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### MADIGAN RECOMMENDS IMPROVEMENTS TO STATE'S ROAD SALT PROCUREMENT PROCESS

Chicago — After an extensive investigation into the exorbitant road salt prices experienced by many municipalities across the state of Illinois, Illinois Attorney General Lisa Madigan has recommended modifications to the state procurement procedures overseen by the Illinois Department of Central Management Services (CMS).

The Attorney General's investigation did not reveal evidence of price fixing or other illegal conduct by road salt suppliers. Instead, the investigation indicated that the high and disparate road salt pricing was the result of numerous economic factors at issue this year and was also affected by the CMS procurement process.

"We have talked to many individuals representing towns and villages, state officials and road salt suppliers in an effort to fully understand why many of our municipalities here in Illinois have suffered through this winter without road salt to protect those traveling our streets – or with broken budgets unprepared to handle the added expense," said Attorney General Madigan. "What we have learned is that procedural improvements to the procurement process are absolutely necessary."

In early February, Attorney General Madigan urged CMS to work closely with municipal officials in crafting new procurement procedures and to consider a range of possible improvements. Madigan's office specifically urged CMS to:

- Set an earlier bid date or otherwise revise the CMS bid schedule to enable municipalities and other buying entities to purchase earlier in the season;
- Modify CMS contractual terms to improve supplier response to the bid process;
- Negotiate multi-year contracts with built-in escalator clauses;
- Set more vendor-friendly delivery parameters, including
  - Longer opening hours for stockpiles/more flexible delivery times,
  - Longer lead times for delivery, and
  - Possible changes to liquidated damages provisions;
- Combine more requests for bids from municipalities to increase their bargaining power and reduce transportation costs;
- Notify municipalities/buying entities of their ability under the Joint Purchasing Act to consolidate their buying power;
- Establish regional stockpiles maintained by state or multi-county organizations;
- Implement changes that might make it easier for other small salt suppliers to participate, including accepting bids for fractions of the requested amount from different suppliers; and
- Accept bids for treated salt/other de-icers and/or investigate alternatives to rock salt generally. It is possible that these alternatives could bring substitute products into the market, and provide environmental improvements over rock salt.

In addition, through a letter to the members of the Legislative Audit Commission, the Attorney General asked that the Commission request the Illinois Auditor General to undertake an audit of CMS and rock salt procurement.

"This is first and foremost a public safety issue," said Madigan. "CMS, which is responsible for state procurement, should consider all viable recommendations and work closely with municipal leaders to greatly improve this procurement process. It is critical that avoid having the same issues in another winter."

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