



# RIVERSIDE PUBLIC UTILITIES

## Board Memorandum

**BOARD OF PUBLIC UTILITIES**

**DATE: JUNE 10, 2024**

**SUBJECT: EXPENDITURES FOR ANNUAL PURCHASE ORDERS, EXISTING CONTRACT PURCHASE ORDERS, ANNUALLY RECURRING EXPENDITURES OVER \$50,000 AND PURCHASE ORDERS WITH A MULTIYEAR COST OVER \$50,000 FOR FISCAL YEAR 2024-25 TOTALING \$51,027,648.**

**ISSUE:**

Consider approving the expenditures for the listed goods and services over \$50,000 as required by Section 1202(b) of the City of Riverside Charter.

**RECOMMENDATIONS:**

That the Board of Public Utilities:

1. Approve the expenditure for 14 Fiscal Year 2024-25 Annual Purchase Orders for Electric and Water operations, with an estimated amount of \$3,301,639;
2. Approve the expenditure for 21 Fiscal Year 2024-25 Annual Purchase Orders for Central Stores for orders benefiting Electric and Water operations, with an estimated amount of \$21,703,682;
3. Approve a not to exceed 20% allowance for Producer Price Index (PPI) increases for 21 Fiscal Year 2024-25 Annual Purchase Orders for Central Stores for orders benefiting Electric and Water operations;
4. Approve the expenditure for 66 Fiscal Year 2024-25 Existing Contract Purchase Orders with an estimated total amount of \$18,474,175;
5. Approve the expenditure for 18 Fiscal Year 2024-25 Annually Recurring Expenditures for SHARE, memberships and subscription expenses are either greater than \$50,000 per year or could over a number of years, cumulatively exceed \$50,000 for multi-year expenses, with an estimated total amount of \$4,402,094; and
6. Approve the expenditure for 77 Fiscal Year 2024-25 Purchase Orders with cumulative multiple year costs equal to or greater than \$50,000 with an estimated total amount of \$3,146,058.
7. Approve the expenditure for the annual legal budget for Fiscal Year 2024-25 for the law firm of Thompson Coburn in an amount not to exceed \$720,000.

## **BACKGROUND:**

Riverside City Charter Section 1202(b) requires that the Board of Public Utilities (Board) approve all expenditures in excess of \$50,000. Purchasing Resolution No. 24101 (Purchasing Resolution) Section 404 entitled “Utilities Exception” recognizes that there are certain supplies and materials which are “peculiar to the needs” of the City’s Public Utilities Department (RPU) and may be acquired through an open market procurement process, so long as the expenditures have been approved by the Board. Categories for such supplies and materials are listed in that resolution.

## **DISCUSSION:**

In accordance with this authorization, RPU issues annual purchase orders for such goods and materials that are routinely used by the department during the fiscal year for its daily utility operations. The City’s Purchasing Division selects vendors via a competitive bid process which can be informal or formal:

1. Informal bids apply to either purchases of goods and services of \$50,000 or less and purchases of any amount falling under the Purchasing Resolution Section 404 for Utilities Exception, which have no monetary cap. Informal bids mean that the City receives a minimum of three price quotes from vendors outside of the formal procurement process and may negotiate terms, conditions, and pricing with the vendors via email, phone call or eProcurement platform (PlanetBids.)
2. Formal bids apply to all other purchases over \$50,000 and are conducted online through PlanetBids.
3. The competitive bid process for goods and services may be waived for various reasons, including availability from a sole or single source, utilization of Federal, State and/or other public entity pricing contracts or price agreements, and when it is in the best interest of the City to do so or for other reasons as set forth in the City’s Purchasing Resolution.

Purchasing Resolution 24101, Section 404 Utilities Exception, states. “The Water, Electric and Sewer Utilities have a need for compatibility within their respective systems for uniform operation, maintenance and replacement, and this need can be met by procuring certain supplies, equipment, and materials supplies through Informal Procurement or Negotiated Procurement. If it appears to the Manager to be in the best interest of overall economy and efficiency of the City to do so, and it is within existing budget appropriation, the following supplies, equipment, and materials are determined to be peculiar to the needs of the Water Utility, the Electric Utility, and the Sewer Utility and may be acquired by Informal Procurement or Negotiated Procurement, regardless of their estimated Procurement expenditure amounts, provided that the City’s Board of Public Utilities or City Council shall have approved the proposed acquisition if required under the provisions of the City Charter, either by approval of the procurement contract or approval of annual purchase orders.” In addition, items are approved by the Board for capital work orders over \$50,000 and all expenditures are incorporated into the Fiscal Year 2024-25 operating budget.

