

CITY OF SANTA ROSA  
BOARD OF PUBLIC UTILITIES

**TO:** BOARD OF PUBLIC UTILITIES

**FROM:** EMMA WALTON, DEPUTY DIRECTOR WATER REUSE  
OPERATIONS, WATER DEPARTMENT  
BRIAN BOKKIN, WASTEWATER TREATMENT  
SUPERINTENDENT, WATER DEPARTMENT  
BRANDALYN TRAMEL, PURCHASING AGENT, FINANCE  
DEPARTMENT

**SUBJECT:** BLANKET PURCHASE ORDER 161741 – ONE-YEAR EXTENSION  
AND INCREASE COMPENSATION, SNF POLYDYNE, INC.

**ACTION:** RESOLUTION

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**RECOMMENDATION:**

It is recommended by the Water and Finance Departments that the Board of Public Utilities, by resolution, authorize the Chair of the Board to approve a one-year extension with a 35.25% increase to unit price, and increase compensation to Blanket Purchase Order (BPO) 161741 for the supply and delivery of Clarifloc WE-1452 dewatering polymer for the Laguna Treatment Plant to SNF Polydyne, Inc., Riceboro, Georgia, in the total amount not to exceed \$430,000.

**EXECUTIVE SUMMARY:**

The Water Department requires a supply of Clarifloc WE-1452 polymer to be delivered to the Laguna Treatment Plant. BPO 161741 was awarded for a one-year period with four one-year renewal options and is due to expire on April 30, 2022. This is the second extension request.

**BACKGROUND:**

Polymer is a chemical used in the wastewater treatment process at the Laguna Wastewater Treatment Plant. The polymer acts to remove water from digested biosolids, thickening the material and reducing its weight. This makes the biosolids easier to handle and reduces transportation costs to move the material to the City's biosolids storage areas and to in-county agricultural land application sites and the out-of-county reuse site.

On December 5, 2019, Request for Proposal 19-74 was posted on the City PlanetBids eProcurement bid portal. SNF Polydyne, Inc. was the only firm that responded with a proposal. See Agreement history below:

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<u>Date</u>	<u>Description</u>	<u>Amount</u>	<u>Authorization</u>
April 2, 2020	Award of one-year Blanket Purchase Order with four (4) one-year extension options	\$260,000	Board of Public Utilities
February 17, 2021	Add compensation	\$49,000	Purchasing Agent
March 18, 2021	Extend one year with a 5.98% increase in unit cost and add compensation	\$295,000	Board of Public Utilities
<b>Pending</b>	<b>Extend one year with a 35.25% increase in unit cost and add compensation</b>	<b>\$430,000</b>	Board of Public Utilities
Cumulative Contract Value		\$1,034,000	

PRIOR BOARD OF PUBLIC UTILITIES REVIEW

April 2, 2020 – Approval of Blanket Purchase Order for one (1) year with four (4) one-year extension options in the amount of \$260,000.

March 18, 2021 – Approval of a one-year extension and increase of compensation in the amount of \$295,000

ANALYSIS

SNF Polydyne, Inc. has agreed to a one-year extension with a 35.25% increase in unit cost. The cost increase is based on BLS Producer Price Index (PPI) for Chemicals and Allied Products (Series ID: WPU066), showing an increase of 27.6%, and Plastic Material and Resins mfg (Series ID: PCU325211325211) showing an increase of 24.2%.

Propylene is a derivative from crude oil. All the polymers currently used at the Laguna Treatment Plant (LTP) are oil-based products. Polymer pricing has historically tracked with raw crude oil pricing. The now ongoing Russian-Ukraine conflict has driven the price of raw crude oil to greater than \$120/barrel this is an increase not seen in over a decade. The forecast for crude oil pricing for the next few months is to continue to escalate and remain record-high. This significant increase in crude oil pricing will significantly increase the costs for both the manufacture and freight of polymer.

The price of oil is directly related to the price of the base chemicals used to make the raw materials needed to produce polymers. In March of 2021, oil was \$58 per barrel; by the beginning of 2022, it had raised to \$76 per barrel, a 40% increase. As of March 8, 2022,

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the cost of oil is over \$121 per barrel, an increase over the last 14 months of 110% and an increase in the last two months of 60%.

The current demand for trucking services exceeds the available supply. As a result, the industry is experiencing substantial base-rate increases. The rising trucking rates impact both the cost of raw materials delivered to the manufacturing facilities and the cost to ship finished polymers to LTP.

Upon approval, the cumulative value of BPO 161741 will be \$1,034,000.

Under the City's Code 3-08.110, the extension and increase of compensation to Blanket Purchase Order 161741 requires approval by the Board of Public Utilities.

#### FISCAL IMPACT

Funds for this expense are included in the Fiscal Year 2021-22 adopted operational budget 130802 under the Water Department. As a regular operating expenditure, the services, as described, are expected to be included in subsequent years' budget proposals when presented to the City Council.

#### ENVIRONMENTAL IMPACT

This action is exempt from the provisions of the California Environmental Quality Act (CEQA) under CEQA Guidelines Section 15061(b)(3) and 15378 in that there is no possibility that the implementation of this action may have significant effects on the environment, and that no further environmental review is required.

#### BOARD/COMMISSION/COMMITTEE REVIEW AND RECOMMENDATIONS

Not applicable

#### ATTACHMENTS

- Resolution

#### CONTACTS

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