

CITY OF SANTA ROSA  
BOARD OF PUBLIC UTILITIES

TO: BOARD OF PUBLIC UTILITIES  
FROM: EMMA WALTON, DEPUTY DIRECTOR WATER REUSE  
ZACHARY KAY, BIOSOLIDS COORDINATOR, WATER  
DEPARTMENT  
BRANDALYN TRAMEL, PURCHASING AGENT  
FINANCE DEPARTMENT  
SUBJECT: THIRD AMENDMENT – GENERAL SERVICES AGREEMENT  
F001601 PONCIA FERTILIZER, INC.

AGENDA ACTION: RESOLUTION

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RECOMMENDATION

It is recommended by the Water and Finance Departments that the Board of Public Utilities, by resolution, approve the Third Amendment to General Service Agreement F001601 in the amount of \$1,225,679.60 for biosolids hauling services with Poncia Fertilizer, Inc., Cotati, California.

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EXECUTIVE SUMMARY

Biosolids hauling services consist of hauling dewatered biosolids generated at the Laguna Wastewater Treatment Plant to various beneficial reuse locations. The City's current agreement expires on December 31, 2020 and this amendment will provide the City with a contract that provides all necessary equipment and personnel for hauling biosolids to various locations for an additional two-year period through December 31, 2022.

BACKGROUND

The Laguna Treatment Plant (LTP) produces approximately 32,600 tons of Class B biosolids each year and currently has three beneficial reuse options: Land Application, the Lystek facility located at the Fairfield-Suisun Wastewater Treatment Plant, and the Landfill. The City previously composted biosolids on Llano Road; however, the Board, by Resolution, approved a General Services Agreement (GSA) with Lystek International Limited to provide Biosolids Management Services in lieu of composting.

For the land application program, the City has contracts with seven (7) farmland sites to which biosolids material may be delivered. The City also spreads biosolids on four (4)

City-owned farms. All of these locations are held to Federal 503 and/or State General Order regulations which include strict limits on the amount of biosolids that may be land-applied and come with additional seasonal constraints. All private and City-owned lands are only able to accept biosolids application during the dry months (May through October).

Biosolids produced at the Laguna Treatment Plant during wet months (November through April) are either stored for later reuse via land application or are hauled to the Lystek facility. The City will retain the ability to deliver biosolids to the landfill in the unforeseen event biosolids cannot be accepted elsewhere.

On August 9, 2017 Invitation for Bid (IFB) 17-44 was opened for Biosolids Hauling Services. The bid responses exceeded the budget estimate amount for this service and the bid was canceled. In the latter part of November, additional budget was identified in the Wastewater Facility chemicals budget.

On December 5, 2017, Invitation for Bid IFB 17-95 for Biosolids Hauling Services was released and opened on December 20, 2017. Of the 20 prospective bidders on the City's bid list, one bidder, Andy Poncia dba Poncia Fertilizer Spreading, responded with a written offer and is considered responsive and responsible to the requirements of the IFB. The offer submitted by Andy Poncia dba Poncia Fertilizer Spreading under IFB 17-95 compared to IFB 17-44 bid results, the average price per unit is 20% lower. Based on the evaluation comparison to recent bid activity, the bid response received by Andy Poncia dba Poncia Fertilizer Spreading is considered fair and reasonable.

Since execution of the original hauling contract, the City has entered into an agreement directly with Lystek. Given the City has an agreement directly with Lystek, the hauling contractor will no longer be responsible for invoicing the City for the Lystek tipping fees. Lystek will now invoice the City directly and these services will be removed from the hauling contract.

#### PRIOR BOARD OF PUBLIC UTILITIES REVIEW

On January 18, 2018, the Board of Public Utilities approved GSA F001601 to Andrew Poncia dba Poncia Fertilizer Spreading, Cotati, CA in the amount of \$288,895.

On June 21, 2018, the Board of Public Utilities approved the Assignment and Assumption of the GSA F001601 from Andrew Poncia dba Poncia Fertilizer Spreading to Poncia Fertilizer, Inc.

On October 4, 2018, the Board of Public Utilities approved the First Amendment to extend the Agreement for a two-year period through December 31, 2020 and to increase compensation by \$665,550 for a total, not to exceed amount of \$954,445.

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On May 7, 2020, the Board of Public Utilities approved the Second Amendment to increase compensation by \$374,735 for a total, not to exceed amount of \$1,329,180.

ANALYSIS

On July 28, 2020, Purchasing received a proposal from Poncia Fertilizer, Inc. to extend the current agreement for a full two-year period with a 10% increase in contract unit prices. The average overall price increase of the current agreement in the four year period, including the Third Amendment, is 22.22%. The initial award was 20% lower in comparison to the 2017 bid responses under canceled IFB 17-44. Based on the evaluation comparison to IFB 17-44, and original single bid response to IFB 17-95, a two-year hold on contract unit price proposed by Poncia Fertilizer, Inc., the proposal to extend is considered fair and reasonable. This is the last and final extension option for this agreement.

The City and Poncia Fertilizer, Inc. entered into an agreement on January 18, 2018 awarded by the Board of Public Utilities and has been amended twice. See contract activity chart below.

<u>Award/Amendment</u>	<u>Date</u>	<u>Description</u>	<u>Amount</u>	<u>Authorization</u>
Contract Award	January 18, 2018	One Year with up to four (4) one-year extension options	\$288,895	BPU
Assignment and Assumption	June 21, 2018	Andrew Poncia, Sole Proprietorship to Poncia Fertilizer, Inc.	0	BPU
First Amendment	October 4, 2018	Two Year Extension	\$665,550	BPU
Second Amendment	May 7, 2020	Add Funds	\$374,735	BPU
<b>Third Amendment</b>	<b>Pending</b>	<b>Remove service, extend for a two-year period</b>	<b>\$1,225,679.60</b>	<b>BPU</b>
Cumulative Contract Value			\$2,554,859.60	

Poncia Fertilizer, Inc. submitted a request for a full two-year extension. By locking in pricing for a two-year period, the City is guaranteed no price increases for a full two year period and the Department can budget accordingly. Poncia Fertilizer, Inc. continues to provide satisfactory services. With approval of the Third Amendment, the cumulative value of Agreement F001601 will be \$2,554,859.60. Under the City's Contract/Purchase Order Modification Policy III-9, the Third Amendment of GSA F001601 requires approval by the Board of Public Utilities. Selection of a contractor to provide biosolids hauling services needed after December 31, 2022 will be accomplished through a competitive process.

#### FISCAL IMPACT

Funds required for this operational expense are included in the Fiscal Year 2020-21 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

The spreading of the City's biosolids has been reviewed and is consistent with the California Environmental Quality Act (CEQA), pursuant to the Santa Rosa Subregional Sludge Beneficial Use Project Program EIR certified in 1991 and the South County Biosolids Reuse MND adopted by the Board of Public Utilities in 2010.

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

Not Applicable

#### CONTACT

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