

STATEWIDE CONTRACT #1
SWC # 226
Edison # 39506

Department of General Services
Central Procurement Office
(CPO)

VENDOR:
Sprayer Specialties, Inc.



STATE OF TENNESSEE
DEPARTMENT OF GENERAL SERVICES

BILL HASLAM
GOVERNOR

ROBERT E. OGLESBY, AIA
COMMISSIONER

MEMORANDUM

To: Fiscal Review Committee
From: Clyde Hicks, Category Specialist
Date: October 30, 2014
Subject: Price Increase Request

Statewide Contract #39506 for sprayer tanks as used by TDOT. This statewide contract has nine (9) Edison contracts associated with it as follows:

39503 Viking Cives Midwest, Inc.
39504 Varitech Industries, Inc.
39505 Swenson Spreader LLC
39506 Sprayer Specialties, Inc.*
39507 Snowplow Technologies LLC
39509 S & S Auto Performance, Inc.
39510 Rhomar Industries, Inc.
39511 GVM, Inc.
39512 Chemung Supply Corp.
39513 Flink Co.
39515 Chemical Containers, Inc.
39516 Cargill, Inc.

This particular price increase request is for four (4) line items on contract 39506 as noted by the asterisk above.

CENTRAL PROCUREMENT OFFICE

312 ROSA L. PARKS AVENUE, 3RD FLOOR • NASHVILLE, TENNESSEE 37243
(615) 741-1035 • FAX: (615) 741-0684 • WWW.TN.GOV/GENERALSERV/

SWC# 226 Winter Road Maintenance Equipment – Edison #39506

Contract Start Date: November 01, 2013
System Expiration Date: October 31, 2015
Original Number of Renewals: 1
Renewals Remaining: 1
Competitively Procured: Yes
of Invitations Sent: 109
of Responses Received: 9
Requested Action: Price Increase
Vendor Name and Location: Sprayer Specialties, Inc.
 4151 SE Capital Circle
 Grimes, Iowa 50111

Main User Agencies: TDOT
Estimated Annual Volume: \$1,200,000.00
Spend to Date (SWC 226): \$1,662,064.40
Spend to Date (#39506) \$ 495,471.00
Original Estimated Annual Cost Savings: 0

Background: Sprayer Specialties, Inc. has requested a price increase for four of the items they currently hold on contract. Sprayer Specialties, Inc. supplies large tanks which are mounted on trucks and are used in the application of brine and other products in severe winter weather. These tanks are made of a heavy industrial grade plastic which is made from petroleum resins. The cost of these resins has been increased by the polyethylene producers and this cost is being passed through by the tank manufacturer. Letters for the resin producers are included which describe the market demand and the supply shortages which drive the price increases of this commodity.

Contract Line Items:

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Item ID	Item Description	UOM	Original Price	Proposed Price	Annual Usage	Annualized Current Spend	Projected Annual Increase	% Increase
1000119821	Pump, 7.5 HP Motor Driven	Ea	\$2747.	\$2747.	26	\$71,422.	0	0%
1000119822	Pump 15 HP Large Volume Electric Pump	Ea	\$4486.	\$4486.	5	\$22,430.	0	0%
1000119823	1000 Gallon Elliptical Leg Tank	Ea	\$994.	\$1043.	170	\$168,980.	\$8,330.	5%
1000119824	1600 Gallon Elliptical Leg Tank	Ea	\$1589.	\$1668.	3	\$4,767.	\$237.	5%
1000119827	2000 Gallon Elliptical Leg Tank	Ea	\$2091.	\$2195.	5	\$10,455.	\$520.	5%
1000119828	5000 Gallon Vertical Tank	Ea	\$2743.	\$2880.	79	\$216,697.	\$10,823.	5%

State of Tennessee
Department of General Services, Central Procurement Office
3rd Floor, William R. Snodgrass, Tennessee Tower
312 Rosa L. Parks Avenue
Attn: John C Bissell
615-741-4302
615-741-0684(fax)

