

CITY OF SANTA ROSA
BOARD OF PUBLIC UTILITIES

TO: CHAIR AND BOARD MEMBERS
FROM: TRACY VERA, BUYER, FINANCE DEPARTMENT
SUBJECT: APPROVAL – FIRST AMENDMENT TO GENERAL SERVICES
AGREEMENT F002137 FOR BIOSOLIDS MANAGEMENT
SERVICES

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 First Amendment to General Services Agreement (GSA) F002137 with Lystek International Limited (Lystek), Wilmington, Delaware, to extend the term three years and add compensation in the amount of \$1,000,000 for a total amount not to exceed \$7,405,770.

EXECUTIVE SUMMARY

The First Amendment to GSA F002137 will extend the term for three years for biosolids processing services for a portion of the biosolids produced by the Laguna Treatment Plant. The current term expires on October 31, 2025.

BACKGROUND

The City of Santa Rosa's Laguna Treatment Plant (LTP), a 21.3 million-gallon-per-day tertiary wastewater treatment plant, serves approximately 230,000 residents in the cities of Santa Rosa, Rohnert Park, Cotati, Sebastopol, and unincorporated portions of Sonoma County. Solids processing at the LTP consists of sludge thickening using gravity belt thickeners, mesophilic anaerobic digestion, and belt filter press dewatering. Class B biosolids at 15-16% total solids are produced through this process.

Currently, the LTP produces an average of 90 wet tons of biosolids per day throughout the year. During the dry months (May 1 through October 31, typically), biosolids are trucked to agricultural land within Sonoma County and are applied as fertilizer or soil amendment on fodder crops. During wet months (November 1 through April 30), land application of biosolids is restricted.

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During the wet months, Lystek receives and processes up to 11,000 wet tons of the biosolids at their facility located at the Fairfield Suisun Sewer District. Lystek uses a high shear mechanical mixing with alkali and temperature adjustment to achieve full breakdown of biological materials in the biosolids feedstock. The process relies on physical/chemical principles with heat input to achieve the processing function. No biological process steps are involved. The biosolids processed by Lystek are converted into a nutrient-rich, pathogen-free fertilizer that is well suited for land application.

On November 08, 2019, Request for Proposals (RFP) 19-71 was opened by the Purchasing Agent at the request of the Water Department, seeking innovative and comprehensive, environmentally friendly biosolids management services to be utilized by the Water Department.

PRIOR BOARD OF PUBLIC UTILITIES REVIEW

On March 5, 2020, the Board of Public Utilities approved a five-year GSA with two three-year renewal options to Lystek, with a contract term commencing on November 1, 2020.

ANALYSIS

On April 25, 2025, Lystek submitted a three-year extension proposal, which included a 15% increase in unit cost for the first year and a yearly adjustment based on the Consumer Price Index (CPI) for years two and three, with a minimum of 2.5% and a maximum of 5%.

Over the past 5 years, the Agreement allowed for yearly price adjustments based on the Consumer Price Index (CPI). However, during that time, especially during the COVID-19 pandemic, Lystek experienced cost increases that were significantly higher than what CPI adjustments covered. Despite this, Lystek honored the CPI-based increases and did not request additional compensation. They are now proposing a one-time 15% increase to better reflect their actual cost of doing business going forward. Key cost increases since 2020 include chemical prices (up over 35%), equipment consumables (up over 15%), and transportation costs for land application (up 10%–25%).

The Consumer Price Index for All Urban Consumers (CPI-U) (Series CUURS49BSA0) from June 2020 to April 2025 shows an 18.44% increase. The Producer Price Index (PPI) for Fertilizer Manufacturing (Series PCU32531-32531) from June 2020 to April 2025 shows a 62.03% increase.

City staff have reviewed the proposal, determined it to be fair and reasonable, and Lystek continues to provide satisfactory services.

FISCAL IMPACT

Funds for this regular operating expense have been appropriated as part of the Water

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Department's Fiscal Year 2025-26 operations budget and will continue to be appropriated in budget proposals for future fiscal years.

ENVIRONMENTAL IMPACT

On April 27, 2015, the Fairfield-Suisun Sewer District, pursuant to its Resolution No. 2015-04, approved an Initial Study/Mitigated Negative Declaration for the development and operation of the Organic Materials Recovery Center dated April 2015 (IS/MND). The IS/MND evaluated the environmental impacts of the regional collection and processing of biosolids from wastewater treatment plants within a service radius of 100 miles at the proposed recovery center. The Organic Materials Recovery Center was subsequently constructed and operated by Lystek.

As a Responsible Agency, the City may rely on the previously adopted IS/MND as the California Environmental Quality Act (CEQA) documentation for the City's approval of the Agreement with Lystek, so long as the City considers the environmental effects of the project as identified in the IS/MND and adopts any mitigation measures for the project that are applicable to the City's actions. A review of the IS/MND indicates there are no applicable mitigation measures that need to be adopted by the City in relation to its approval of the Lystek Agreement. A copy of the IS/MND dated April 2015 is attached to this report, along with the Response to Comments on the IS/MND and Resolution No. 2015-04 of the Fairfield-Suisun Sewer District approving the IS/MND.

The Board's actions are not subject to further environmental review under the California Environmental Quality Act (CEQA) pursuant to CEQA Guidelines Section 15096 (Responsibilities of Responsible Agencies). As a Responsible Agency, the City of Santa Rosa has reviewed the IS/MND and determined that it adequately addresses the environmental effects of the activities covered under this agreement amendment. No additional mitigation measures are applicable to the City's approval of this item. Therefore, no further environmental documentation is required under CEQA.

BOARD/COMMISSION/COMMITTEE REVIEW AND RECOMMENDATIONS

Not applicable.

NOTIFICATION

Not applicable.

ATTACHMENTS

- Attachment 1 - Draft First Amendment to GSA F002137
- Attachment 2 - Fairfield-Suisun Sewer District Resolution No. 2015-04

PRESENTER

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Zach Kay, Biosolids Coordinator