

AGENDA

*Special Board Meeting
Village of Hoffman Estates
Village Board of Trustees
August 25, 2008*

5:30 p.m.

1. CALL TO ORDER

2. NEW BUSINESS

- A. Request Board authorization to purchase 2,500 tons of road salt from National Salt Supply, Inc., Huntley, IL, for a delivered per ton cost of \$127.03, plus current fuel surcharges, with option to purchase additional salt as may become available, in an amount not to exceed \$390,000.

3. ADJOURNMENT

The Village of Hoffman Estates complies with the Americans with Disabilities Act (ADA). For accessibility assistance, call the ADA coordinator at 847/882-9100.

COMMITTEE AGENDA ITEM

VILLAGE OF HOFFMAN ESTATES

SUBJECT: Request authorization to purchase 2,500 tons of road salt from National Salt Supply, Inc., Huntley, IL, for a delivered per ton cost of \$127.03, plus current fuel surcharges, with option to purchase additional salt as may become available, in an amount not to exceed \$390,000.

MEETING DATE: August 25, 2008

COMMITTEE: Special Village Board Meeting

FROM: Kenneth Hari

PURPOSE: To secure emergency procurement of winter road salt, resulting from 2008 Illinois Department of Transportation (IDOT) joint purchase no bid results.

BACKGROUND: Historically, the Village has participated in the IDOT Joint Purchase for road salt. On August 18, 2008, the Village of Hoffman Estates was included in the list of municipalities that received notice from the Illinois Department of Central Management Services (CMS), that the State did not receive any bids for salt contracts for those communities. We have historically participated in the joint purchasing program managed by CMS without issue. Our current year tonnage requirements were included in this year's CMS bidding. Our six (6) year average annual usage is 5,185 tons.

The situation stems from the extremely high salt use that resulted in little or no surplus at season's end throughout the entire mid-west region. This, coupled with the flooding of the Mississippi River in the spring that slowed barge restocking deliveries, has resulted in a severe salt shortage affecting many, if not most, municipalities in the midwest states. Currently, the Village has 1,280 tons stored at the IDOT Arlington Heights yard.

DISCUSSION:

In an attempt to seek salt on the open market, we contacted Cargill and Morton Salt. We were advised by both companies that they are not entertaining any individual contracts with municipalities because road salt just is not available. We have attempted to contact North American Salt and are still waiting for a return phone call. National Salt Supply was contacted and provided a quote for 2,500 tons at \$130.00 +(-) delivered, they stated that they may have an additional 500 tons and will advise us early next week. CMS will be providing an updated status in one week, and the Northwest Municipal Conference (NWMC) Public Works Directors Committee will be holding a special meeting on August 28, 2008, to discuss procurement strategies. Given the current situation, it is recommended that the Village take advantage of this identified single source supply.

FINANCIAL IMPACT: The 2008 budget for road salt is \$239,580 and currently has a negative balance of \$7,466.

RECOMMENDATION: Request authorization to purchase 2,500 tons of road salt from National Salt Supply, Inc., Huntley, IL, for a delivered per ton cost of \$127.03, plus current fuel surcharges, with option to purchase additional salt as may become available, in an amount not to exceed \$390,000 with funding from General Fund Fund Balance.

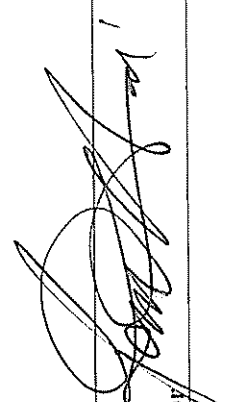
PURCHASE REQUISITION

Requisition #: _____
 Date: 8/22/2008
 Request by: Ken Hari, Ken Gomoll
 Department: *Public Works*
 When Needed: ASAP

Suggested Vendor: National Salt Supply, Inc.
 Address: P.O. Box 489
 City, State, Zip: Huntley, IL 60142 630/773-4949

