



CITY OF HOUSTON

Administration and Regulatory Affairs Department
Strategic Purchasing Division

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Mayor

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July 06, 2009

Subject: Letter of Clarification No. 2
Chemical, Caustic Soda for the Public Works & Engineering Department

Reference: Invitation to Bid (ITB) No.: S12-S23186

To All Prospective Suppliers:

This Letter of Clarification is issued for the following reason:

• **To revise the above referenced solicitation as follows:**

1. **Extend the bid opening date from July 09th, 2009 to "Thursday, July 16th, 2009".**
2. **Add the following bid line items to the "Official Bid Form":**
 3. **Demurrage Charge**
 4. **Delivery Cancellation Fee**
3. **In Section C., General Terms and Conditions, 11.0 Delivery, remove sub-section 11.2.5 referencing the 11th Street Lift Station.**
4. **In Section C., General Terms and Conditions, revise 4.0 Price Adjustment, as follows:**

4.0 PRICE ADJUSTMENTS

4.1 Price Increases or Decreases:

Upon City Council approval, price increases or decreases will be made on the first day of each calendar quarter based on the reported changes for the monthly CMAI for caustic soda for the prior calendar quarter. The Supplier's cost to the City for caustic soda will be adjusted by the actual amount of these reported increases and/or decreases in caustic soda.

4.2 Price Adjustment Mechanism:

The price change mechanism will be based on the change in caustic contract prices per dry short ton, as reported by the CMAI (Chemical Market Associates, Inc.) "Avg. Acquisition FOB USGC", for the three months during each calendar quarter. The awarded bid proposal's price adjustment will be initiated on a dollar for dollar basis as a result of the change in CMAI contract prices for caustic soda for the reporting period.

Partnering to better serve Houston

Council Members: Toni Lawrence Jarvis Johnson Anne Clutterbuck Wanda Adams Mike Sullivan M.J. Khan, P.E. Pam Holm Edward Gonzalez
James Rodriguez Peter Brown Sue Lovell Melissa Noriega Ronald C. Green Jolanda "Jo" Jones Controller: Annise D. Parker

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4.2 Price Adjustment Mechanism:

4.2.1 Example:

The "average contract prices" for caustic soda as reported by CMAI (Avg. Acquisition FOB USGC) for the 1st quarter of 2009 and the 2nd quarter of 2009 were:

<u>Caustic Soda</u>	
1 st Quarter '09	\$821.66/dst
2 nd Quarter '09	<u>\$368.33/dst</u>
	\$453.33/dst (Difference)

Per the above example, the City's caustic soda price will decrease \$453.33 per dry short ton from the second to the third quarter of FY09.

4.3 Price Adjustment Approval

The awarded Supplier shall submit price adjustment notification to the City, showing the "average contract prices per dry short ton", as reported by the CMAI (Chemical Market Associates, Inc.) for caustic soda, Avg. Acquisition FOB USGC, the current City of Houston price, and the resulting City of Houston cost after the publication of the CMAI at the end of each period. The price adjustment request must be accompanied by corresponding data derived directly from the scheduled and previous period CMAI market report(s). Upon mutual agreement between the City and the Supplier this price will be the new effective price on the 1st calendar day of the month per Price Adjustment Section 4.1. The letter and documentation shall be sent to the following address:

City Purchasing Agent
c/o Martin L. King
City of Houston
P.O. Box 1562
Houston, Texas 7725

This Letter of Clarification will be considered part of the solicitation referenced above.

Furthermore, it is the responsibility of each Supplier to obtain any previous Letter(s) of Clarification associated with this solicitation.



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