

CITY OF SANTA ROSA
BOARD OF PUBLIC UTILITIES

TO: BOARD OF PUBLIC UTILITIES
FROM: JENNIFER MYLES, SENIOR BUYER, FINANCE DEPARTMENT
SUBJECT: APPROVAL OF AMENDMENT TO BLANKET PURCHASE
ORDER 166906 – ADD FUNDS, ONE YEAR EXTENSION –
FERRIC CHLORIDE DELIVERY

AGENDA ACTION: MOTION

RECOMMENDATION

It is recommended by the Water and Finance Departments that the Board, by motion, approve amendment of Blanket Purchase Order 166906 for ferric chloride delivery to add funds in the amount of \$65,000, and extend for a one-year period with an increase in unit price and increase in compensation in the amount of \$594,667.83 to Pencco, Inc., San Felipe, Texas for a not to exceed Blanket Purchase Order cumulative value of \$759,667.83.

EXECUTIVE SUMMARY

The Water Department requests to amend Blanket Purchase Order 166906 for ferric chloride delivery to add funds and extend for a one-year period with an increase in unit price and increase in compensation. Blanket Purchase Order 166906 was originally awarded by the Assistant City Manager on May 24, 2022, in the amount of \$100,000, and is due to expire on May 31, 2023.

BACKGROUND

Due to an industry-wide supply chain shortage, ferric chloride was not readily available in 2021 and many public water systems and publicly owned treatment works were experiencing serious supply chain issues.

The City of Santa Rosa (City) procured ferric sulfate (BPO 165125) as an alternative to ferric chloride when supply chain shortages caused an interruption to its regular supply. Although ferric sulfate has performed well for its intended use, the City's effluent sulfur and dissolved sulfate levels have been elevated. Due to these water quality issues, and the return of a reliable supply of ferric chloride, the City is switching back to the use of ferric chloride. Blanket Purchase Order 165125 for ferric sulfate will be canceled, and

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the Water Department will now primarily utilize Blanket Purchase Order 166906 to purchase ferric chloride.

On August 20, 2021, the Assistant City Manager approved an emergency Blanket Purchase Order (165125) to purchase ferric sulfate with Thatcher Company of California, Inc., a substitute product not to exceed \$100,000. On October 21, 2021, the Board approved the addition of funds in the amount of \$250,000 and on April 7, 2022, approved a one-year extension and increase of funds in the amount of \$300,000, for a not to exceed total of \$550,000. Blanket Purchase Order 165125 will be canceled.

On May 24, 2022, the Assistant City Manager approved bid award of IFB 22-16 and issuance of a Blanket Purchase Order 166906 for a one-year period, with four (4) one year renewal options for the delivery of ferric chloride with Pencco, Inc., San Felipe, Texas in the amount of \$100,000. The deliveries come from the facility located in Stockton, California. The intent was that Blanket Purchase Order 166906 was to be used as a backup to the ferric sulfate Blanket Purchase Order 165125.

Ferric chloride is fed into the plant's influent flow in proportion to the volume of sewage received each day, which the ferric binds with solids and is transported to the digesters and 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

Not applicable.

ANALYSIS

Pencco, Inc. has submitted a one-year extension proposal with a 10.4% increase request in unit prices due to unforeseeable market conditions, and unprecedented raw material and transportation increases imposed this year. The original bid response from Pencco, Inc. on IFB 22-16 for ferric chloride, the lowest responsive bid, resulting in an award which was 4% lower than the next lowest bid. Staff has determined that the increase requested is fair and reasonable.

Staff recommends that it is in the City's best interest to extend this Blanket Purchase Order for ongoing needs.

FISCAL IMPACT

Funds for this expense are included in the Water Department's Fiscal Year 2022-23 adopted operational budget. 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 no further environmental review is required.

BOARD/COMMISSION/COMMITTEE REVIEW AND RECOMMENDATIONS

Not applicable.

NOTIFICATION

Not applicable.

ATTACHMENTS

Attachment 1 – Amended Compensation Schedule

CONTACT

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