

# HALIFAX

P.O. Box 1749  
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**Item No. 11.1.7**  
**Halifax Regional Council**  
**April 6, 2021**

**TO:** Mayor Savage and Members of Halifax Regional Council

Original Signed by 

**SUBMITTED BY:** \_\_\_\_\_  
Jacques Dubé, Chief Administrative Officer

**DATE:** February 24, 2021

**SUBJECT:** Assignment of Contract for Road Salt

## **ORIGIN**

Request to assign the Municipality's agreement with respect to the purchase of road salt.

## **LEGISLATIVE AUTHORITY**

Administrative Order Number 2020-004-ADM, the Procurement Policy

Section 34 of the *Procurement Policy*, provides that Halifax Regional Council must approve the assignment of a contract from the current supplier to another corporate entity where the total value of the contract exceeds \$1,250,000.

## **RECOMMENDATION**

It is recommended that Halifax Regional Council approve the assignment of the Municipality's existing contract for road salt with K and S Windsor Salt to Windsor Salt Canada and direct the CAO to execute an assignment agreement to permit the assignment.

## **BACKGROUND**

The contract for Road Salt with K and S Windsor Salt Ltd for the provision of all of the Municipality's bulk road salt was mutually negotiated by all of the Atlantic Provinces and major Municipalities and approved by Halifax Regional Council on July 17, 2018 at an estimated value of \$12,233,000 over 5 years.

## **DISCUSSION**

In October 2020, K+S Aktiengesellschaft ("K and S"), the indirect parent company of K and S Windsor entered into an agreement with SCIH Salt Holdings Inc under which K and S will sell its Americas Operating Unit salt business, which includes the Canadian Salt Business, to the SCIH Salt Holdings. As part of the Transaction, K and S Windsor is transferring the entire Canadian Salt Business to Windsor Salt Ltd, a newly incorporated Canadian subsidiary of K and S Belgium Holding BV. This sales scheme requires K and S Windsor to assign all of its existing contracts and for Windsor Salt Ltd to assume all contract responsibilities of K and S Windsor.

Although in general, Procurement has a standard form assignment and assumption approval document, K and S and Windsor Salt have provided their own assignment approval agreement for execution by HRM. Staff have reviewed the proposed assignment and the assignment approval agreement and are of the opinion there are no risks to the Municipality by agreeing to the proposed assignment.

The approval by HRM for K and S to assign the contract to Windsor Salt Ltd, is an administrative function driven by the sale of the company and such requests are normally dealt with by the Director of Procurement or the CAO. In this case, per the Procurement Policy staff is required to seek approval from Halifax Regional Council based on the total contract value.

## **FINANCIAL IMPLICATIONS**

There are no identified financial implications, no changes to the existing contract values.

## **RISK CONSIDERATION**

No risk considerations were identified.

## **ENVIRONMENTAL IMPLICATIONS**

No environmental implications were identified.

## **ALTERNATIVES**

Regional Council could decide not to consent to the assignment of the contracts. Staff advises against this as it could result in service provision and operational issues for HRM and legal challenges Windsor Salt Canada as there is no identified reasonable issue to prevent this contract assignment

## **ATTACHMENTS**

None.

A copy of this report can be obtained online at [halifax.ca](http://halifax.ca) or by contacting the Office of the Municipal Clerk at 902.490.4210.

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