Dear John,

I am writing you this letter in order to request a price increase of 5% on the following listed items which you currently have on contract #39506 with us:

Line 3, Item 1000119823, 1000 elliptical leg tank, current price \$994, increase to \$1043
Line 4, Item 1000119824, 1600 elliptical leg tank, current price \$1589, increase to \$1668
Line 5, Item 1000119827, 2000 elliptical leg tank, current price \$2091, increase to \$2195
Line 6, Item 1000119828, 5000 vertical tank, current price, \$2743, increase to \$2880

We have suffered numerous price increases since the start date of the contract which was November 01, 2013 and are struggling to simply break even on these products. Please review the attached letters in regards to the price increases we have incurred since the contract start date.

Although we have never requested a price increase on any of our past contracts we have regretfully gotten to the point at which we have no other choice.

Please call me at 800-351-1587 with any questions in regards to the above.

Sincerely,

Robert Killian



Sprayer Specialties, Inc.

4151 SE Capitol Cr.

Grimes, IA 50111

800-351-1587



October 23, 2013

Dear Customer,

Despite what we are all seeing at the gas pump – and with most other petroleum based products – resin pricing has been rising steadily. The fact that the increases have “stuck” in their entirety has been surprising to all resin purchasers, regardless of their market. Barring any hurricanes damaging the resin production facilities in the Gulf, the increase was not “forecasted” by anyone. Nevertheless, the September 1, \$0.05/lb. was implemented in its entirety by the resin companies. The \$0.06/lb. announced for October also seems that it will be fully implemented. These increases have been attributed to tighter than usual inventory levels and to a stronger demand for resin in general.

With the September and October increases, our resin price is up by nearly 18% this year. As a result, we are forced to pass on a portion of this to our customers. **Effective November 2, 2013 Norwesco's pricing on all polyethylene tanks and polyethylene accessories will increase by 3%. Our Fitting/Lid and Valve/Coupler product lines will not be affected by this price change.**

The new pricing will apply to all orders placed on November 2nd and after – sorry, no delayed shipment requests can be honored.

We apologize for any disruption or inconvenience this price change may cause your company.

If you have any questions, please feel free to contact either Greg Wade or me.

Sincerely,

A handwritten signature in cursive script that reads 'Rick'.

Rick Aronson
Vice President, Sales

Enclosure



March 3, 2014

Dear LST Customer,

Over the past couple of months the resin companies have been voicing concerns over the availability of resin and its impact on pricing. Recently, they implemented price increases on all grades of polyethylene and have announced more to come. These increases have been solidified with up to 5 force majeure positions amongst polyethylene producers. These positions are related to the cold weather impact on logistics, the operational issues related to planned and unplanned reactor outages, as well as current demand for various grades of polyethylene.

The logistical and operational issues have impacted the resin companies' ability to consistently supply resin. With current polyethylene market demand, and the inconsistent supply, the resin market is fairly tight, and appears to be getting worse. Our resin suppliers are voicing concerns about the availability of resin over the next few months. We'll certainly keep you informed.

With the most recent resin increases we have been left with no option but to adjust our pricing accordingly, effective March 7, 2014 we will be increasing our pricing on all polyethylene products by 3%. In addition, we have reviewed our steel products and made a few necessary changes as well. Please review your price sheets and each of these items for specifics.

As you review the price sheet, we'd like to point out a few additions and changes. We have added a new 300 gallon low profile tank to our Flat Bottom Utility Tank selection. In addition we will be offering a black 2035 Elliptical leg tank, in both premium and heavy duty, as well as a black heavy duty version of our 2635 elliptical, 4035 elliptical, and 5025 horizontal leg tanks. The one change being made is that we will now be offering a 165" diameter 15,000 gallon vertical tank out of Fairfield, TX, rather than the 141" diameter version offered previously.

Finally, to better accommodate our customers, from coast-to-coast, we will be expanding our Customer Service phone hours for the main '800' (800-328-3420) number starting on March 3, 2014. The hours will be 7:00 CST to 5:30 CST Monday through Friday.

