



*City of Arts & Innovation*

# City Council Memorandum

.....

**TO: HONORABLE MAYOR AND CITY COUNCIL                      DATE: MARCH 23, 2021**

**FROM: OFFICE OF THE CITY MANAGER                              WARDS: ALL**

**SUBJECT: FIRST AMENDMENT TO PROFESSIONAL CONSULTANT SERVICES AGREEMENT WITH EIDE BAILLY LLP FOR FORENSIC REVIEW OF THE CITY OF RIVERSIDE PARTICIPATION IN THE SOUTHERN CALIFORNIA PUBLIC POWER AUTHORITY TO EXTEND THE TERM THROUGH JUNE 30, 2021 AND INCREASE COMPENSATION BY \$12,500 FOR A TOTAL CONTRACT COST NOT TO EXCEED \$128,000**

**ISSUE:**

Approve a First Amendment to Professional Consultant Services Agreement with Eide Bailly, LLP for Forensic Review of the City of Riverside Participation in the Southern California Public Power Authority to extend the term through June 30, 2021 and increase compensation by \$12,500 for a total contract cost not to exceed \$128,000 using Section 702(t) of Purchasing Resolution 23256.

**RECOMMENDATIONS:**

That the City Council:

1. Approve a First Amendment to Professional Consultant Services Agreement with Eide Bailly LLP for Forensic Review of the City of Riverside Participation in the Southern California Public Power Authority to extend the term through June 30, 2021 and increase compensation by \$12,500 for a total contract cost not to exceed \$128,000 using Section 702(t) of Purchasing Resolution 23256; and
2. Authorize the City Manager, or his designee, to execute the First Amendment to Professional Consultant Service Agreement with Eide Bailly LLP, including making minor and non-substantive changes.

**BACKGROUND**

On March 13, 2019, a request was made by Councilmember Conder during the City's Finance Committee meeting for the City of Riverside to conduct a complete and independent outside audit of the Southern California Public Power Authority, including the formation of SCPPA and its' original charter, past audits conducted by the Internal Audit Department, a thorough determination as to signature authority and approval for SCPPA contracts, and transactions between RPU and SCPPA as far back as can be reasonably accomplished.

On August 21, 2019, RFP No. 1963 was issued for a forensic review of the City of Riverside's

participation in the Southern California Public Power Authority. The intent of the RFP was to find a qualified entity or individual to provide forensic review services of the City of Riverside's participation with SCPPA for a 10-year period ending December 31, 2018.

On September 20, 2019, five proposals were received in response to RFP No. 1963. After an extensive evaluation process, Eide Bailly, LLP, was selected as the most responsive proposer based on qualifications, pricing, and industry experience.

On June 8, 2020, the Board of Public Utilities considered a recommendation to the City Council for approval of a Professional Consultant Services Agreement from RFP 1963 for a forensic review of the City of Riverside's participation in the Southern California Public Power Authority (SCPPA) with Eide Bailly, LLP, in an amount not to exceed \$115,500 and a term ending December 31, 2020. After Board discussion, a motion was made and approved to forward a recommendation to the City Council to approve the contract with 50% funding from Riverside Public Utilities funds and 50% funding from the General Fund.

On June 30, 2020, the City Council approved the Professional Consultant Services Agreement with Eide Bailly, LLP in response to RFP 1963 for forensic review of the City of Riverside participation in the Southern California Public Power Authority, in an amount not-to-exceed \$115,500, and requested the contract be fully funded from Public Utilities Administration Professional Services Account.

On August 24, 2020 the Board of Public Utilities voted to approve the full cost associated with the Professional Consultant Services Agreement with Eide Bailly, LLP for a forensic review of the City of Riverside's participation in the Southern California Public Power Authority in an amount not to exceed \$115,000.

## **DISCUSSION:**

Eide Bailly, LLP, is a CPA and business advisory firm with forensic professionals that have extensive experience in reviewing agreements, policies, and past financial transactions for specific purposes. Their scope of services for the project includes: 1) interviews with City Council members, the City Manager, Public Utilities Board Members, the Public Utilities General Manager, and the Chief Financial Officer to discuss concerns; 2) review, summarize, analyze, and categorize expenditures by the City for contracts authorized under SCPPA; 3) Compare expenditures to industry standard costs to determine the amount of savings, if any, the City's ratepayers experienced through the SCPPA Agreements; 4) determine the level of participation in projects additional to the provisions for financing generation and transmission of electric power to determine if the SCPPA participation has been effective at providing services in an economical, efficient, and effective manner, whether its goals and objectives were/are being achieved, and whether it was/is complying with applicable City and Utility Department procedures in areas of contract signature authority; and 5) analyze previously performed audits from the City's Internal Audit Division and other external contractors specifically related to the SCPPA participation.

Eide Bailly completed the initial scope of services for this project in November 2020. Since this time, a request has been made to expand the project scope to include additional services for receiving public input related to the City's participation in SCPPA. As part of the expanded scope of services, Eide Bailly will work with City staff to distribute through the City's social media and website a "Call for Public Input related to the Forensic Review of the City of Riverside's Participation in the Southern California Public Power Authority" to receive ideas, information, and concerns from the public related to the City's participation in SCPPA. For purposes of maintaining

the integrity of the forensic review, all concerns will be mailed via US Postal Service directly to Eide Bailly via typed/word processed letter and Eide Bailly will document these concerns and provide a summary to the City Manager. The additional cost for these services is not to exceed \$12,500 and will be funded by the City Manager's Office.

Once all ideas, information, and concerns are received and documented, Eide Bailly will assess the concerns to determine if further investigation is needed to identify facts to refute or support the concerns, and reevaluate the current project scope, budget and timeline, if necessary, to determine if an additional contract amendment is needed to address these concerns.

Section 702(t) of Purchasing Resolution 23256 allows for an exception to competitive procurement when "Services not subject to the bidding requirements of Section 1109 of the City Charter, which are of such a nature that suitable technical or performance specifications describing them are not readily available and cannot be developed in a timely manner to meet the needs of the City, in which case the Manager shall be authorized to negotiate with any Person or Persons for the Procurement thereof upon the price, terms and conditions need by the Manager to be in the best interest of the City and in doing so may utilize Informal Procurement or Negotiated Procurement process."

The Purchasing Manager concurs that the recommendation to approve the amendment is in compliance with Purchasing Resolution No. 23256, Section 702(t).

**FISCAL IMPACT:**

The fiscal impact of this action is \$12,500. Sufficient funds are available in the General Fund N/D-City Mgr-Sundry/Gen Gov't Account No. 7211200-450247.

Prepared by: Donna Finch, Principal Management Analyst  
Certified as to  
Availability of Funds: Edward Enriquez, Chief Financial Officer/City Treasurer  
Approved by: Al Zelinka, FAICP, City Manager  
Approved as to form: Kristi J. Smith, Interim City Attorney

Attachments: First Amendment to Professional Consultant Services Agreement