QTY	UNIT	DESCRIPTION	ACCOUNT #	UNIT PRICE	TOTAL
2500	Tons	Bulk Deicing Road Salt per National Salt Supply, Inc., August 21, 2008 faxed quotation at \$119.00 per ton plus \$8.03 per ton freight rate and a fuel sur-charge based upon the current National Average Diesel Fuel Index. Product to be available on September 2, 2008 and deliveries completed by September 19, 2008.	#01404123-4409		\$390,000
TOTAL					\$390,000

DELIVER TO: 1900 Hassell Road - Village Hall
 2305 Pembroke Ave. - Public Work Center
 2405 Pembroke Ave. - Public Works Garage

Reviewed By: 
 Department Director

Purchasing Agent

National Salt Supply, Inc.
P. O. Box 489
Huntley, IL. 60142

Phone : 630-773-4949
Fax : 847-515-5913

Date: August 21st, 2008
Number of Pages: One
Faxing To: Mr. Ken Gomoll
Village of Hoffman Estates
Fax Number: 847-490-6868
From: Ann Boles

Price for 2500 tons of Bulk Deicing Rock Road Salt
F.O.B. Lemont, IL. is \$119.00 per ton (One
Hundred and Nineteen Dollars per ton). The freight
rate to Hoffman Estates, IL. is \$8.03 per ton. Plus
the fuel sur-charge
based upon U. S. National Average Diesel Fuel Index.
This will be charged on your invoices and will be part of
your contract.

National Salt Supply, Inc. will commit to the above
pricing on deliveries completed by September
19th.2008. More salt will be available to us, the tonnage
and a written price quote, is still a mystery.

We will certainly advise you of same.

Please make note that our terms are a strict net 30
days..

Thank you, for your interest in N.S.S.Inc.

Please sign and return by, August 22nd, 2008

Ken Gomoll

Ann Boles
Ann Boles
National Salt Supply, Inc.
President

[Print Page](#)

Slick winter ahead?

By KEVIN P. CRAVER - kcraver@nwherald.com

If you're dreaming of a white Christmas, you might want to ask Santa Claus for a set of tire chains in case there is not enough salt to keep the roads clear this winter.

County highway and public works departments are warning that they might not get their hands on enough salt to last through the winter because of high demand and limited supply.

Last year, Marengo Township Highway Commissioner John Adamson paid \$40.65 a ton for the 2,500 tons he used to get through one of the worst winters in recent memory. He and other highway departments countywide were alerted Tuesday by the Illinois Department of Central Management Services that prices could reach up to four times that, or between \$145 and \$165 a ton.

"We could be forced to use sand and that's it," Adamson said. "People are going to have to learn to drive on icy roads, because the salt won't be available. I can't afford \$145, \$160 a ton salt."

The township, like many McHenry County governments, are in a joint purchasing agreement with CMS, which bids for salt. But while CMS has twice put McHenry and Lake counties' salt needs out for bid, no vendors answered.

Adamson has about 500 tons left over from last year, about 1,500 tons short to keep his 72.5 lane miles clear through a normal winter. But after a near-record snowfall last year that qualified McHenry County for federal disaster relief, surpluses are the exception and not the rule.

McHenry Township Highway Commissioner Leon Van Every typically fills his township's 3,500-ton-capacity salt dome in the spring. But the fierce winter sapped his budget last year, and now he can't fill the dome – the 500 tons he has left over is less than 10 percent of what his crews used last winter to clear 113 miles of road.

The problem is one that is happening throughout the Midwest, CMS spokeswoman Susan Hofer said.

Hofer said that most of the state agencies wanting salt had their orders filled, but Hofer would not speculate as to why no one bid on McHenry and Lake counties.

The agency sent out a letter to area highway departments asking them whether they want CMS to pursue their bids, even though salt could reach \$160 a ton. Local governments have until 5 p.m. Friday to respond.

"That's a worst-case scenario," Hofer said. "What we wanted to make sure is that we're not bidding for supply that communities don't want. If we put out a bid and accept offers, we're obliged to take it. It was fair to warn local governments of what the potential price could be."

Highway departments have reached out to legislators to help. State Sen. Pam Althoff, R-McHenry, said possibilities include a fund for governments to recoup the cost difference, or capping the price per ton.

