

CITY OF SANTA ROSA  
BOARD OF PUBLIC UTILITIES

TO: BOARD OF PUBLIC UTILITIES  
FROM: EMMA WALTON, DEPUTY DIRECTOR, WATER DEPARTMENT  
BRANDALYN TRAMEL, PURCHASING AGENT, FINANCE  
DEPARTMENT  
SUBJECT: APPROVAL TO AMEND BLANKET PURCHASE ORDER 165125  
WITH THATCHER COMPANY OF CALIFORNIA, INC. TO ADD  
FUNDS IN THE AMOUNT OF \$150,000 FOR A TOTAL NOT TO  
EXCEED \$250,000

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, amend Blanket Purchase Order (BPO) 165125 with Thatcher Company of California, Inc. to add funds in the amount of \$150,000 for a total not to exceed \$250,000.

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EXECUTIVE SUMMARY

The Laguna Wastewater Treatment Plant uses ferric chloride to control hydrogen sulfide. Thatcher Company of California, Inc., is the City's current provider of ferric chloride. Due to a manufacturing shortage of ferric chloride, Thatcher Company of California, Inc., has offered, and is able to supply, a substitute product until normal production of ferric chloride resumes, which is expected to begin in December 2021.

BACKGROUND

Ferric chloride is a chemical used at the Laguna Wastewater Treatment Plant (Plant) to control the amount of hydrogen sulfide present in sewers and gases produced by the treatment plant's anaerobic digesters. The digester gases are utilized to fuel the combined heat and power (CHP) engines at the Plant. Hydrogen sulfide must be kept to low levels to prevent corrosion in the engines and to meet air permit requirements.

On May 17, 2018, as a result of the competitive solicitation under Invitation for Bid 18-40, the Board of Public Utilities awarded General Services Agreement F001686 to Thatcher Company of California, Inc., with four, one-year, optional extensions. With Board approval, the agreement has been extended through May 18, 2022.

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Due to an industry-wide supply chain shortage, ferric chloride is not readily available and many public water systems and publicly owned treatment works are experiencing serious supply chain issues. On August 20, 2021, the Assistant City Manager approved an emergency Blanket Purchase Order (165125) with Thatcher Company of California, Inc., for a substitute product not to exceed \$100,000. Treatment staff are currently receiving deliveries of ferric sulfate as a substitute product.

On October 1, 2021, Treatment staff learned that the ferric chloride shortage is expected to continue through November 2021. The current emergency Blanket Purchase Order (165125) does not have adequate funding to continue purchasing a substitute product through November 2021.

The Water Department is seeking authority to amend Blanket Purchase Order 165125 with Thatcher Company of California, Inc., to add funds in the amount of \$150,000 for a total not to exceed \$250,000 to continue purchasing a substitute product. Due to the market demand and widespread supply chain issues, prices will vary.

PRIOR BOARD OF PUBLIC UTILITIES REVIEW

Not Applicable

ANALYSIS

The requested amendment of \$150,000 for a total not to exceed \$250,000 with Thatcher Company of California, Inc., is based on current chemical usage to control hydrogen sulfide in the gas produced by the anaerobic digesters.

Ordering a substitute product through Thatcher Company of California, Inc., allows Treatment staff the most expeditious means of purchasing a substitute product to protect the combined heat and power (CHP) engines and to maintain compliance with the treatment plant's air permit.

FISCAL IMPACT

Funds required for this operational expense have been appropriated in the fiscal year 2021-2022 adopted Water Department budget. As a regular ongoing operating need, funds for this type of expenditure will continue to be included annually in the proposed Water Department budget.

ENVIRONMENTAL IMPACT

This action is exempt from the California Environmental Quality Act (CEQA) because it is not an action 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, and thus is not a project pursuant to CEQA Guidelines Section 15378.

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BOARD/COMMISSION/COMMITTEE REVIEW AND RECOMMENDATIONS

Not Applicable

ATTACHMENTS

- Attachment 1 – Price Quote
- Resolution

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