If you have any questions regarding the information provided, please feel free to contact your Norwesco sales rep or customer service representative. Also, please feel free to contact Rick Aronson at (800) 805-3615 or Greg Wade at (866) 665-9950 if you have any questions or concerns.

As always, thank you for the business, we appreciate it.

Sincerely,

A handwritten signature in black ink that reads "Rick".

Rick Aronson
Vice President Sales

Enclosure

NORWESCO, INC.

4365 Steiner Street • P. O. Box 439 • St. Bonfacius, MN 55375-0439 • Tel 952-446-1945 • Fax 952-446-8808

Supplemental Documentation Required for
Fiscal Review Committee

*Contact Name:	Clyde Hicks	*Contact Phone:	615 741-2026		
*Presenter's name(s):	Clyde Hicks				
Edison Contract Number: <i>(if applicable)</i>	SWC 226 Edison # 39506	RFS Number: <i>(if applicable)</i>	N/A		
*Original or Proposed Contract Begin Date:	11/01/2013	*Current or Proposed End Date:	10/31/2015		
Current Request Amendment Number: <i>(if applicable)</i>					
Proposed Amendment Effective Date: <i>(if applicable)</i>	01/01/2015				
*Department Submitting:	DGS				
*Division:	Central Procurement Office				
*Date Submitted:					
*Submitted Within Sixty (60) days: <i>If not, explain:</i>	Yes				
*Contract Vendor Name:	Sprayer Specialties, Inc.				
*Current or Proposed Maximum Liability:					
*Estimated Total Spend for Commodities:	\$3,600,000.00				
*Current or Proposed Contract Allocation by Fiscal Year: <i>(as Shown on Most Current Fully Executed Contract Summary Sheet)</i>					
FY:	FY:	FY:	FY:	FY	FY
\$N/A	\$N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A
*Current Total Expenditures by Fiscal Year of Contract: <i>(attach backup documentation from Edison)</i>					
FY:2014	FY:2015	FY:2016	FY:	FY	FY
\$385,751.00	\$109,720.00	\$	\$	\$	\$
IF Contract Allocation has been greater than Contract Expenditures, please give the reasons and explain where surplus funds were spent:			N/A		
IF surplus funds have been carried forward, please give the reasons and provide the authority for the carry forward provision:			N/A		
IF Contract Expenditures exceeded Contract Allocation, please give the reasons and explain how funding was acquired to pay the overage:			N/A		
*Contract Funding Source/Amount:					
			Federal:		

Supplemental Documentation Required for
Fiscal Review Committee

State:			
<i>Interdepartmental:</i>		<i>Other:</i>	
If “ <i>other</i> ” please define:			
If “ <i>interdepartmental</i> ” please define:			
Dates of All Previous Amendments or Revisions: <i>(if applicable)</i>		Brief Description of Actions in Previous Amendments or Revisions: <i>(if applicable)</i>	
Method of Original Award: <i>(if applicable)</i>			
<p style="text-align: center;">*What were the projected costs of the service for the entire term of the contract prior to contract award? How was this cost determined?</p>		<p>If renewal option is exercised, the projected cost of \$1,200,000 per year will be \$3,600,000. This is based on the previous contract spend for the combining of two statewide contracts.</p>	
<p style="text-align: center;">*List number of other potential vendors who could provide this good or service; efforts to identify other competitive procurement alternatives; and the reason(s) a sole-source contract is in the best interest of the State.</p>		<p>CPO received 15 bid responses and awarded 9 unique contract awards for specialized commodities on this Statewide contract. There were three other bids for these lines from the sourcing ITB. Sprayer Specialties was the apparent low bidder by a large margin.</p>	

