

CITY OF VAUGHAN

EXTRACT FROM COUNCIL MEETING MINUTES OF SEPTEMBER 25, 2012

Item 28, Report No. 33, of the Committee of the Whole, which was adopted without amendment by the Council of the City of Vaughan on September 25, 2012.

**28 AWARD OF CO-OPERATIVE TENDER CT-2012-07, SUPPLY AND DELIVERY OF BULK
 SODIUM CHLORIDE (HIGHWAY COARSE ROCK SALT)**

The Committee of the Whole recommends approval of the recommendation contained in the following report of the Commissioner of Engineering & Public Works, dated September 4, 2012:

Recommendation

The Commissioner of Engineering & Public Works, in consultation with the Acting Director of Purchasing Services, and Director of Budgeting recommends:

1. That the pricing submitted by Sifto Canada Corp. through the Region of York for co-operative tender CT-2012-07 be accepted, for the supply and delivery of bulk sodium chloride (highway coarse rock salt) for a three year term, 2012-2015 winter seasons, with the option of renewing for two additional winter seasons 2015/2016 and 2016/2017 with adjustment of the unit prices following first year by the Consumer Price Index to a maximum of 3%;
2. That staff also be authorized to purchase alternative de-icer from Sifto Canada Corp., in lieu of bulk sodium chloride (highway coarse rock salt), at the tender provisional pricing, based on ongoing experience and changing requirements with de-icing products and methods; and
3. That the Mayor and Clerk be authorized to sign the necessary documents.

Contribution to Sustainability

The City has an approved Salt Management Plan through which the annual amounts of salt are monitored and sent to Environment Canada for review.

The Public Works Department is committed to improving winter operations and continuing to ensure public safety by optimizing the use of winter maintenance materials, while striving to minimize negative impacts to the environment.

Economic Impact

The estimated value of the contract based on the supply of bulk sodium chloride (standard highway coarse rock salt) over the three year life of the contract is \$6,599,700 plus applicable taxes. On an annual basis, this translates to approximately \$2,199,900 based on the early fill rate provided by Sifto Canada Corp. (Sifto). The annual estimated quantity of salt to be delivered is 30,000 tonnes (24,000 tonnes dome capacity at early fill rate plus 6,000 tonnes at regular rate); however, actual usage and cost will depend upon the severity of the winter season.

Sufficient funds remain in our 2012 Operating Budget to purchase our total estimated salt quantity for the 2012/13 winter season

The approved 2012 Operating Budget provides \$2,616,856 for the purchase of winter de-icing materials, of which \$213,182 has been spent. Based on the tender results for bulk sodium chloride, the City's annual tonnage would equate to a cost of approximately \$2,199,900. It is important to note that this account not only is used to purchase salt, but also funds the purchase of liquid salt brine for anti-icing operations.

Based on the remaining funds in the 2012 Operating Budget account, the domes can be filled to start the 2012/2013 winter season without exceeding the line item amount

CITY OF VAUGHAN

EXTRACT FROM COUNCIL MEETING MINUTES OF SEPTEMBER 25, 2012

Item 28, CW Report No. 33 – Page 2

This contract included a provisional item for the supply of Alternative De-icer that has the potential to reduce costs when applied at the recommended rate

As part of the tender, a provisional item was included to allow for the use of alternative de-icing materials. Alternative de-icers are usually a blended material consisting of rock salt and other chemicals. The chemical composition is designed to allow for the material to act faster, work at lower temperatures, and have more material stay on the travelled portion of the roadway.

Alternative de-icers are can also be applied at a reduced rate. Based on the recommended rate of a 20% reduction in spread rate (versus untreated rock salt), there is the potential to reduce the overall quantity of material required.

Given the potential for cost savings and environmental benefits, staff will continue to evaluate the performance of the alternative de-icing agent and report on its use accordingly.

Communications Plan

N/A

Purpose

The purpose of this report is to award co-operative tender CT-2012-07 for the supply and delivery of bulk sodium chloride (highway coarse rock salt) to Sifto Canada Corp.

Background - Analysis and Options

Tender CT-2012-07 for the Supply and Delivery of Bulk Sodium Chloride was advertised in the Daily Commercial News and on Biddingo on June 14, 2012 by the Region of York on behalf of the York Public Buyers Co-operative. There were a total of 3 firms whom received the bid. The Bid closed on July 10, 2012 and 2 bids were received, one from Sifto Canada Corp. and the second from The Canadian Salt Company Limited.

The Contract is for 3 years (2012/2013, 2013/2014 and 2014/2015 winter seasons) with an option to extend the contract for two additional years 2015/2016 and 2016/2017. Bid unit prices are firm for the first winter season with an adjustment made on all subsequent years including the optional years based on the previous year's unit prices adjusted to the Consumer Price Index (CPI), not exceeding 3%. Bid unit prices for early fill rate are firm for 2013 and 2014 and will not be adjusted to the CPI.