"Our smaller townships and smaller communities can't absorb this huge increase in costs," Althoff said. "It's eating up half of their budgets."

Township highway departments have not been sitting idle waiting for a state fix – Adamson said his department and others secured 10,000 tons at \$131 a ton, not including fuel costs, to be delivered from Lemont. But with 17 township highway departments, that amount won't go far with a snowy winter.

"With that 10,000 tons, we're limiting it to 500 tons an order," Adamson said. "Some [townships] won't take it because they can't even afford that."

All 17 township highway commissioners plan to meet at 7:30 a.m. Friday at Marengo Township, 4010 N. Route 23, to discuss the problem.

Copyright © 2008 Northwest Herald. All rights reserved.

Daily Herald

Big Picture . Local Focus

Low road salt supply creates crisis , may drive up costs

By Mick Zawislak | Daily Herald Staff

Published: 8/20/2008 2:24 PM | Updated: 8/20/2008 7:29 PM

Summer is still going strong but those who need road salt for the winter ice and snow season already are experiencing big problems.

Supplies are limited, and officials in Lake, McHenry and Cook counties are scrambling to find enough salt for this winter. And when they do find it, they could pay two or three times as much as last year.

Last year's winter - the worst in 40 years - wiped out salt stockpiles. Not wanting to get caught short this year, many entities ordered more salt than normal, according to state Sen. Pamela Althoff, a Republican from Crystal Lake.

"We had two extraordinarily severe winters back to back where the use of salt was extreme. Now, we have huge demand and little supply."

She said this year's bids called for 70 percent of the ordered amount delivered immediately, and the provision to deliver 130 percent if need be, putting pressure on suppliers.

"Normally, it's not such an urgent issue because people have enough for the first couple of storms," said Susan Hofer, CMS spokeswoman.

The result could be prices double or triple those of last year. So dire are the possibilities that Althoff, a Republican from Crystal Lake, says legislation will be introduced to cap the price towns should pay and create a special state fund to make up all or part of the difference.

"We have to determine what kind of money we're talking about. Crystal Lake just told me it will cost them an extra million," she said.

In Lake County, the cost could be more than that. The county wants to order 25,000 tons of salt. Last year, the cost was \$41.65 per ton, according to Kevin Kerrigan, engineer of maintenance for the Lake County Division of Transportation.

"I'm hearing upward of \$100 a ton," he said. "We're all dealing with this right now. It's a major priority."

At that price, Lake County's bill would be more than \$1.4 million higher than last year.

"The cost is the issue now," said state Rep. Kathy Ryg, a Democrat from Vernon Hills. "All the area legislators in Lake and McHenry counties are in communication on this."

Many counties, townships, municipalities and other agencies, including the Illinois Department of Transportation and Illinois Toll Highway Authority, are part of a joint purchasing agreement with CMS, which sends out bids for salt.

This year, although CMS sent out bids twice, none were received for many agencies, including all those in Lake and McHenry counties.

On Tuesday, the agency sent letters to participants saying it is aggressively exploring its options but that the current market for salt ranged from \$145 to \$165 per ton.

Participants were asked whether they wanted to stay with the state at that possible price and how much they would need, or whether they wanted to withdraw and seek their own supply.

"The cost is the issue now," said state Rep. Kathy Ryg, a Democrat from Vernon Hills. "All the area legislators in Lake and McHenry counties are in communication on this."

Local governments have until 5 p.m. Friday to respond.

The Island Lake village board has called an emergency meeting for 7 p.m. today to discuss and make a decision regarding the CMS request.

"To sit here in August and commit yourself to paying \$145 to \$165 a ton doesn't seem like much of a bargain for our towns. Unfortunately, communities aren't being given a lot of options," said Mark Fowler, executive director of the Des Plaines-based Northwest Municipal Conference.

So far, 25 members in Cook County were on the state list of towns that did not receive bids for salt, he said.

"It could be a timing issue, it could be a supply issue, it could be people ordering more. It could be a combination," he said. "As we understand, this is a Midwest problem, it isn't specific to Illinois."