Fiscal Year 2014 - Baseline Spend Report

Voucher #	Voucher	PO ID	PO Date	PO Acct#	PO Line	Vendor ID	Vendor Name	Ship To ID	Ship To Description	Ship To City	Ship To St	SVC Nbr	Entire ID on PO	Entire L'n on PO	Item ID	UOM	Unit Price	Qty Vouchr	Unit Price * Qty Vch
40100	1 0000143069	12/20/2013	5/29/2014		1	0000000650	Sprayer Specialties Inc	0000014011	REG 1 GARAGE-STOCKROOM	KNOXVILLE	TN	226	0000000000000000000000039506	3	100019823	EA	\$ 1,174.00	4,000	\$ 4,696.00
40100	4 0000144124	12/12/2013	5/29/2014		4	0000000650	Sprayer Specialties Inc	0000014022	REGION 4 GARAGE	JACKSON	TN	226	0000000000000000000000039506	1	100019823	EA	\$ 2,747.00	17,000	\$ 46,699.00
40100	1 0000144124	12/12/2013	5/29/2014		1	0000000650	Sprayer Specialties Inc	0000014022	REGION 4 GARAGE	JACKSON	TN	226	0000000000000000000000039506	3	100019823	EA	\$ 994.00	24,000	\$ 23,856.00
40100	2 0000144124	12/12/2013	5/29/2014		2	0000000650	Sprayer Specialties Inc	0000014022	REGION 4 GARAGE	JACKSON	TN	226	0000000000000000000000039506	4	100019824	EA	\$ 1,899.00	3,000	\$ 5,697.00
40100	1 0000144124	12/12/2013	5/29/2014		1	0000000650	Sprayer Specialties Inc	0000014022	REGION 4 GARAGE	JACKSON	TN	226	0000000000000000000000039506	6	100019828	EA	\$ 2,743.00	2,000	\$ 5,486.00
40100	3 0000144124	12/12/2013	5/29/2014		3	0000000650	Sprayer Specialties Inc	0000014022	REGION 4 GARAGE	JACKSON	TN	226	0000000000000000000000039506	6	100019828	EA	\$ 2,743.00	3,000	\$ 8,229.00
40100	1 0000144289	12/12/2013	5/29/2014		1	0000000650	Sprayer Specialties Inc	0000012684	DIST 22-WEAKLEY CO-GARAGE	DUNLAP	TN	226	0000000000000000000000039506	6	100019828	EA	\$ 994.00	1,000	\$ 994.00
40100	1 0000144289	12/12/2013	5/29/2014		1	0000000650	Sprayer Specialties Inc	0000012684	DIST 22-WEAKLEY CO-GARAGE	DUNLAP	TN	226	0000000000000000000000039506	6	100019828	EA	\$ 2,743.00	1,000	\$ 2,743.00
40100	2 0000144689	12/16/2013	5/29/2014		2	0000000650	Sprayer Specialties Inc	0000014022	REGION 4 GARAGE	JACKSON	TN	226	0000000000000000000000039506	6	100019823	EA	\$ 994.00	90,000	\$ 89,460.00
40100	1 000014689	12/16/2013	5/29/2014		1	0000000650	Sprayer Specialties Inc	0000014022	REGION 4 GARAGE	JACKSON	TN	226	0000000000000000000000039506	6	100019828	EA	\$ 2,743.00	10,000	\$ 27,430.00
40100	3 0000145927	1/7/2014	5/29/2014		3	0000000650	Sprayer Specialties Inc	0000014022	REGION 4 GARAGE	JACKSON	TN	226	0000000000000000000000039506	2	100019821	EA	\$ 2,747.00	5,000	\$ 13,735.00
40100	2 0000145927	1/7/2014	5/29/2014		2	0000000650	Sprayer Specialties Inc	0000014022	REGION 4 GARAGE	JACKSON	TN	226	0000000000000000000000039506	2	100019822	EA	\$ 4,486.00	5,000	\$ 22,430.00
