



## STATE OF NEW MEXICO SOLE SOURCE REQUEST AND DETERMINATION FORM

A sole source *determination* is not effective until the *sole source request for determination* has been posted for thirty (30) calendar days without challenge, and subsequently approved in writing by the Chief Procurement Officer or, for Professional Services Agreements, the Secretary of the Department of Finance and Administration. The foregoing requirement is regardless of whether the *sole source request for determination* has been signed by the Agency and/or the Contractor.

I. Name of Agency: *City of Las Vegas*

Agency Chief Procurement Officer: *Helen Vigil*

Telephone Number: *505-426-3345*

II. Name of prospective Contractor: *ChemTrade*

Address of prospective Contractor: *90 East Halsey Road  
Parsippany, NJ 07054*

Amount of prospective contract: *\$20,000.00*

Term of prospective contract: *Yearly*

III. Please thoroughly list the services (scope of work), construction or items of tangible personal property of the prospective contract:

*ChemTrade has been the City's provider of Aluminum Sulfate for drinking water treatment for almost 10 years. During the same period, the City has put out to bid for the product each year with the same results: ChemTrade is lower priced, quicker to deliver, and located closer than any other vendor.*

- IV. Provide an explanation of the criteria developed and specified by the agency as necessary to perform and/or fulfill the contract and upon which the state agency reviewed available sources. (Do not use “technical jargon;” use plain English. Do not tailor the criteria simply to exclude other contractors if it is not rationally related to the purpose of the contract.)

*The criteria for aluminum sulfate and specified by the agency as mentioned above is the general specification used for liquid aluminum sulfate as indicated in the quote provided by ChemTrade. This is the industry standard for the product when used to treat drinking water.*

- V. Provide a detailed, sufficient explanation of the reasons, qualifications, proprietary rights or unique capabilities of the prospective contractor that makes the prospective contractor *the one source capable* of providing the required professional service, service, construction or item(s) of tangible personal property. (Please do not state the source is the “best” source or the “least costly” source. Those factors do not justify a “sole source.”)

*The City has put aluminum sulfate out to bid for almost 10 years. Without exception, ChemTrade has won the bid for the following reasons:*

- 1. ChemTrade is the only vendor that produces the product that is compatible with our water distribution system.*
- 2. The product has consistently met the criteria mentioned in Part IV above.*

- VI. Provide a detailed sufficient explanation of how the professional service, service, construction or item(s) of tangible personal property *is/are unique and how this uniqueness is substantially related to the intended purpose of the contract.*

*The aluminum sulfate provided by ChemTrade is unique in that the company is the only vendor that can produce the chemical that is compatible with the City of Las Vegas system.*

- VII. Explain why other similar professional services, services, construction or item(s) of tangible personal property *cannot* meet the intended purpose of the contract.

*There are no similar products to aluminum sulfate as specified for drinking water treatment.*

- VIII. Provide a narrative description of the agency's due diligence in determining the basis for the procurement, including procedures used by the agency to conduct a review of available sources such as researching trade publications, industry newsletters and the internet; reviewing telephone books and other advertisements; contacting similar services providers; and reviewing the State Purchasing Agent's vendor list. Include a list of businesses contacted (*do not state that no other businesses were contacted*), date of contact, method of contact (telephone, mail, e-mail, other), and documentation demonstrating an explanation of why those businesses could not or would not, under any circumstances, perform the contract; or an explanation of why the agency has determined that no businesses other than the prospective contractor can perform the contract.

