

NO: R135

COUNCIL DATE: July 8, 2019

---

## REGULAR COUNCIL

TO: **Mayor & Council**

DATE: **July 4, 2019**

FROM: **Acting General Manager, Engineering**

FILE: **1220-40-2019-030**

SUBJECT: **Award of Contract No. 1220-040-2019-030  
Supply and Delivery of Bulk Winter Road Salt**

---

## RECOMMENDATION

The Engineering Department recommends that Council:

1. Award Contract No. 1220-040-2019-030 to Lafarge Asphalt Technologies for the annual supply and delivery of 12,000 tonnes of bulk winter road salt to the City of Surrey for a two-year term at an annual price of \$1,341,000.00 (including all applicable taxes);
2. Set the annual expenditure authorization limit for Contract No. 1220-040-2019-030 at \$1,475,100.00 (including all applicable taxes and contingency); and
3. Authorize the General Manager, Engineering to execute Contract No. 1220-040-2019-030.

## INTENT

The purpose of this report is to seek Council approval to award a contract for the supply and delivery of bulk winter road salt that will be used for snow and ice operations during the upcoming winter seasons.

## DISCUSSION

Winter road salt is used by the City during snow and ice events. The road salt is typically purchased in bulk, following a competitive process. The volume of road salt used each year fluctuates, depending on the severity of the winter season. On average, the City uses approximately 6,400 tonnes of road salt over an entire winter season. In comparison, in unusually high snowfall events and lengthy sub-freezing temperatures, the City has been required to use over 20,000 tonnes of road salt in a winter season.

The City currently has the capacity to hold approximately 17,000 tonnes of road salt within its salt storage facility located at the Operations Centre. In most years, this capacity has ensured that there is enough supply to respond, undisrupted, to snow and ice events throughout the entire winter season. The City requires salt suppliers to provide an annual delivery of a salt supply to top-up its inventory. In this regard, Surrey's practice has been to guarantee a minimum purchase of 6,400 tonnes of road salt annually. In turn, the City requires the salt supplier to guarantee the availability of a salt supply to a maximum of 12,000 tonnes per year, should additional road salt be required by the City.

During the 2018/2019 winter season, the City's contract for road salt ended once the previous contractor had met their maximum annual obligation for salt tonnage delivery.

## EVALUATION

Quotations were requested from local suppliers for the supply and delivery of bulk winter road salt. In an effort to achieve optimal rates, a Request for Quotations ("RFQ") was issued by the City that included three pricing options, as follows:

- Option A: The City guarantees to purchase a minimum tonnage of 6,400 tonnes of road salt per year. In return, the contractor must guarantee to supply the City, if necessary, with a maximum of 12,000 tonnes per year of road salt at the same per tonnage rate.
- Option B: The City does not guarantee the purchase of a specific tonnage amount, nor does the contractor guarantee to supply any specific tonnage amount. Given that the bulk road salt commodity price has ranged widely from year-to-year in the past, this option does not commit the City to a minimal tonnage purchase in the event of a high commodity price year.
- Option C: Two-year pricing for Option A and B. The Engineering Department had previously awarded a two-year contract for bulk road salt (locking in a two-year rate) to guard itself against a potential increase in salt commodity price and/or the associated shipping costs in the second year of the contract.

One proponent responded to the RFQ. The following table reflects the results for each of the above three options:

### Option A: One-Year Contract

Company	Cost per Tonne (including appl. taxes)	Total Cost (12,000 tonnes) (including appl. taxes)
Lafarge Asphalt Technologies	\$111.75	\$1,341,000.00

### Option B: One-Year Contract

Company	Cost per Tonne (including appl. taxes)	Total Cost (12,000 tonnes) (including appl. taxes)
Lafarge Asphalt Technologies	\$110.63	\$1,327,560.00

### Option C: Two-Year Contract

Company	Cost per Tonne (including appl. taxes)	Total Cost (12,000 tonnes) (including appl. taxes)
Lafarge Asphalt Technologies	\$111.75	\$1,341,000.00

Lafarge Asphalt Technologies ("Lafarge") has met the requirements of the RFQ, and no errors or omissions were found with their submission.

As the RFQ resulted in only one bid being received, the evaluation team analyzed past contracts to compare costs previously paid by the City for bulk road salt to ensure this bid represented good value.

Over the past 10 years, the City has purchased bulk road salt at pricing that has ranged from a low of \$86.97/tonne to a high of \$123.88/tonne. The price of bulk road salt offered by Lafarge Asphalt Technologies in their submission is \$111.75/tonne which falls well within this range. In addition, there has been an average annual increase of 5.69% in bulk winter road salt since 2015. The submission from Lafarge Asphalt Technologies represents an increase of 5.46% over the 2018 cost, falling below the previous four-year average annual increase. Due to this analysis, the evaluation team feels this submission represents good value to the City.

There are currently only two local suppliers of bulk winter road salt, which limits the possibility of competitive submissions when RFQ's are posted. Staff continue to investigate other means of procuring bulk winter road salt without relying solely on local suppliers, but unfortunately all other means that have been identified to date are cost prohibitive.

Based on the above, it is recommended that the City award the contract to Lafarge based on Option C, to ensure that the City is locked into a static unit price over a two-year period; this price is not subject to an increase in the second year of the contract.

### **SUSTAINABILITY CONSIDERATIONS**

The purchase of road salt supports the objectives of the City's Sustainability Charter 2.0. In particular, this purchase relates to the Sustainability Charter 2.0 theme of Public Safety. Specifically, the purchase supports the following Desired Outcome ("DO") and Strategic Direction ("SD"):

- Transportation Safety DO9: Transportation network supports and provides safe mobility for all ages and abilities; and
- Transportation Safety SD8: Ensure all public infrastructure is built and maintained to ensure community safety and well-being for all ages and abilities.

### **FUNDING**

Funding for this contract is available in the Streets Operating Budgets.

Jaime Boan, P.Eng.  
Acting General Manager, Engineering

RK/cc