</td> </tr> <tr> <td></td> <td></td> <td>Current Balance</td> <td style="text-align: right;">\$</td> <td style="text-align: right;">18,844.61</td> </tr> </table>	Budgeted Item?	Yes	Current Budget	\$	85,059.00			Funds Obligated	\$	66,214.39			Current Balance	\$	18,844.61	<table border="0" style="width: 100%;"> <tr> <td style="width: 30%;">Does item have a cost?</td> <td style="width: 10%; text-align: center;">NA</td> <td style="width: 30%;">Item Cost</td> <td style="width: 10%;"></td> <td style="width: 10%;"></td> </tr> <tr> <td>Budget Adjustment Attached?</td> <td style="text-align: center;">No</td> <td>Budget Adjustment</td> <td></td> <td></td> </tr> <tr> <td></td> <td></td> <td>Remaining Budget</td> <td style="text-align: right;">\$</td> <td style="text-align: right;">18,844.61</td> </tr> </table>	Does item have a cost?	NA	Item Cost			Budget Adjustment Attached?	No	Budget Adjustment					Remaining Budget	\$	18,844.61
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V20140710

Previous Ordinance or Resolution # _____

Original Contract Number: _____

Approval Date: _____

Comments: The "does item have a cost" question was answered with "NA" due to the fact that materials are purchased on an "as needed" basis, and expenditures will cross fiscal years and operating budgets, so a purchase requisition will not be included in this request.

MEETING OF AUGUST 4, 2015

TO: Mayor and City Council
THRU: Don Marr, Chief of Staff
FROM: Terry Gulley, Transportation Services Director
DATE: July 17, 2015
SUBJECT: Bid 15-41, Bulk Crushed Rock Salt

RECOMMENDATION:

Staff recommends approval of a resolution awarding Bid 15-41 to and authorizing the purchase of bulk crushed rock salt from Central Salt, LLC as primary supplier and Oakley Fertilizer, Inc. as secondary supplier, for delivered materials and Oakley Fertilizer, Inc. as primary supplier and Central Salt, LLC as secondary supplier for materials picked up by City staff, in variable amounts, as needed throughout the 2015-2016 winter season.

BACKGROUND:

Sealed bids in accordance with State statutes, City ordinances, and purchasing procedures were publicly read and the results are attached to this memo.

Compass Minerals America, Inc. submitted the low bid for delivered materials, however their bid was submitted with conditional requirements which did not meet the needs of the Transportation Division. These include a bid price binding for only 30 days after the bid opening, unwillingness to be awarded as a secondary supplier, requiring the City to agree to purchase 80% of the total estimated material quantity before April 2016, and a bid expiration date of March, 31, 2016.

The Transportation Division has a limited storage capacity for crushed rock salt and can only purchase this material on an "as needed" basis, as existing supplies are exhausted to create the necessary storage space for additional materials. The utilization of current materials on hand depends on inclement weather conditions which cannot be accurately predicted in the distant future. Additionally, the terms and conditions of Bid 15-41 clearly state that "*bid pricing shall remain good and firm until July 31, 2016*", which is a condition that Compass Minerals America, Inc. is not willing to meet according to the attached amendments.

For the reasons outlined above, Transportation Division staff recommend disqualifying the bid submitted by Compass Minerals America, Inc.

Oakley Fertilizer, Inc. also submitted conditional requirements with their bid, which will be attached. These conditions include the supplier's product containing 5 gallons of beet juice per ton of crushed rock salt. This is an acceptable condition, as the Transportation Division already utilizes beet juice for snow and ice removal and often includes it in the salt or brine mixture.

DISCUSSION:

Central Salt, LLC submitted the low bid for delivered materials, if Compass Minerals America, Inc.'s bid is not considered. Transportation Division staff recommend that Central Salt, LLC be awarded Bid 15-41 - Line Item 1 (primary supplier).

Central Salt, LLC submitted the low bid for materials picked up by City staff. However, this supplier's physical address and pick up location is in Lyons, Kansas, which is over 350 miles away from the City of Fayetteville. It is neither practical nor feasible for staff to drive over 12 hours round-trip, especially during inclement weather conditions, to pick up materials from this location. For this reason, it is recommended that Oakley Fertilizer, Inc. be awarded Bid 15-41 – Line Item 2 (primary supplier).

Oakley Fertilizer, Inc.'s physical address and pick up location is in Morrilton, AR. Transportation Division staff have traveled to this location to pick up crushed rock salt in the past, due to emergency circumstances, when crushed rock salt was needed but no deliveries could be made in an acceptable amount of time. Management determined that it was feasible for staff to travel 143 miles (286 miles round-trip) to purchase materials from this supplier.

