

Will there be enough road salt this winter?

Why “no bids”?

A Salt Industry Fact Sheet

by Salt Institute president, Richard L. Hanneman

Last year's heavy snows and high salt demands left both customers and salt miners tapped out at the end of the winter. We were loading trucks right from the mine skip in some cases.

The mines are working flat-out, as close to 24/7 as required maintenance and related concerns allow. It may be “flat-out”, but it’s a “sustainable flat out”. Maintenance projects must be done on schedule for safety and the salt industry is concerned about its fatigued workers and scrupulously follows MSHA employee safety rules. We also face a shortage of experienced mine laborers as well, making short-term staff augmentation difficult. We are trying as hard as we can to produce as much salt as we can to replenish the pipeline.

That “pipeline” has been interrupted this year with four weeks of lock and dam closures on the Upper Mississippi and, in some cases, a late end to winter last season; this shortens our shipping season.

There is intensive competition for available barges on the Mississippi and, reportedly, a couple Lake vessels have been removed from service since last winter and not replaced, putting constraints on vessels to ship salt. There is also the issue of truck availability (railcars are ALWAYS a problem). Not only are barges in heavy demand, but trucks, rail cars and Great Lakes ships are too.

Of course, energy costs have skyrocketed for both production and distribution adding to upwards pressure in industry costs.

Customers are concerned that they ran out of salt last year and have increased their bid amounts so they can buy more salt this year. The bids of five large DOTs increased an aggregate of 2 million tons this summer. Illinois upped its 34% or 421,000 tons; Wisconsin by 351,000 tons; and Michigan by 279,000 tons. The actual “cap” is certainly higher, but unknown. These bids propose stiff penalties on suppliers who are not able to meet delivery commitments.

The “cap” on the bid is what determines how much salt tonnage a company can bid. For example, in an 80-120 bid for 100,000 tons, the supplier agrees to deliver up to 120,000 tons and can be penalized for failure to deliver; if the bid were capped at 100,000 tons, that salt company frees up 20,000 tons that can be offered in response to another RFP.



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There is, in fact, an inexhaustible supply of salt, but the logistics bottlenecks and current market conditions are augmented this year by a severe capacity crunch of historic proportion as we rebuild stocks in the “pipeline”. Mine capacity has been increased; Compass Minerals is in the midst of a 2-million ton expansion at its Goderich, Ontario mine, but it takes both time and money. This single expansion represents adding 10% to the total production capacity of rock salt mines in North America. These are major, multi-million dollar, multi-year projects. Expanding capacity requires additional equipment and machinery orders that used to take 6 months are now taking over a year to deliver.

Offshore salt supplies face many of the same logistics hurdles. It takes time and can often be difficult to contract ships and construct new storage facilities if needed.

The salt industry recognizes that its product saves lives on winter highways and is doing everything humanly possible to ensure that no agency is without salt this winter. Visit www.saltinstitute.org for more on the benefits of applying road salt.

While no one can predict the weather and, therefore, the actual need for deicing salt either for roadways and parking lots or for home sidewalks and driveways, the current concern about the ability of salt companies to bid on business for bulk salt for roads and parking lots should have no impact on homeowners’ access to bagged deicing products. Within salt companies, these products are handled through different marketing channels and the packaged product group would have registered its order to the mines for the quantity it wants to bag for consumers. Thus, that quantity would be taken “off the top” from the remaining amount of bulk product available to those who are preparing bids by state and local transportation officials or selling to private contractors who clear parking lots for office buildings and shopping centers.



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