CITY OF VAUGHAN

EXTRACT FROM COUNCIL MEETING MINUTES OF SEPTEMBER 25, 2012

Item 28, CW Report No. 33 – Page 3

The following are the bid results:

BID RESULTS FOR; CT-2012-07 SUPPLY AND DELIVERY OF BULK SODIUM CHLORIDE (HIGHWAY COARSE ROCK SALT) BASED ON APPROXIMATELY 30,000 TONNES REQUIRED PER WINTER SEASON (24,000 TONNES OF ALTERNATIVE DE-ICER AT 20% SPREAD RATE REDUCTION)				
BID	SUPPLIER	ANNUAL TOTAL COST OF SALT TO ALL PW YARDS EXCL H.S.T.	ANNUAL TOTAL COST OF SALT (BASED ON EARLY FILL RATE) TO ALL PW YARDS EXCL H.S.T.	ANNUAL TOTAL COST OF ALTERNATIVE DE-ICER TO ALL PW YARDS EXCL H.S.T. BASED ON 20% SPREAD RATE REDUCTION
1	Sifto Canada Corp.	\$2,223,900	\$2,199,900	\$ 1,982,400
2	The Canadian Salt Company Limited	\$2,369,700	\$2,430,000	No Bid

Provisions in the co-operative tender meet the City's Operational and Compliance Auditor's requirements

In accordance with the recommendations made by the City's Operational and Compliance Auditor, this tender required, *"that the supplier be responsible for the loading and weighing of sodium chloride on a suitable government certified weigh scale to determine net weight measurement."* As such, Public Works staff will continue to spot check tractor trailer loads for weigh ticket accuracy to ensure the City receives the amount of material they are being billed for.

Due to past demands, and suppliers falling short on the production of salt, there are also assurances in this contract to mitigate that from happening again through a liquidated damages clause and the request for the contractor to provide a 100% performance bond.

Bidders were requested to provide rates for an early fill

As in previous years, bidders were asked to provide an early fill rate for the supply and delivery of bulk sodium chloride (highway coarse rock salt) for delivery from August 1st to October 14th of each contract year. Sifto Canada Corp. and The Canadian Salt Company Limited both provided early fill rates as shown above. Sifto's early fill rate provided a savings, while The Canadian Salt Company showed an increase in cost to fill our domes early in the season.

All salt storage domes will be filled to capacity prior to the winter season

The City owns four salt storage domes, with an approximate total capacity of 24,000 tonnes. All salt storage domes are normally filled to capacity at the beginning of each winter season. This allows the City to obtain the best possible price for the de-icing materials utilizing the early fill rate, and provides assurance that should a number of early storms hit, there is sufficient material available to address winter road conditions. Given that our annual estimated salt usage is 30,000 tonnes, the early fill rate will only apply to the first 24,000 tonnes delivered each season. The salt stock is replenished continuously throughout the winter season to ensure sufficient material is available to handle multiple storms.

CITY OF VAUGHAN

EXTRACT FROM COUNCIL MEETING MINUTES OF SEPTEMBER 25, 2012

Item 28, CW Report No. 33 – Page 4

During the 2010/2011 winter season, approximately 34,000 tonnes of sodium chloride was used to maintain the majority of the City's road and sidewalk network. The total amount of de-icing material ordered during the 2011/2012 winter season was approximately 26,000 tonnes. Due to the mild winter experienced last season, less salt was used on City roads and therefore approximately 8,000 tonnes of salt currently remains in the salt domes.

The tender called for provisional pricing of Alternative De-icing products.

In keeping with the City's Salt Management Plan, and the goal to reduce the use of road salts, the tender requested bidders to provide prices for Alternative De-icing products. Only Sifto Canada Corp. provided a price for a product known as "Thawrox".

Public Works has tested alternative de-icing products for a number of years

The City has used alternative de-icing agents in the past with good success. These experimental de-icing products have been evaluated for their ease of use (pre-mixed), cost, and environmental benefits.

Due to the mild winter, it was not possible to complete a full evaluation on the Thawrox product during the 2011/2012 winter season.

Alternative de-icing materials can be spread at up to 20% reduction in spread rate and provide greater melting potential over a broader range of temperatures

Alternative de-icers are attractive due to a number of factors, including their ability to provide increased de-icing potential at reduced spread rates (recommended up to 20% reduction over a broader range of temperatures than straight salt). Most also leave a slight residue on the roadway/sidewalk to promote quick melting of subsequent snow and ice.

In accordance with the City's Salt Management Plan, staff will continue to seek out and evaluate other alternative de-icing materials and winter control initiatives to determine their overall effectiveness and cost, and report further to Council with any recommended changes for future de-icing practices.

Relationship to Vaughan Vision 2020/Strategic Plan

This report is consistent with the priorities previously set by Council, specifically the following Vaughan Vision Goals and Objectives:

Goal: Service Excellence

Objective: Demonstrating Excellence in Service Delivery

Objective: Promoting Community Safety, Health and Wellness.

Regional Implications

There are no implications to the Region as a result of this tender award, as the Region orders their own materials for their portion of the roads.

Conclusion

Based on the Co-operative Tender results, it is recommended that the prices submitted by Sifto Canada Corp. through the Region of York' Co-operative Tender, be approved.

CITY OF VAUGHAN

EXTRACT FROM COUNCIL MEETING MINUTES OF SEPTEMBER 25, 2012

Item 28, CW Report No. 33 – Page 5

It is also recommended that Public Works continue to be permitted to purchase and use the Alternative De-icing Agent ("Thawrox"), based on ongoing experience and changing requirements with de-icing products and methods in an attempt to reduce overall salt usage and minimize environmental impacts.

As mentioned in previous reports to Council, Public Works will continue to seek and evaluate alternative de-icing materials and winter control initiatives to determine their overall effectiveness and cost benefits.

Attachments

N/A

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