

City Council – Action Request Form

Date: August 21, 2017

To: The City Manager

From: Jerry Bates, Purchasing Director

Council Action Requested:

Adoption of Resolution Authorizing a Change Order for Road Salt.

Summary of Information:

On May 17, 2016, bids were received for an estimated 2,000 tons of road salt for use by the Department of Transportation's Streets Division to be ordered as needed during the period of November 1, 2016, through October 31, 2017. On June 20, 2016, City Council awarded the contract to The Detroit Salt Company, LLC in the estimated annual amount of \$202,440 with the option to extend for as many as four additional twelve month terms, if both parties agree, and funds are made available making the total possible award over five years in the estimated amount of \$1,012,200.

The Streets Division's normal business practice is to replenish the supply of deicing road salt by late spring for product that was used during the winter months; therefore, salt was ordered, received, and invoiced. When the invoice was received and evaluated it was realized that the original purchase order amount of \$202,440 did not have sufficient funds available to make payment; therefore staff initiated a change order request for approval to increase the funds available for the payment.

The City Manager has approval authority for change orders up to \$100,000; however, this invoice of \$104,200 exceeded the Manager's authority. Additionally, the invoice was received too late for consideration at the Council's June meeting. Considering these circumstances staff was advised to make payments and provide the Council details of the action taken; therefore, it is recommended that the Council approve the actions taken to process a change order to make necessary payments totaling \$104,200 for deicing road salt received in FY 2017.

Committee Action:

Committee	Finance 8/14/17	Action	Approval
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For	Unanimous	Against	
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Remarks: