

**Municipality of Chatham-Kent**  
**Infrastructure and Engineering Services**  
**Public Works**

**To:** Mayor and Members of Council

**From:** Ryan Brown, P.Eng.  
Director, Public Works

**Date:** April 5, 2023

**Subject:** Contract Extension – R18-186 Supply and Haul of Bulk Coarse Highway Salt

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**Recommendations**

It is recommended that:

1. The existing contract R18-186 Supply and Haul of Bulk Coarse Highway Salt with Windsor Salt Ltd. be extended for three winter seasons at a cost of \$89.46 per metric tonne for the 2023/2024 winter season, \$94.83 per metric tonne for the 2024/2025 winter season, and \$99.57 per metric tonne for the 2025/2026 winter season.
2. The Mayor and Clerk be authorized to sign the necessary agreement.

**Background**

The uninterrupted supply of bulk coarse highway salt is critical to the winter maintenance of the Chatham-Kent road network. Contract R18-186 was awarded to Windsor Salt Ltd. for three years with an option to extend for two additional years at the Council meeting of June 18, 2018.

**Comments**

Administration has reviewed options for the supply of Bulk Coarse Highway Salt through 2026 in accordance with the Procurement By-law #166-2020.

**Option 1: Contract Extension**

Administration has recently been approached by Windsor Salt Ltd. with a request to consider extending the present contract for an additional three-year term with 6%, 6%, and 5% increases for the 2023-2026 seasons. The offer is attached as Appendix A.

### Option 2: Request for Proposals (RFP)

Administration reviewed the option of releasing a competitive process as a Request for Proposal. A 3-year or 5-year term were considered with options to renew, similar to the process in 2018.

### Option 3: Cooperative Purchasing

Administration consulted with the City of London (COL) as they closed a competitive process in 2022 with Windsor Salt as the successful bidder. The contract is for 10 years with negotiation of the price each year. The cost for the COL for 2023/2024 is approximately \$74.38 per tonne. Administration asked Windsor Salt if they would extend this pricing to Chatham Kent, they declined due to market conditions.

Administration reviewed the competitive process of the Town of Essex, which was completed in October of 2022. Windsor Salt was the successful bidder at \$102.25 per tonne at the mine, and another tender for the trucking was completed at \$6.40 per tonne. Combined, this is \$108.65 per tonne, which is 21.5% higher than the price offered to Chatham-Kent in Option 1. The only other bid submitted to the Town of Essex was for \$122.32 per tonne. The trucking tender price cannot be compared due to distance of the source, but this second bid is at least 36% higher than the price offered to Chatham-Kent in Option 1.

### Market Conditions

Historically, Chatham-Kent has had three bidders to any tender or RFP for Highway Salt: Windsor Salt, The Detroit Salt Company, and Compass Minerals Canada. Since our last competitive process, The Detroit Salt Company is now part of Windsor Salt. This merger means that a competitive process in Option 2 will most likely only attract two bids.

After reviewing the 3 options available, it is recommended that Council proceed with Option 1. Given the market conditions and recent pricing from the Town of Essex, it is in the best interest of the Municipality to extend the current contract at the proposed rates. Public Works will re-evaluate in 2025 to determine the best option at that time.

### **Areas of Strategic Focus**

This report supports the following areas of strategic focus:

			
<b>Economic Prosperity</b>	<b>Healthy &amp; Safe Community</b>	<b>People &amp; Culture</b>	<b>Environmental Sustainability</b>
1.1			

### **Consultation**

Numerous municipal neighbours were contacted to compare their salt prices and contracts. The Purchasing Officer and Legal Services were also consulted in preparing this report.

### **Communication**

The 2018 RFP documents were posted on the Chatham-Kent Bids and Tenders website for the original award. Annual salt usage is reported to the Ministry of the Environment, Conservation and Parks.

### **Diversity, Equity, Inclusion and Justice (DEIJ)**

This report does not have implications related to diversity, equity, inclusion, or justice.

### **Financial Implications**

Based on the estimated annual purchasing average of 21,900 metric tonnes from the 2018 tender, the estimated total value of the new three-year extension is \$6,216,534 plus HST through April 2026. Increases to salt materials lines will be submitted through the budget process.

Quantities in the tender are approximate only and do not obligate the Municipality to purchase the estimated quantity. This allows for administration to be flexible in the amount of salt purchased if winter weather conditions are mild.

Since there is a sizable variance from year to year in the winter control budget and it is not feasible to stop winter control when there are snow events, past practice has been to move surplus funding from light winter seasons to reserve funds, and then use the reserve funds to cover shortcomings for heavy winter seasons.

This project is being funded as summarized below for 2023:

Description	Total
<b>A) Recommended Estimated Costs 2023</b>	
Total Supply and Haul of Bulk Coarse Highway Salt	\$1,474,927.00
Plus HST	\$191,740.51
<b>Total Cost (with HST)</b>	<b>\$1,666,667.51</b>
Less 11.24% HST	(\$165,781.79)
<b>Total Recommended Costs</b>	<b>\$1,500,885.72</b>
<b>B) Recommended Funding 2023</b>	
Public Works Salting Materials Base Budget 2023	\$1,716,812.12
Less Actuals to Date	(\$456,845.29)
<b>Total Base Budget Funding Remaining 2023</b>	<b>\$1,259,966.83</b>
Funded through 2023 Final Operations Variance	\$240,918.89
<b>Total Recommended Funding</b>	<b>\$1,500,885.72</b>

\*2023 Estimates are based on historical averages and 5,413 tonnes purchased in 2023 to date under existing contract pricing

Prepared by:

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Reviewed by:

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Consulted and confirmed the content of the consultation section of the report by:

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David Taylor, Director of Legal Services

Attachment: Appendix A – Offer of Contract Extension (e-mail correspondence)