



July 17, 2009

Dear Joint Purchasing Participant:

Subject: 2009-2010 Rock Salt, Bulk Contract Information

In completing the 2009 – 2010 Rock Salt season contract re-procurement, the State of Illinois did not encounter the types of supply-related issues experienced in the 2008 – 2009 season. We have made every effort to secure Road Salt at the best available price for participants in our contract re-procurement, and can gladly report that all locations across the State were able to have their supply needs met through the State's procurement efforts.

We do recommend that participating agencies and governmental entities examine their application rates and roadway priorities in order to minimize next season's cost while also ensuring the safety of the public.

Enclosed is a copy of the requisition you submitted to us for the purchase of rock salt. The information from the requisition, including purchase commitment, can be used to submit your requirements to this year's contract vendor:

Contract: PSD 4015784	Term: July 2009 - June 2010
Cargill Incorporated Salt Division	FEIN Number: 41-0177680
24950 Country Club Blvd., # 450	
North Olmsted, OH 44070	
Phone (800) 600-7258	Contract Name: Brett Miller

The contract price per ton, F.O.B. destination, is \$ **.63.15** Emergency pickup of salt at vendor's warehouse is available at the price of \$-**78.00** per ton. Warehouses are open Monday through Friday, 7:00 a.m. to 3:00 p.m. Please contact the vendor during regular business hours for the specific warehouse location in your area.

The additional price per ton to have rock salt delivered in trucks equipped with coal/grain chute openings in the tailgate to permit controlled off-loading of rock salt onto conveyors is \$**20.00** per ton. Contact vendor for availability in your area and scheduling deliveries.

You are responsible for issuing your own purchase order document to the vendor. Orders may be placed with the vendor via telephone, with a written or fax confirmation to follow immediately. *You are strongly encouraged to order early and to store as much salt as possible in order to help prevent potential salt shortages this winter.* Also, you need to make every effort to place orders in full truckload lots (22-25 tons) or multiples of such.



Your governmental unit is responsible for ensuring that the 80 or 100 percent minimum guaranteed purchase commitment (as noted on your Requisition) is met before the end of the winter season, June 30, 2010. The vendor is required to furnish not less than 120-percent (if needed) of the contract quantity by March 1, 2010. Your governmental unit is responsible for processing vendor invoices in a timely manner.

Delivery shall be made as soon as possible after vendor receipt of order by phone or mail. The maximum time from receipt of order to the actual delivery for orders placed between December 1, 2009 through April 1, 2010 shall not exceed seven working days, unless as modified in the Order Guidelines herein..

For orders placed between December 1, 2009 and April 1, 2010, if a vendor is unable to make delivery within the order timeline, local governmental units shall have the right to retain \$.20 per ton per working-day as liquidated damages on the undelivered portion of the order. For orders placed prior to 9:00 a.m. on a given day, that day to be considered as the first calendar day of the seven-day delivery period. For an order placed after 9:00 a.m. on a given day, the following day shall be considered as the first calendar day of the seven day delivery period.

CMS reserves the right to mitigate application of liquidated damages imposed against a vendor, in the event of orders exceeding the maximum percentages outlined below:

An agency may order up to 20-% of their awarded contract tonnage in any given week and vendor shall deliver within 7 working-days after receipt of order. Quantity ordered above the 20-% threshold shall have an extended deliver time of one-working-day for each one-percentage-point above the 20-% guideline. For example, if an agency orders 25-% of their awarded total 100 ton, delivery of the first 20 ton (20-%) shall be within 7 working-days after receipt of order, the remaining 5 ton should be delivered within 12 working-days after receipt of order.

If after seven working-days of liquidated damages assessment, the vendor has still failed to deliver, local governmental unit shall have the right to terminate an order and purchase road salt or abrasives from another source, or take action consistent with public safety as needed to continue daily business. Any and all additional costs incurred may be collected from the original vendor, in addition to liquidated damages, by participant's legal action.

All deliveries shall be covered with approved weatherproof materials. The vendor shall ensure that delivery person inspects the inside of the trailer and that all salt is removed from the trailer before leaving a delivery point. The vendor will ensure all weights and measures shown on delivery tickets are correct. Local governmental units reserve the right to require that delivery trucks occasionally be directed to a scale in the vicinity of the delivery point as a check on delivered truckloads.



Deliveries of rock salt containing any foreign material such as mud, rocks, grader teeth, wood, tarpaulins, etc., may be rejected at the delivery site. In the event that any foreign material is discovered in dumped deliveries, the salt and foreign matter may be reloaded onto the cartage hauler's truck by the local governmental unit and returned for credit, or the vendor shall immediately ship a specification compliant load of replacement salt, or issue a refund to the governmental unit consistent with the contract price.

In December 2009, the contract vendor shall have in place stockpile(s) located in or near Illinois covering the tonnage awarded for the northern regions of the State, and in January of 2010 the contract vendor shall have in place stockpile(s) in or near to Illinois covering the total tonnage awarded for all regions of the State. At our discretion, we will inspect the stockpiles to ensure that these stockpiles are in sufficient quantities, and that vendor commitments to the stockpiles are with the users of this contract.

The contract pricing shall remain firm for the entire contract period, for up to the 120-% guaranteed limit, unless otherwise changed by mutual agreement. The contract price for purchases made in excess of the 120% guaranteed limit is subject to increase if vendor's costs for providing rock salt increase by more than 5-%. Contract vendor must submit to CMS documentation justifying the increase for acceptance prior to implementation.

Unless an emergency exists, those local governmental units under their 120-% purchase threshold shall receive salt deliveries prior to those local governmental units over their 120-% purchase threshold. In the case of an emergency, effort will be made to have the vendor ship enough salt to aid affected local governmental units through the emergency.

Enhanced rock salt 2009 - 2010 season availability from Cargill Inc. Deicing:

The Department of Central Management Services requested pricing for an enhanced rock salt option in the invitation for bid, and received an offering from Cargill's' Deicing Unit. Their prices are made available to any joint purchasing participant awarded in the Cargill Rock Salt Contract as an up-charge per ton option and are to be added to your order as a separate line item. Locations interested in ordering this enhanced salt option must call the vendor to facilitate ordering arrangements.

Cargill Salt Division is providing the following Price structure for 2009 – 2010 Season:

- IDOT District No. 1 \$-14.75 Price up-charge per ton.
- IDOT District No. 2 \$-14.75 Price up-charge per ton.
- IDOT District No. 3 \$-14.75 Price up-charge per ton.
- IDOT District No. 4 \$-14.75 Price up-charge per ton.
- IDOT District No. 5 No Bid-\$ offered for this district.
- IDOT District No. 6 No Bid-\$ offered for this district.
- IDOT District No. 7 No Bid-\$ offered for this district.
- IDOT District No. 8 \$-14.75 Price up-charge per ton.
- IDOT District No. 9 No Bid-\$ offered for this district.



The enhanced salt product features additional pre-treatment of approved road salt with a product providing enhanced melting performance, with reduced corrosion and clumping.

It is hoped that this information will be beneficial to you in the utilization of this contract. If you have any further questions concerning the rock salt contract, please feel free to contact me at (217) 782-8091.

Sincerely,

Wayne Ilsley, Buyer
Bureau of Strategic Sourcing And Procurement

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