40100	1 0000145927	1/7/2014	5/29/2014		1	0000000650	Sprayer Specialties Inc	0000014022	REGION 4 GARAGE	JACKSON	TN	226	0000000000000000000000039506	6	100019828	EA	\$ 2,743.00	8,000	\$ 21,944.00
40100	1 0000147738	1/23/2014	7/9/2014		1	0000000650	Sprayer Specialties Inc	0000012684	DIST 22-WEAKLEY CO-GARAGE	DUNLAP	TN	226	0000000000000000000000039506	3	100019823	EA	\$ 994.00	1,000	\$ 994.00
40100	1 0000147738	1/23/2014	7/9/2014		1	0000000650	Sprayer Specialties Inc	0000012684	DIST 22-WEAKLEY CO-GARAGE	DUNLAP	TN	226	0000000000000000000000039506	3	100019823	EA	\$ 994.00	1,000	\$ 994.00
40100	1 0000149134	2/7/2014	6/18/2014		1	0000000650	Sprayer Specialties Inc	0000012684	DIST 22-WEAKLEY CO-GARAGE	DUNLAP	TN	226	0000000000000000000000039506	3	100019823	EA	\$ 994.00	1,000	\$ 994.00
40100	1 0000149134	2/7/2014	6/18/2014		1	0000000650	Sprayer Specialties Inc	0000012684	DIST 22-WEAKLEY CO-GARAGE	DUNLAP	TN	226	0000000000000000000000039506	3	100019823	EA	\$ 994.00	1,000	\$ 994.00
40100	2 0000149134	2/7/2014	6/18/2014		2	0000000650	Sprayer Specialties Inc	0000012684	DIST 22-WEAKLEY CO-GARAGE	DUNLAP	TN	226	0000000000000000000000039506	3	100019823	EA	\$ 994.00	1,000	\$ 994.00
40100	2 0000149134	2/7/2014	6/18/2014		2	0000000650	Sprayer Specialties Inc	0000012684	DIST 22-WEAKLEY CO-GARAGE	DUNLAP	TN	226	0000000000000000000000039506	3	100019823	EA	\$ 994.00	1,000	\$ 994.00
40100	3 0000149134	2/7/2014	6/18/2014		3	0000000650	Sprayer Specialties Inc	0000012684	DIST 22-WEAKLEY CO-GARAGE	DUNLAP	TN	226	0000000000000000000000039506	3	100019823	EA	\$ 994.00	1,000	\$ 994.00
40100	3 0000149134	2/7/2014	6/18/2014		3	0000000650	Sprayer Specialties Inc	0000012684	DIST 22-WEAKLEY CO-GARAGE	DUNLAP	TN	226	0000000000000000000000039506	3	100019823	EA	\$ 994.00	1,000	\$ 994.00
40100	1 0000151810	3/7/2014	6/5/2014		1	0000000650	Sprayer Specialties Inc	0000012684	DIST 22-WEAKLEY CO-GARAGE	DUNLAP	TN	226	0000000000000000000000039506	5	100019827	EA	\$ 2,091.00	1,000	\$ 2,091.00
40100	5 0000151978	3/10/2014	6/5/2014		5	0000000650	Sprayer Specialties Inc	0000014022	REGION 4 GARAGE	JACKSON	TN	226	0000000000000000000000039506	5	100019828	EA	\$ 2,743.00	5,000	\$ 13,715.00
40100	1 0000154242	5/23/2014	5/23/2014		1	0000000650	Sprayer Specialties Inc	0000014020	REGION 3 GARAGE	NASHVILLE	TN	226	0000000000000000000000039506	1	100019821	EA	\$ 2,747.00	4,000	\$ 10,988.00
40100	1 0000158281	5/23/2014	5/23/2014		1	0000000650	Sprayer Specialties Inc	0000016376	TDOT - DISTRICT 24 MAINTENANCE	Cookeville	TN	226	0000000000000000000000039506	1	100019823	EA	\$ 994.00	40,000	\$ 39,760.00
40100	2 0000158281	5/23/2014	5/23/2014		2	0000000650	Sprayer Specialties Inc	0000016376	TDOT - DISTRICT 24 MAINTENANCE	Cookeville	TN	226	0000000000000000000000039506	1	100019827	EA	\$ 2,091.00	4,000	\$ 8,364.00

TOTAL SPEND \$ 385,751.00

