

COUNCIL REPORT

M&C No.	2019-199
Report Date	August 07, 2019
Meeting Date	August 19, 2019
Service Area	Transportation and Environment Services

His Worship Mayor Don Darling and Members of Common Council

SUBJECT: Supply Agreement for Road Salt

OPEN OR CLOSED SESSION

This matter is to be discussed in open session of Common Council.

AUTHORIZATION

Primary Author	Commissioner/Dept. Head	City Manager
<i>Jeff Hussey</i>	<i>Mike Hugenholtz</i>	<i>John Collin</i>

RECOMMENDATION

It is recommended that Common Council that:

1. Award the supply contract for road salt to Nutrien for a two year period.
2. That the Mayor and Common Clerk be authorized to sign the required documents.

EXECUTIVE SUMMARY

The City of Saint John uses road salt as well as sand to keep streets and sidewalks clear in the winter. Both materials are procured through supply contracts.

Staff from Materials Management has reached out to the Province of NB and has requested that we 'piggy back' on the Provinces' supply contract for road salt with Nutrien.

Nutrien is reopening the Sussex mine for the sole purpose of mining and producing road salt. The salt is to be stocked piled at the Sussex mine and the City will arrange, through a tri-city supply agreement, the pickup and delivery of the product to our salt sheds.

The contract is a 2 year guaranteed fixed price of \$55.00 per tonne.

PREVIOUS RESOLUTION

This commodity is tendered on an annual basis.

STRATEGIC ALIGNMENT

This report supports Council's priorities of Safe and Vibrant City and valued service delivery.

SERVICE AND FINANCIAL OUTCOMES

The City could consider tendering this supply agreement on its own, but there is a risk that the tender pricing could come back much higher than the agreement between Nutrien and the Province. If this was the case the City would be obligated to award to the successful bidder at this higher price. The sheer quantities of road salt that the Province orders on an annual basis, compared to that of the City of Saint John, should offer a reasonable assurance that having the City piggy back on the Provinces' supply contract would yield the lowest price for road salt for the upcoming season.

In the past the City of Saint John has experienced issues with the quality of the road salt provided to the City. The quality of the salt meant that it took more salt to generate brine and it also left a large amount of sediment in the brine tanks. This sediment created an increase in down time due to the brine systems being clogged both on the truck and at the brine plants. The City did not experience any of these issues with the salt that the City previously received for the Sussex mine.

Staff estimates that, based on historical usage data, the City's requirement for road salt is approximately 12,000 tonnes per year. The guaranteed contracted price for the two years is \$55.00 per tonne. This compares favourably to the supply price for the 2018/19 winter, although as detailed in a separate report when the transportation costs are factored in there is a slight increase over last year. Detailed below is a chart outlining the cost of road salt and delivery over the past supply contracts. The severity of each winter, however, will impact how much material will actually be required. This is a planned expenditure for which funds are included in the annual operating budget.

Supplier	Year	Salt (\$/Tonne)	Delivery (\$/Tonne)	Stand By charge/ 30 min
Cargill Ltd	2015	66.53	10.38	N/A
K&S Windsor Salt Ltd	2019	58.33	2.83	40.40
Nutrien	2020	55.00	8.61	N/A

INPUT FROM OTHER SERVICE AREAS AND STAKEHOLDERS

Materials Management staff have reviewed the information provided by the Province and Nutrien and have found them to be complete and formal in every

regard. Staff believes that Nutrien has the necessary resources and expertise to supply this product to the City.

The above process is in accordance with the City's Procurement Policy and Materials Management supports the recommendation being put forth.

ATTACHMENTS

Nutrien Credit Application and Terms and Conditions