



Water & Wastewater Commission Review and Recommendation

Commission Meeting Date:	May 9, 2018
Council Meeting Date:	June 14, 2018
Department:	Purchasing
Client:	Brian Haws, Rick Harland and Rick Coronado
Agenda Item	
Authorize award and execution of a multi-term contract with DXI Industries Inc. , to provide liquid sulfur dioxide, for up to five years for a total contract amount not to exceed \$1,455,000.	
Amount and Source of Funding	
Funding in the amount of \$97,000 available in the Fiscal Year 2017-2018 Operating Budget of Austin Water. Funding for the remaining contract terms are contingent upon available funding in future budgets.	
Purchasing Language:	The Purchasing Office issued an Invitation for Bids (IFB) 2200 GLB0073 for these goods. The solicitation issued on March 19, 2018 and it closed on April 5, 2018. The recommended contractor submitted the sole responsive offer.
Prior Council Action:	N/A
Boards and Commission Action:	May 9, 2018- To be reviewed by the Water and Wastewater Commission.
MBE/WBE:	This solicitation was reviewed for subcontracting opportunities in accordance with City Code Chapter 2-9D Minority Owned and Women Owned Business Enterprise Procurement Program. For the goods required for this solicitation, there were no subcontracting opportunities; therefore, no subcontracting goals were established.

The contract will provide liquid sulfur dioxide to be used at Austin Water wastewater treatment plants. The solution of sulfur dioxide is used to dechlorinate the wastewater effluent prior to being discharged into receiving streams. This protects aquatic life from toxic effects of residual chlorine in wastewater. This treatment process is a requirement by the Texas Commission on Environmental Quality (TCEQ) for the City's discharge permit for the City's treatment facilities. The City treats approximately 105 million gallons of wastewater a day.

The current contract will expire June 19, 2018. The requested authorization amount for the proposed contract was determined by departmental estimates, historical spend, and forecasted future chemical usage. The use of liquid sulfur dioxide has increased significantly, primarily due to the establishment of new Escherichia coli bacteria limits in the treated wastewater effluent set forth by the TCEQ. The recommended contractor is the current provider for these goods.

If the City is unable to secure a contract, purchases would need to be made by spot purchases on an as needed basis resulting in higher costs to avoid potential harm to the environment and possible TCEQ discharge permit violations.

Contract Detail:

Contract Term	Length of Term	Contract Authorization
Initial Term	2 Years	\$582,000
Extension Option 1	1 Year	\$291,000
Extension Option 2	1 Year	\$291,000
Extension Option 3	1 Year	\$291,000
TOTAL	5 Years	\$1,455,000

Note: Contract Authorization amounts are based on the City's estimated annual usage.

BID TABULATION

IFB No. GLB0073
Liquid Sulfur Dioxide

VENDOR

**DXI Industries, Inc.
Houston, TX**

TOTAL BID

\$263,276.00

NOTE: Commodity code: 8854780 Sulfur Dioxide. This is hazardous material and according to the commodity code there are only 19 register vendors. From those 19 vendors 3 did submit bids with 2 of them with a stated no bid. Also note that these are in 1-ton containers. A complete copy of the bid tabulation is on file in the Purchasing Office and is on the City of Austin, FSD Purchasing Office website.

PRICE ANALYSIS

- a. Competitive Status: Limited competitive competition.
- b. Solicitations: 88 notices were sent, there were 1 MBE and 2 WBE firm listed under this service. Three bids were received, with no MBE and no WBE firms responding.
- c. The original contract was with DXI Industries, Inc.
- d. Price shows an 18.9% price increase from the prior contract driven by transportation cost increased and driver labor rates.

APPROVAL JUSTIFICATION

- a. Award to the lowest competitive bid
- b. Austin Water concurs with Central Purchasing recommended award.