

CITY OF SANTA ROSA
BOARD OF PUBLIC UTILITIES

TO: BOARD OF PUBLIC UTILITIES
FROM: KIMBERLY ZUNINO, DEPUTY DIRECTOR, WATER
DEPARTMENT
CHUCK MCBRIDE, CHIEF FINANCIAL OFFICER, FINANCE
DEPARTMENT
SUBJECT: GENERAL SERVICE AGREEMENT F001422 – SECOND
AMENDMENT – SODIUM HYPOCHLORITE SUPPLY AND
DELIVERY

AGENDA ACTION: RESOLUTION

RECOMMENDATION

It is recommended by the Water and Finance Departments that the Board of Public Utilities, by resolution, approve the Second Amendment to General Services Agreement F001422 for a one-year agreement extension with a 5% increase in unit price for sodium hypochlorite supply and delivery service with Olin Corporation dba Olin Chlor Alkali Products, Tracy, California in an amount not to exceed \$107,100 for a total agreement amount not to exceed \$299,100.

EXECUTIVE SUMMARY

On June 6, 2017, the City Manager approved General Services Agreement F001422 for a one-year term with four (4) one-year extension options in the amount of \$90,000. This is the Second Amendment to the agreement for a one-year extension. The current agreement is due to expire on July 31, 2019.

BACKGROUND

Sodium hypochlorite is used at the Laguna Wastewater Treatment Plant, West College Wet Weather Facility, 2260 Sonoma Avenue Pump Facility, and Rohnert Park Pump Station for algae control and as a disinfecting agent for reclaimed water pursuant to the requirements of the State Regional Water Quality Control Board. Deliveries are provided in bulk form and delivered by truck to each location on an as-needed basis.

The current contract for services with Olin Corporation dba Olin Chlor Alkali Products has been provided satisfactorily.

GENERAL SERVICE AGREEMENT F001422 - SECOND AMENDMENT – SODIUM
HYPOCHLORITE SUPPLY AND DELIVERY
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PRIOR BOARD OF PUBLIC UTILITIES REVIEW

First Amendment, extension request dated June 7, 2018.

ANALYSIS

On April 17, 2019, Olin Corporation dba Olin Chlor Alkali Products submitted a one-year extension offer with a 5% increase to contract unit price.

The primary factor driving a request for increase is due to transportation and fuel cost increases, especially for small unit delivery sites. According to the Producer Price Index (PPI) for the period of March 2018 through March 2019:

- WPU057303 Diesel Fuel (.8 to 12.6) experienced a 1475% increase.
- PCU325---325--- Industry Sub-sector data for Chemical Manufacturing (288.6 to 293.5) experienced a 2% increase.
- PCU484---484--- Industry Sub-sector data for Truck Transportation (139.6 to 146.4) experienced a 5% increase.

The U.S. Energy Information Administration for the period of March 11, 2019 through April 15, 2019 shows a 5% increase in Ultra-low Sulfur Diesel Fuel. Chemical supply market futures show some volatility in the raw materials, but the instability in fuel and transportation costs is expected to continue through 2020.

Based on the market research and analysis provided, staff has determined it is in the City's best interest to exercise the one-year extension through July 31, 2020. Under the original solicitation RFQ 17-21, Olin Corporation was 5% lower than the second bid received. This extension proposal submitted by Olin Corporation dba Olin Chlor Alkali Products is considered fair and reasonable, and going back out to bid would more than likely result in similar increases to the contract unit price.

<u>Award/Amendment</u>	<u>Date</u>	<u>Description</u>	<u>Amount</u>	<u>Authorization</u>
Contract Award	June 6, 2017	1-Yr Contract	\$90,000	City Manager
First Amendment	June 7, 2018	One Year Extension with 13.2% increase	\$102,000	BPU
Second Amendment	Pending	One Year Extension with 5% increase	\$107,100	BPU
Cumulative Contract Value			\$299,100	

FISCAL IMPACT

Funds required for this operational expense have been appropriated in Fiscal Year 2019-20 adopted budget of the Water Department and will be included in future budget proposals presented to council as a regular operating expense.

ENVIRONMENTAL IMPACT

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.

NOTIFICATION

Not Applicable.

ATTACHMENTS

- Attachment 1 – Second Amendment to General Services Agreement Number F001422 with Olin Corporation DBA Olin Chlor Alkali Products
- Resolution

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