Hofer said salt supplies coming north by barge along the Mississippi River were hampered first by floods, then by an oil spill and now by low water levels.

"We're competing with Minnesota and Iowa and Wisconsin and the Dakotas and Michigan and Indiana and Ohio for the same salt that's coming up the Mississippi River," she said.

There even has been talk of ordering salt from overseas, such as Germany or Chile. That could lead to another problem, as some salt produced out-of-state can contain magnesium, which is "really bad on concrete," Althoff said.

Not everyone is in a pickle, however.

The DuPage County Division of Transportation already has secured a contract for 26,000 tons of salt, priced in the mid-\$40 per ton range, according to John Kos, director of transportation and operations.

DuPage decided to go it alone in 2004 and hasn't looked back.

"We opted to go independent of the state contract just to see if it would work out," he said.

Towns in a pinch with salt supplies

said havior ncern

BY MICK ZAWISLAK
mzawislak@dailyherald.com

Summer is still going strong, but those who need road salt for the winter ice and snow season already are experiencing big problems.

Supplies are limited, and officials in Lake, McHenry and Cook counties are scrambling to find enough salt for this winter. And when they do find it, they could pay two or three times as much as last year.

Last year's winter — the worst in 40 years — wiped out salt stockpiles. Not wanting to get caught short this year, many entities ordered more salt than normal, according to state Sen. Pamela Althoff, a Republican from Crystal Lake.

"We had two extraordinary severe winters back to back where the use of salt was extreme," Althoff said. "Now, we have huge demand and little supply."

She said this year's bids called for 70 percent of the ordered amount delivered immediately and the provision to deliver 130 percent if need be, putting pressure on suppliers.

"Normally, it's not such an urgent issue because people have enough for the first couple of storms," said Susan

and McHenry counties are in communication on this."

Many counties, townships, municipalities and other agencies, including the Illinois Department of Transportation and Illinois Toll Highway Authority, are part of a joint purchasing agreement with the state's Central Management Services. This year, although CMS sent out bids twice for salt, none were received for many governmental agencies, including all those in Lake and McHenry counties.

On Tuesday, the department sent letters to participants saying it is aggressively exploring its options but that the current market for salt ranged from \$145 to \$165 per ton.

Participants were asked whether they wanted to stay with the state at that possible price and how much they would need or whether they wanted to withdraw and seek their own supply.

Local governments have until 5 p.m. Friday to respond.

The Island Lake village board has called an emergency meeting for 7 tonight to discuss and make a decision regarding the state request.

"To sit here in August and commit yourself to paying \$145 to \$165 a ton doesn't seem like much of a bargain for our towns. Unfortunately, communities aren't being given a lot of options," said Mark Fowler, executive director of the Des Plaines-based Northwest Municipal Conference.

So far, 25 members in Cook County were on the state list of towns that did not receive bids for salt, he said.

"It could be a timing issue, it could be a supply issue, it could be people ordering more. It could be a combination," he said. "As we understand, this is a Midwest problem; it isn't specific to Illinois."

Hofer said salt supplies coming north by barge along the Mississippi River were hampered first by floods, then by an oil spill and now by low water

levels. "We're competing with Minnesota and Iowa and Wisconsin and the Dakotas and Michigan and Indiana and Ohio for the same salt that's coming up the Mississippi River," she said.

There even has been talk of ordering salt from overseas, such as Germany or Chile. That could lead to another problem, as some salt produced out of state can contain magnesium, which is "really bad on concrete," Althoff said.

Not everyone is in a pickle, however.

The DuPage County Division of Transportation already has secured a contract for 26,000 tons of salt, priced in the mid-\$40-per-ton range, according to John Kos, director of transportation and operations. DuPage decided to go it alone in 2004 and hasn't looked back.

"We opted to go independent of the state contract just to see if it would work out," he said.

Durable Distinct Laminious Granite Countertops

Starting at **\$25** per sq ft installed

No additional charge for other services

Stressed out? We can... HELP

WOMEN
PLACEMENT