

CITY OF SANTA ROSA  
BOARD OF PUBLIC UTILITIES

TO: BOARD OF PUBLIC UTILITIES  
FROM: CHRISTIAN WILLIAMS, WASTEWATER TREATMENT  
SUPERINTENDENT, SANTA ROSA WATER  
BRANDALYN TRAMEL, PURCHASING AGENT  
FINANCE DEPARTMENT  
SUBJECT: APPROVAL OF THIRD AMENDMENT TO BLANKET PURCHASE  
ORDER 164874 – ONE YEAR EXTENSION, PRICE INCREASE,  
AND INCREASE COMPENSATION FOR SODIUM  
HYPOCHLORITE SUPPLY; AUTHORIZATION OF PURCHASING  
AGENT TO APPROVE AN ADDITIONAL PRICE INCREASE OF  
UP TO TEN PERCENT

AGENDA ACTION: RESOLUTION

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RECOMMENDATION

It is recommended by Santa Rosa Water and the Finance Department that the Board of Public Utilities (BPU), by resolution, approve a Third 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 \$840,000, for a total amount not to exceed \$1,655,000, and authorize the Purchasing Agent to approve an additional ten percent increase in price with conditions.

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EXECUTIVE SUMMARY

The Purchasing Division of the Finance Department received a request to extend Blanket Purchase Order 164874 for an additional one-year period with an increase in unit price, plus a potential additional price increase after February 28, 2024, and increase in compensation. The current Blanket Purchase Order term will expire on July 31, 2023.

BACKGROUND

On July 15, 2021, the BPU 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.

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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.

PRIOR BOARD OF PUBLIC UTILITIES REVIEW

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

On February 17, 2022, the BPU approved the First Amendment to BPO 164874 for increase in price and compensation in the amount of \$210,000, for a total amount not to exceed \$365,000.

On July 7, 2022, the BPU approved the Second Amendment to BPO 164874 to extend for a one-year period and increase in price and compensation in the amount of \$450,000, for a total amount not to exceed \$815,000.

ANALYSIS

On March 14, 2023, Olin Corporation submitted a one-year extension proposal with an average 61.8% increase in unit price.

Plant conditions continue to dictate a higher use of sodium hypochlorite than originally estimated due to decreasing performance of the existing Trojan UV 4000 disinfection system, which is currently slated to be replaced by the end of 2025.

Olin Corporation issued a request to increase unit price identified under Exhibit B-3, an average of 61.8% due to unstable market conditions for materials of chlorine and caustic soda used in the production of sodium hypochlorite. Producer Price Index February 2022 to February 2023 WPU061303024 Sodium Hydroxide (caustic soda) not seasonally adjusted shows a 30% increase, and WPU06130302 Chlorine a 39.3% increase.

In addition to an increase in demand, manufacturers have experienced increased costs in the production of sodium hypochlorite due to major weather events throughout the states, trucking shortages, diesel fuel increases, port congestion, and supply disruptions. Due to the ongoing volatile market conditions, Olin Corporation has requested a price review and potential future adjustment according to future market conditions which may change due to the aforementioned production cost challenges

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Olin Corporation has indicated the current price will be good through 2/28/2024, at which time a price review will be conducted and up to a 10% increase in price may be proposed. This request for compensation increase includes the 61.8% unit price increase and a potential additional 10% increase upon the 6-month price review.

Staff requests the BPU grant authority to the Purchasing Agent to approve an additional increase in unit price of up to 10% following the 6-month price review proposed by Olin Corporation. If, following the proposed 6-month price review, the requested price increase exceeds 10% or additional funds would be required, the change would be brought back to the BPU for approval.

Exhibit B-3 will replace Exhibit B-2 for pricing schedule through the term of the Blanket Purchase Order expiring July 31, 2024.

#### FISCAL IMPACT

Funds required for this operational expense are included in the Fiscal Year 2022-23 adopted budget of the Water Department: Wastewater Treatment \$755,000, Reclamation \$25,000, Local Water \$85,000, 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

Not Applicable

#### ATTACHMENTS

- Attachment 1 - Exhibit B-3 Compensation Schedule
- Resolution

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