

CITY OF SANTA ROSA
BOARD OF PUBLIC UTILITIES

TO: BOARD OF PUBLIC UTILITIES
FROM: KIMBERLY ZUNINO, DEPUTY DIRECTOR ADMINISTRATION,
WATER DEPARTMENT
CHUCK MCBRIDE, CHIEF FINANCIAL OFFICER
FINANCE DEPARTMENT
BRANDALYN TRAMEL, PURCHASING AGENT
FINANCE DEPARTMENT
SUBJECT: FIRST AMENDMENT – GENERAL SERVICES AGREEMENT
F001686 THATCHER COMPANY OF CALIFORNIA INC

AGENDA ACTION: MOTION

RECOMMENDATION

It is recommended by the Water and Finance Departments that the Board of Public Utilities, by motion, approve a First Amendment to General Service Agreement F001686 for a one-year extension with an increase in compensation for the supply and delivery of ferric chloride, as required by the Laguna Treatment Plant, with Thatcher Company of California, Inc., Downey, California, in the amount of \$254,725.63, for a cumulative total not to exceed \$492,342.73.

EXECUTIVE SUMMARY

On May 17, 2018, the Board of Public Utilities, by motion, awarded a one-year term General Services Agreement (GSA) F001686 with four (1) one-year extension options for the supply of ferric chloride to Thatcher Company of California, Inc. The current Agreement expires on May 19, 2019.

BACKGROUND

Ferric chloride is a chemical used at the Laguna Wastewater Treatment Plant to control the amount of hydrogen sulfide present in sewers and gases produced by the treatment plant anaerobic digesters. The digester gases are utilized to fuel the combined heat and power (CHP) engines at the plant. This treatment process reduces exhaust emissions produced by the engines. Ferric chloride is fed into the plant's influent flow in proportion to the volume of sewage received each day. From there, the ferric chloride binds with solids and is transported to the digesters where it controls hydrogen sulfide production in

the digester gas. Hydrogen sulfide must be kept to low levels to prevent corrosion in the engines and to meet air permit requirements.

PRIOR BOARD OF PUBLIC UTILITIES REVIEW

General Service Agreement F001686 Award on May 17, 2018.

ANALYSIS

Staff received a one-year extension proposal with an 8% increase in unit price. The increase in cost is due to raw materials manufacturing and freight increases imposed on ferric chloride manufacturers. Raw materials such as hydrochloric acid increased 241%, and scrap iron increased by 43%, two primary materials in production of ferric chloride. Freight costs increased between 5 – 6% for railroad freight, compounded by the shortage of truck drivers and an increase in diesel prices in California. Based on this information, and the recent solicitation completed in 2018 where Thatcher Company of California Inc. was 11% lower than the next lowest bid, staff determines the 8% increase in the unit price is fair and reasonable.

The City and Thatcher Company of California Inc. entered into an agreement on May 19, 2018 awarded by Board of Public Utilities. See contract activity chart below:

<u>Award/Amendment</u>	<u>Date</u>	<u>Description</u>	<u>Amount</u>	<u>Authorization</u>
Contract Award	May 19, 2018	One Year with four (4) one-year extension options	\$237,617.10	BPU
First Amendment	Pending	One-year extension with 8% increase in unit price, and increase compensation	\$254,725.63	BPU
Cumulative Contract Value			\$492,342.73	

With approval of the First Amendment, the cumulative value of Agreement F001686 will be \$492,342.73. Under the City Code Section 3-08.110, the First Amendment of GSA F001686 requires approval by the Board of Public Utilities.

FISCAL IMPACT

Funds required for this operational expense are included in the Fiscal Year 2018-19 adopted budget of the Water Department and will be included in subsequent budgets to be approved by the City Council. There is no fiscal impact to the General Fund.

ENVIRONMENTAL IMPACT

Not Applicable. This action is exempt from the California Environmental Quality Act (CEQA) because it is not a project which has a potential for resulting in either a direct physical change in the environment, or a reasonably foreseeable indirect physical change in the environment, pursuant to CEQA Guideline section 15378.

BOARD/COMMISSION/COMMITTEE REVIEW AND RECOMMENDATIONS

Not Applicable

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