BUDGET/STAFF IMPACT:

Funds for the acquisition of these materials have been budgeted in Street Fund. Bulk crushed rock salt will be purchased on an "as needed" basis and payment will be remitted via purchase requisition or procurement card, depending on the supplier.

Attachments:

- Bid 15-41 Tabulation
- Conditional Requirements



Bid: 15-41
 DATE: 06/19/2015
 2:00 PM
 CITY OF FAYETTEVILLE

Bid 15-41, Bulk Crushed Rock Salt

			Cargill		Central Salt LLC		Compass Minerals **		Independent Salt Co		Morton Salt		Oakley Fertilizer Inc **	
Plant Address for Pickup			N/A		State Rd 14, Lyons, KS		Riverfront Rd, Van Buren, AR		N/A		N/A		Hwy 9, Morrilton, AR	
ITEM	DESCRIPTION	EST TONS	PRICE EACH	TOTAL PRICE	PRICE EACH	TOTAL PRICE	PRICE EACH	TOTAL PRICE			PRICE EACH	TOTAL PRICE	PRICE EACH	TOTAL PRICE
1	Medium Crushed Clean Rock Salt for Snow and Ice Removal: Maximum size 3/8" with no more than 5% exceeding size 3/8", meeting AHTD specifications - DELIVERED to the City of Fayetteville, 1525 S. Happy Hollow, Fayetteville, AR 72701 - Through July 31, 2016	600	NO BID	NO BID	\$ 106.16	\$ 63,696.00	\$ 102.28	\$ 61,368.00	NO BID	NO BID	NO BID	NO BID	\$ 124.30	\$ 74,580.00
2	Medium Crushed Clean Rock Salt for Snow and Ice Removal: Maximum size 3/8" with no more than 5% plus 3/8" in the mix, meeting AHTD specifications - PICKED UP by the City of Fayetteville - Through July 31, 2016	200	NO BID	NO BID	\$ 65.00	\$ 13,000.00	\$ 99.78	\$ 19,956.00	NO BID	NO BID	NO BID	NO BID	\$ 95.00	\$ 19,000.00
TOTAL BASE BID (Item 1 + Item 2)			NO BID		\$ 76,696.00		\$ 81,324.00		NO BID		NO BID		\$ 93,580.00	

*NOTICE: Bid award is contingent upon vendor meeting minimum specifications and formal authorization by City officials.

CERTIFIED: P. Vice
 P. Vice, Purchasing Manager

Carolyne Reef
 Witness

6-19-15
 Date

** Submitted Conditional Requirements for Bids



June 17, 2015

Dear Sir / Madam:

Compass Minerals International (CMP) appreciates the opportunity to submit a rock salt bid to the City of Fayetteville, AR for the 2015/2016 season. In an effort to assist us in better servicing your needs moving forward, we are asking the City of Fayetteville to accept the following amendments to the current bid documents. Acceptance of these amendments will allow CMP to better service your requirements for the coming year by optimizing inventory levels at your service depot.

- 1) Bid is binding for thirty (30) days after the bid opening date.
- 2) CMP will not accept a secondary or back-up award.
- 3) The City agrees to purchase 80% of the base bid amount of 800 tons, and CMP agrees to provide up to 100% of the base bid amount.
- 4) The City agrees to take delivery of the 80% minimum on or before April 30, 2016. (Please understand that CMP is unable to carry over inventory at our depot.)
- 5) Contract expires on March 31, 2016.

Should you have questions please do not hesitate to call me on my direct line at (913) 344-9360.

Sincerely,

A handwritten signature in cursive script that reads "Monica Lloyd". The signature is written in black ink and is positioned above the printed name and title.

Monica Lloyd
Sales Manager-Highway Sales

Dear City of Fayetteville,

Looking forward to the potential of doing business with you. However, it should be noted that due to our business with the State Highway Department our salt will have five gallons of beet juice per ton. The beet juice, as you might already be aware, lowers the freezing point of the salt. Along with this, the added beet juice helps the salt stick to the road when it is dispersed. This lowers the chances of salt bouncing off of the ground when it is spread and not being as effective. I am also attaching a spec sheet of our salt for your convenience. Simply wanted to be clear as to what our product contains. Look forward to doing business together.

Regards,

Luke Vance
Salt Division Manager
Oakley Fertilizer LLC
(501) 351-7270 Mobile
(501) 320-8554 Direct