*As previously stated, the City has put this chemical out to bid each year for the past decade. Each time, ChemTrade has won the bid and has consistently been met design criteria. All other bidders were either unable to produce and ship the chemical in a timely manner, or were not able to meet the design criteria.*

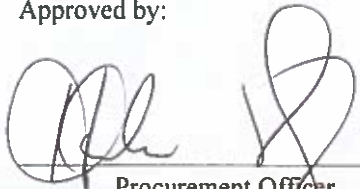
Certified by:

Date: 10/24/18

  
\_\_\_\_\_  
Department Director

Approved by:

Date: 10/25/2018

  
\_\_\_\_\_  
Procurement Officer

APPROVED:

Date: 10/25/18

  
\_\_\_\_\_  
Finance Director (Interim)



**CHEMTRADE**

90 East Halsey Road  
Parsippany, NJ 07054  
Phone: 1-800-631-8050  
Fax: 973-515-4461

October 15, 2018

Mr. Jesus Hathaway  
City of Las Vegas, NM  
Subject: 2018 - 2019 Quote on Liquid Aluminum Sulfate

Dear Mr. Hathaway,

As our business relationship has strengthened over these past years, it has been our pleasure being your supplier. Regrettably, I need to inform you that, while we do our best to pass any savings down to our customers and keep prices low and competitive, there are situations where we are forced to increase prices to our customers, something we do not enjoy doing.

Over the past year, Chemtrade has absorbed significant cost increases on our raw materials that are used to produce Liquid Aluminum Sulfate, namely Aluminum Trihydrate and Sulfuric Acid.

The following dynamics have driven changes in the supply/costs of Aluminum Trihydrate:

- 2 out of 3 US Based Suppliers idled operations in 2016 due to crash of the Alumina market. There were 5 producers in North America which is now reduced to only 3.
- Due to increases in the Alumina Australia Index, Rio Tinto, Glencore & Southern Ionics all increased prices by +\$40/T for 2018, and continue to forecast additional increases for 2019.
- Aluminum trihydrate imports have recently been quoted +\$150-\$200/T over last year's price
- Norsk Hydro's Brazilian Alunorte alumina refinery, the world's largest producer, curtailed production indefinitely by 50% due to environmental issues. Hydro then declared Force Majeure on March 2, 2018 and increased our aluminum hydrate price by an additional \$80/Ton.
- In April 2018, the US government levied sanctions against RUSAL, another global supplier of Hydrate and Ingot into the US causing pricing to spike to an all-time high.



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The following dynamics have driven changes in the supply/costs of Sulfuric Acid:

- Tight supply of Sulfuric Acid in the marketplace due to Vale's permanent supply shutdown, the timing/restart of other producers' turnarounds and the supply of imports
- Acid prices don't necessarily follow the Tampa Sulfur Index; our Acid costs are much higher than any sulfur adjustments would cover due to supply, freight charges, etc.
- Tampa Sulfur Index below shows pricing trend > Acid prices are on the increase:

**Green Markets Tampa Sulfur Index**



Additionally, Chemtrade is captive to our sole carrier in the New Mexico market and our contracted rates. Unfortunately, we continue to see significant increases year over year in our freight costs.

Please see the updated quote for Liquid Aluminum Sulfate below:



**CHEMTRADE**

90 East Halsey Road  
Parsippany, NJ 07054  
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Fax: 973-515-4461

<u>Product Description</u>	<u>Package Configuration</u>	<u>Price /dry ton</u>	<u>Price/wet ton</u>
<i>Liquid Aluminum Sulfate</i>	<i>Truckload – 45,000 LBS</i>	<i>\$537.00</i>	<i>\$260.45</i>

**Terms and Conditions:**

**Freight Terms:** Prepaid Delivered – Las Vegas, NM

**Payment Terms:** Net 30 days.

**Expiration:** This price is valid October 15, 2018 through October 31, 2019

**Minimum Order Quantity:** Truckload 45,000 LBS

**Minimum Order Lead Time:** 5 days

If you have questions regarding this proposal, please contact me by phone me at 973-515-1841 or by email at [mschroehner@chemtradelogistics.com](mailto:mschroehner@chemtradelogistics.com).

Best regards,

*Michele Schroehner*

Michele Schroehner  
Business Manager  
Chemtrade  
973-515-1841

Cc: Steve Grohs