



CITY OF MARSHALL

COMMISSION AGENDA INFORMATION SHEET:

MEETING DATE: August, 25, 2015

PROJECT: Consider and act on a recommendation to approve a contract with Brenntag Southwest of Houston, Texas to furnish Caustic Soda for surface water treatment for the City of Marshall. (Public Services Director)

DESCRIPTION:

On Monday, August the 17th, we opened sealed competitive bids for approximately 275 liquid tons of Caustic Soda which we use in the water plant as part of our surface water treatment process. We had seven (7) qualified bidders (reference the attached Bid Summary sheet) with prices ranging from \$0.214/dry lb. to 0.27/dry lb.

The product is actually delivered in liquid form in an approximate 50% solution, but the actual “dry pound” conversion depends of the exact % of the solution dilution and density and the temperature when loaded, so pricing is based on the converted dry weight.

Ironically, we had two bidders who offered the exact same dry weight price of \$0.214/dry lb. One bidder is from Shreveport, LA and one is from Houston, TX. City Attorney, Todd Fitts researched the Texas Local Government Code with regard to tie bids and found the following:

Sec. 2252.001. DEFINITIONS. In this subchapter:

(1) "Governmental contract" means a contract awarded by a governmental entity for general construction, an improvement, a service, or a public works project or for a purchase of supplies, materials, or equipment.

(2) "Governmental entity" means:

(A) the state;

(B) a municipality, county, public school district, or special-purpose district or authority;

(C) a district, county, or justice of the peace court;

(D) a board, commission, department, office, or other agency in the executive branch of state government, including an institution of higher education as defined by Section [61.003](#), Education Code;

(E) the legislature or a legislative agency; or

(F) the Supreme Court of Texas, the Texas Court of Criminal Appeals, a court of appeals, or the State Bar of Texas or another judicial agency having statewide jurisdiction.

(3) "Nonresident bidder" refers to a person who is not a resident.

(4) "Resident bidder" refers to a person whose principal place of business is in this state, including a contractor whose ultimate parent company or majority owner has its principal place of business in this state.

Sec. 2252.002. AWARD OF CONTRACT TO NONRESIDENT BIDDER. A governmental entity may not award a governmental contract to a nonresident bidder unless the nonresident underbids the lowest bid submitted by a responsible resident bidder by an amount that is not less than the greater of the following:

(1) the amount by which a resident bidder would be required to underbid the nonresident bidder to obtain a comparable contract in the state in which the nonresident's principal place of business is located; or

(2) the amount by which a resident bidder would be required to underbid the nonresident bidder to obtain a comparable contract in the state in which a majority of the manufacturing relating to the contract will be performed.

**Below is the applicable Louisiana statute that would apply to a Texas bidder in La.*

LOUISIANA

LOUISIANA RESIDENT BIDDER PREFERENCE

Competitive Sealed Bidding: Tie bids, La. Admin. Code title. 34, § 529(B)

(1). Preference to resident business in tie bid if no sacrifice or loss of quality.

Louisiana has a "local" bidder preference for resident businesses, so we are bound by Texas Local Government Code to apply a reciprocal condition on a Non-Texas bidder resulting in a tie breaker in this case. Just as an FYI, if both tie bidders had been from one state, and all things were equal (past history with vendor, product quality, past delivery, warranties, etc.), Texas Local Government Code would have required casting of lots to determine the successful bidder.

The purchasing contract will be for the period beginning September 1, 2015 and ending August 31, 2016. Our bid specifications allow for two annual extensions if an increase is no higher than the posted CPI for this area. As a matter of practice, we spot check industry prices before we consider any contract extensions. In fact, in this case, we stand to save up to \$20,762.50 over the next 12 months because we checked market pricing and determined it was in our best interest to bid out the product this year.

COST:

\$0.214/dry lb. – estimated annual cost of \$58,850.00

FUNDING:

Water Utilities

Acct. Name & No

40-0203-20-02

Original Budget

(*part of the chemical line item budget)

RECOMMENDED

ACTION:

Approve a contract with Brenntag Southwest of Houston, Texas to furnish Caustic Soda for surface water treatment for the City of Marshall.

CITY CONTACT: J. C. Hughes, Public Services Director 903-503-4503

ATTACHMENTS:

- Caustic Soda – WU-2015-1 Bid Summary, dated 08/17/2015

cc: File

CITY OF MARSHALL

BID SUMMARY

DEPARTMENT: Public Works & Water Utilities

DATE: 08-17-2015

TABULATED BY: J. C. Hughes & Nancy Pasel

ITEM	QTY.	<u>BID NO. WU-2015-1-CAUSTIC</u> DESCRIPTION	FIRM: Brenntag Southwest % Brenda Hill PHONE: 713-330-8570 gtollefsen@brenntag.com CITY: Houston, TX	FIRM: Chemtrade % Parul Kachhia-Patel PHONE: 800-441-2659 bids@chemtradedellogistics.com Parsippany, NJ	FIRM: DPC Industries % Jimmy Tidwell PHONE: 817-641-4712 jtidwell@dxgroup.com CITY: Lindale, TX	FIRM: FSTI, Inc. % Chris Thompson PHONE: 512-278-8800 cthompson@fstiichem.com CITY: Austin, TX	BUDGET UNIT / TOTAL
1	275	Tons of Liquid Caustic Soda	\$0.214/dry lb.	\$0.277/dry lb.	\$0.231/dry lb.	\$0.22/dry lb.	Current Price from Brenntag \$0.2895/dry lb.
		(approximately 275,000 dry pounds)					
		(dry weight varies with density and temp)					
BID COST TOTALS: With Freight			Approx. \$58,850.00	Approx. \$74,250.00	Approx. \$63,525.00	Approx. \$60,500.00	Currently paying Approx. \$79,612.50/yr.
WARRANTY:			Replacement	Replacement	Replacement	Replacement	
F.O.B. POINT:			Marshall, TX	Marshall, TX	Marshall, TX	Marshall, TX	
PAYMENT TERMS:			Net 30 Days	Net 30 Days	Net 30 Days	Net 30 Days	
DELIVERY PROMISE:			within 5 day of order	within 5 day of order	within 5 day of order	within 5 day of order	
ITEM	QTY.	DESCRIPTION	FIRM: Harcros Chemicals % Brad Buckman PHONE: 318-424-7723 shreveportes@harcros.com CITY: Shreveport, LA	FIRM: Shrieve Chemical % Patrick Cox PHONE: 214-334-2857 pcox@shrieve.com Keller, TX	FIRM: Univar USA % Michelle Wick PHONE: 253-872-5084 michelle.wick@univarusa.com CITY: Kent, WA		BUDGET UNIT / TOTAL
1	275	Tons of Liquid Caustic Soda	\$0.214/dry lb.	\$0.2395/dry lb.	\$0.2313/dry lb.		Current Price from Brenntag \$0.2895/dry lb.
		BID COST TOTALS: With Freight	Approx. \$58,850.00	Approx. \$65,862.50	Approx. \$63,607.50		Currently paying Approx. \$79,612.50/yr.
WARRANTY:			Replacement	Replacement	Replacement		
F.O.B. POINT:			Marshall, TX	Marshall, TX	Marshall, TX		
PAYMENT TERMS:			Net 30 Days	Net 30 Days	Net 30 Days		
DELIVERY PROMISE:			within 5 day of order	within 5 day of order	within 5 day of order		