

Breaking the chain

Second consecutive year of supply shortages drives snow contractors to seek salt from nontraditional sources

BY CHERYL HIGLEY // EDITORIAL DIRECTOR

Blasted by two consecutive heavy winters and a continued supply shortage of domestic salt, frustrated snow and ice management professionals have had to pay exorbitant prices for salt if they could find it; seek new suppliers that could deliver; or even test the market overseas, going straight to countries like Egypt.

It's no secret that private snow companies are low in the pecking order when it comes to salt procurement, with the majority going to state and local

municipalities. This leaves companies especially vulnerable to supply shortages.

Mid-American Salt, based in Fort Wayne, IN, felt the sting of lack of availability when it became difficult to find consistent, quality supply for its customers. The company began to explore its options, and out of that search came its "contractor first" business model that moves the private market to the front of the line.

"The last couple of years, as demands gobbled up available inventory we found

ourselves in a position of not being able to get salt. We didn't sit back and accept that as the only alternative," Vice President Mark Thiele says.

Shortages close to home

Given Fort Wayne's close proximity to the Great Lakes Region, which is home to major salt deposits, Thiele says supply shouldn't have been an issue, but empty docks foretold a different story.

"Before the 2013 season, we had seen relatively mild winters and mines weren't producing. All of a sudden, we were hit by a hard winter and supplies were depleted," Sales Manager Josh Hunter

EDITOR'S NOTE: This story is not an endorsement of Mid-American Salt but rather provides a look at an alternative to the rock salt supply chain. Every snow and ice management company must do its research for salt procurement and explore options based on its needs, location, budget, etc.





The Mid-American Salt team welcomed a barge of salt to its new Providence, RI, terminal in March.

says. “You have to keep salt dry — it needs to stay underground or you have to have an unrealistic amount of covered storage above ground. That just doesn’t happen. The mines couldn’t get the salt out of the ground fast enough.”

The traditional supply chain method is problematic for private contractors since governmental contracts are mines’ bread and butter. Many contracts are written for a specific tonnage but most states also

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Salt from SSM’s mine is unloaded at Mid-American Salt’s terminal in Rhode Island.

Domestic production rose, but it still wasn’t enough



The U.S. Geological Survey tracks salt production each year, including trends and events that affect supply. According to the U.S. Geological Survey’s *Mineral Commodity Summaries, January 2015* report, rock salt production and imports increased from 2013 levels because state and local municipalities reported low inventories stemming from the harsh 2013 winter season.

The lack of supply and increased demand resulted in substantially higher prices — in some areas, double-digit percentage increases. Resulting shortages this year were attributed to forecasts that missed the mark. For example, the National Oceanic and Atmospheric Administration predicted a repeat of 2013 was unlikely, yet many areas of the country (including those in the south not accustomed to heavy winter events) were hit hard, resulting in a lack of available supply.

Key statistics from the report

- ▶ Domestic production of salt increased 9% in 2014 to 44.1 million tons. The value was estimated to be about \$2.2 billion.
- ▶ Average prices have increased year over year, with the biggest jump coming in rock salt, which jumped 49% (\$36.89 per ton to \$55) from 2012 to 2014. Solar salt recorded a 15% increase in the same time frame (\$71.87 per ton to \$83 in 2014). Salt brine recorded marginal increases (\$8.44 in 2012 to \$8.50 in 2014).
- ▶ The estimated percentage of salt sold for deicing was rock salt (42%), salt brine (40%), and solar salt (8%).
- ▶ Employment at U.S. mines remained flat from 2010-2013 at 4.1 million. Employment increased to 4.2 million in 2014.
- ▶ Producers exported 850,000 tons in 2014 compared to 525,000 tons in 2013.
- ▶ Top importers (2010-13) were Canada (38%), Chile (36%), Mexico (11%), and the Bahamas (5%). World production increased 9.9% from 2013 to 2014.

Source: U.S. Geological Society, www.usgs.gov



Rock salt mine near Mt. Morris, New York, American Rock Salt Company, LLC, Hampton Corners Mine

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have a reserve built in that allows them to take product on top of their allotted amount. Alternatively, they may take less but the mine is still on the hook for the supply. That reserve can sometimes sit on the dock waiting to be claimed while private contractors run short.

A new source

Knowing that supplies remained scarce and available product was going to be taken by municipalities and state departments of transportation, Mid-American decided a change was in order.

“Commercial contractors are the lower tier of customers that get shut off in times of high demand. But these contractors

assume a high level of expectation and liability. They need a secure supply chain,” President Andrew Thiele says.

Mid-American decided to look overseas for a more consistent supply that was the highest quality possible. Mark Thiele says the company found what it was looking for in Morocco, a coastal country in northern Africa.

The company certainly isn’t the first to import salt from overseas, but it took it a step further and obtained exclusive rights to sell Moroccan SSM’s salt in the United States.

“Others might focus on commercial customers but don’t need a whole mine. That creates the same type of problem where contractors are at the mercy of

supply and demand and who may be in line in front of them,” Andrew Thiele says.

In 2013, Mid-American finally was able to export out of the Port of Casablanca, which increased shipping capacity to 40,000 tons. A shallower water depth at its previous port northeast of Casablanca allowed only 6,000-ton shipments. The company imports



GOING GLOBAL

Foreign salt supply has its own challenges

Supply shortages have resulted in an exodus to foreign lands in search of salt. Given the countries’ close proximity to the ocean, getting the product to the port is relatively inexpensive. The cost is impacted more by shipping salt across the ocean and then, once stateside, transporting it to terminals throughout the Eastern United States. Depending on the time of year, salt companies must jockey for position and compete with other industries that rely on the same freight distribution channels.

Given the disparity in quality and sourcing, it’s important that contractors do their due diligence before committing to such a large investment. There is risk associated with global procurement, including political factors that may come into play and security of cash transactions. Before taking a global approach, do your homework so you don’t get burned.

FOR MORE INFORMATION

For more on salt types and buyer’s tips, see page 34 and visit GoPlow.com for more on global salt.





Salt is mined from deep underneath Morocco, where it is then shipped out of the Port of Casablanca to terminals via the Gulf of Mexico, the Great Lakes and the Eastern seaboard of the United States.

bulk and bagged salt as well as salt for uses other than deicing to terminals throughout the Great Lakes, the Louisiana gulf basin, and the East Coast.

Some rules still apply

While Mid-American has taken a new path toward importing salt, Mark Thiele says it's important that contractors

effectively estimate and manage supply and that they build partnerships in which their suppliers have the contractors' best interests in mind.

"Customers need to commit early to allow their suppliers to efficiently manage the supply chain," he says. "Many don't plan far enough ahead, which leaves them vulnerable to the market

conditions." Hunter says: "You have to have a plan. No business can start talking salt in December. Contractors have to understand that."

Planning ahead, vetting your supplier (including product source and quality), and committing and taking possession of stockpiles early if possible are all ways contractors can help insulate their companies from supply shortages.

Mark Thiele says private snow and ice management professionals should accept nothing less: "Don't accept poor performance from your supplier or the product. A commercial snow contractor running out of salt is like McDonald's running out of hamburgers. Running out of salt during peak season means you're no longer in the game." ❄

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