

CITY OF SANTA ROSA
BOARD OF PUBLIC UTILITIES

TO: CHAIR AND BOARD MEMBERS
FROM: SAMONE CHRISMAN, BUYER, FINANCE DEPARTMENT
SUBJECT: APPROVAL - SECOND AMENDMENT TO BLANKET PURCHASE
ORDER 169227 WITH PORTOLA MINERALS, INC., DBA BLUE
MOUNTAIN MINERALS – TO EXTEND ONE YEAR AND
INCREASE COMPENSATION FOR AGRICULTURAL LIME
SUPPLY AND DELIVERY

AGENDA ACTION: MOTION

RECOMMENDATION

It is recommended by Santa Rosa Water and the Finance Department that the Board of Public Utilities, by motion, approve the second amendment to Blanket Purchase Order (BPO) 169227 with Portola Minerals, Inc., dba Blue Mountain Minerals, Columbia, California for the supply and delivery of agricultural lime, to extend the term for one year and increase compensation in the amount of \$50,000 for a total cumulative amount not to exceed \$660,895.00.

EXECUTIVE SUMMARY

In order to meet Federal regulations relative to soil pH levels, Santa Rosa Water uses agricultural lime incorporated with biosolids generated from the Laguna Treatment Plant as a soil additive. An amendment to BPO 169227 is recommended to continue the supply from Portola Minerals Inc., dba Blue Mountain Minerals (Portola Minerals).

BACKGROUND

To apply biosolids to agricultural land, Clean Water Act regulations, specifically 40 CFR (Code of Federal Regulations) Part 503 – Standards for the Use or Disposal of Sewage Sludge, requires the soil pH level to be at or above 6.5. The higher the pH, the less acidic the soil is. A soil pH level meeting the minimum of 6.5 promotes absorption of more nutrients beneficial to livestock, improves water penetration of acidic soils, and reduces the leaching of metals through the soil. To correct pH levels that are below the 6.5 limit, addition of agricultural lime is required. On average, Santa Rosa Water requires up to 2,500 tons of agricultural lime per year to comply with this regulation. The agricultural lime purchased will be applied along with biosolids from the City's Laguna Treatment Plant to fertilize cropland used to produce hay.

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On January 31, 2023, Purchasing posted Invitation for Bids (IFB) 23-06 for agricultural lime acquisition and delivery services, which resulted in an award of a BPO to Portola Minerals.

PRIOR BOARD OF PUBLIC UTILITIES REVIEW

On April 20, 2023, the Board of Public Utilities approved BPO 169227, for two years with three, one year extension options in the amount of \$517,895.00.

ANALYSIS

On February 26, 2026, Portola Minerals provided an extension proposal that proposes a 5.19% increase. The price increase for this year is based on an internal cost analysis conducted by Portola Minerals where they determined that several products were being sold below sustainable cost levels. Pricing has also been impacted by the additional handling of freight and logistics associated with servicing the City of Santa Rosa. Because this BPO requires trucking quotes and delivery schedules are not always clearly defined, Portola Minerals must account for variability in delivery rates and quote more conservatively to mitigate potential exposure to increased freight costs. Additionally, the coordination of freight introduces internal handling costs that are not typically incurred with their standard accounts.

The Producer Price Index (PPI) for lime manufacturing (Series ID: WPU13210122, previously PCU32741-32741) from January 2025 to January 2026 shows a 4.4% increase. The Consumer Price Index (CPI) for all items in San Francisco-Oakland-Hayward, CA, (Series ID: CUURS49BSA0) from February 2025 to February 2026 shows a 2.5% increase.

The available BPO balance is \$ 232,600.21. An additional \$50,000 in compensation will ensure that the BPO is fully funded for the one-year extension and up to approximately 2,500 tons of lime, which is a foreseeable amount of lime to be applied in the next land application season. City staff has thoroughly analyzed the increase in unit pricing and has determined the extension proposal is considered fair, reasonable, and in the City’s best interest to extend the current agreement.

<u>Date</u>	<u>Description</u>	<u>Amount</u>	<u>Authorization</u>
April 20, 2023	Award of Blanket Purchase Order	\$517,895.00	Board of Public Utilities
April 16, 2025	One year extension and increase compensation	\$93,000.00	City Manager
Pending	One year extension and increase compensation	\$50,000	Board of Public Utilities

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Cumulative Contract Value	\$660,895.00
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Under the City's Contract/Purchase City Code 3-08-110(A) Authority, this amendment requires approval by the Board of Public Utilities.

FISCAL IMPACT

Funds required for this ongoing operational expense have been appropriated in Santa Rosa Water's Fiscal Year 2025-26 budget and will be included annually in subsequent budgets.

ENVIRONMENTAL IMPACT

Pursuant to CEQA Guidelines Section 15378, the proposed action is not a "project" subject to the California Environmental Quality Act (CEQA) because it consists of administrative activities related to the extension of a purchase order and does not have the potential to result in a direct or reasonably foreseeable indirect physical change in the environment.

In addition, the use of agricultural lime is part of the City's Biosolids Land Application Program, which has been previously evaluated under multiple CEQA documents, including the Residuals Processing Mitigated Negative Declaration (MND) adopted in 1977, the Santa Rosa Subregional Sludge Beneficial Use Project Program Environmental Impact Report (EIR) certified in 1991, the Management Plan for the Beneficial Reuse of Biosolids by Land Application adopted in 1993, and the South County Biosolids Reuse MND adopted in 2010.

The proposed action is consistent with the scope of these prior environmental documents, and none of the conditions described in CEQA Guidelines Section 15162 requiring additional environmental review are present. Accordingly, no further environmental review is required.

BOARD/COMMISSION/COMMITTEE REVIEW AND RECOMMENDATIONS

Not applicable.

NOTIFICATION

Not applicable.

ATTACHMENTS

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- Attachment 1 – Cost Proposal

PRESENTER

Zach Kay, Biosolids Coordinator