

CITY OF SANTA ROSA
BOARD OF PUBLIC UTILITIES

TO: BOARD OF PUBLIC UTILITIES
FROM: MIKE PRINZ, DEPUTY DIRECTOR, WATER DEPARTMENT
BRANDALYN TRAMEL, PURCHASING AGENT
FINANCE DEPARTMENT
SUBJECT: APPROVAL OF SECOND AMENDMENT TO BLANKET
PURCHASE ORDER 164874 – ONE YEAR EXTENSION, PRICE
INCREASE, AND INCREASE COMPENSATION FOR SODIUM
HYPOCHLORITE SUPPLY

AGENDA ACTION: RESOLUTION

RECOMMENDATION

It is recommended by the Water and Finance Departments that the Board of Public Utilities, by resolution, approve a second amendment to Blanket Purchase Order (BPO) 164874 for sodium hypochlorite supply with Olin Corporation dba Olin Chlor Alkali Products, Tracy, California, to extend for a one-year period with an increase in unit price, and increase in compensation in the amount of \$450,000, for a total amount not to exceed \$815,000.

EXECUTIVE SUMMARY

The Purchasing Division of the Finance Department received a request to extend Blanket Purchase Order 164874 for an additional one-year period. The current Blanket Purchase Order term will expire on July 31, 2022.

BACKGROUND

On July 15, 2021, the Board of Public Utilities approved Invitation for Bids 20-21 bid award and issuance of a one-year Blanket Purchase Order with four one-year renewal options for sodium hypochlorite supply to Olin Corporation dba Olin Chlor Alkali Products, Tracy, California in the amount not to exceed \$155,000.

Sodium hypochlorite is used at the Laguna Wastewater Treatment Plant, Pump Stations and Farmers Lane Well Treatment Facility as a disinfecting agent for water pursuant to the requirements of the State Water Quality Control Board. Deliveries will be in bulk form by tanker truck at each location.

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PRIOR BOARD OF PUBLIC UTILITIES REVIEW

July 15, 2021, Invitation for Bid 20-21 bid award for a one-year Blanket Purchase Order with four one-year renewal options in the amount of \$155,000.

February 17, 2022, First Amendment to increase price and add funds in the amount of \$210,000, for a total amount not to exceed \$365,000.

ANALYSIS

On May 3, 2022, Olin Corporation submitted a one-year extension proposal with a 42% increase in unit price.

Plant conditions this past year have dictated a much higher use of sodium hypochlorite than originally estimated due to decreasing performance of the Trojan UV 4000 disinfection system and increased positive coliform sample results.

Olin Corporation issued a request to increase unit price identified under Exhibit B-2, an average 42% due to unstable market conditions for materials of chlorine (IHS Chlorine Averages – North America at 160% increase), and caustic soda (IHS Caustic Soda Averages – North America at 77%) used in the production of sodium hypochlorite. With an increase in demand, manufactures have experienced increased costs and significant constraints to the production of sodium hypochlorite attributed by major weather events throughout the states, trucking shortages, and fuel diesel fuel increases of 54%, port congestion, and supply disruptions throughout the period of May 2021 through April 2022. Exhibit B-2 will replace Exhibit B-1 for pricing schedule through the term of the Blanket Purchase Order expiring July 31, 2023.

FISCAL IMPACT

Funds required for this operational expense are included in the Fiscal Year 2022-23 adopted budget of the Water Department and will be included in subsequent budgets to be approved by the City Council.

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

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Not Applicable

ATTACHMENTS

- Attachment 1 - Exhibit B-2 Compensation Schedule
- Resolution

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