### *Annual Purchase Orders – Electric and Water*

Fiscal Year 2024-25 Annual Purchase Orders for Electric and Water (Attachment 1) includes an estimated expenditure of \$3,301,639. The vendors listed are the current vendors for each of the goods and materials and are subject to change based on procurement activity. Bids are evaluated

and awarded in compliance with purchasing policy and procedures. Items that require formal bidding and that are not exempt under the utilities' exception are presented to the Board for individual action throughout the fiscal year.

### *Annual Purchase Orders – Central Stores*

Fiscal Year 2024-25 Annual Purchase Orders for Central Stores (Attachment 2) includes an estimated expenditure of \$21,703,682. Central Stores provides warehousing and accounting control of supplies and materials on behalf of all City departments. The material and supplies included on this list are primarily used by the Electric and Water operations. The vendors listed are the current vendors for each of the goods and material and are subject to change based on procurement activity. Bids are evaluated and awarded in compliance with purchasing policy and procedures. Items that require formal bidding and that are not exempt under the utilities' exception are presented to the Board for individual action throughout the fiscal year.

The City Council will consider the Central Stores annual expenditures at their regularly scheduled meeting of June 25, 2024.

### *Purchase Orders for Existing Contracts*

Fiscal Year 2024-25 Existing Contract Purchase Orders (Attachment 3) includes several contracts previously approved by the Board for an estimated amount of \$18,474,175. Many of the contracts were approved for multi-year terms or options for extensions. At contract approval, the budget was only available for the first year of the contract. Subsequent years are budgeted through the budget process. The vendors listed are continuing vendors for each material or service.

### *Annually Recurring Expenditures*

Fiscal Year 2024-25 Annual Recurring Expenditures (Attachment 4) includes the SHARE program, annual memberships, and subscriptions. The expenses are either greater than \$50,000 per year or could over a number of years, cumulatively exceed \$50,000 for multi-year expenses, for an estimated expenditure of \$4,402,094. Any *changes* to the SHARE or other public benefit programs require Board and City Council approval. Board approval is necessary and in compliance with the Purchasing Resolution.

### *Multiyear Expenditures Over \$50,000*

Fiscal Year 2024-25 Multi-year Expenditures Over \$50,000 (Attachment 5) include multiple expenses for an estimated amount of \$3,146,058. RPU issues purchase orders for such goods and materials that are routinely used by the department during the fiscal year for its daily utility operations. The City's Purchasing Division selects vendors via a competitive bid process which can be informal or formal. When the cumulative cost for multi-year services is greater than \$50,000, the Purchasing Resolution requires Board approval for the expenses.

### *Thompson Coburn Annual Budget*

For fiscal year 2024-2025, Thompson Coburn estimates a budget of \$720,000 and the City Attorney's Office is seeking approval for that expenditure.

City Charter section 702, "Eligibility, powers and duties of City Attorney," provides, in part, that "the City Council shall have control of all legal business and proceedings and may employ other

attorneys to take charge of any litigation or matter or to assist the City Attorney therein.” The City Council has previously approved the retention of Thompson Coburn.

Thompson Coburn is a law firm based in Washington DC that specializes in representing publicly owned electric utilities. In general, their work for the City includes monitoring and assisting with nearly all aspects of federal regulatory activity within the purview of the Federal Energy Regulatory Commission (“FERC”) that may affect the City’s electric utility.

The City realizes a cost savings from the retention of Thompson Coburn. For example, FERC’s regulation of the transmission system administered by the CAISO includes approving the rates charged by the CAISO for use of the transmission lines. The City, when it uses the transmission lines administered by the CAISO, pays that rate. The rates are based upon the costs submitted to FERC by the transmission owners who have turned over operational control of their transmission lines to the CAISO. The City reviews all cost submissions from these transmission owners and submits objections to FERC, through Thompson Coburn, of any inappropriate costs.

Over a 10-year period, from 2014 through 2024, the City estimates that it has saved \$29,967,260 in reductions to the rates ultimately approved by FERC and paid by the City, as a result of the objections filed by Thompson Coburn on behalf of the City. This cost estimate does not include certain cases still pending before FERC in 2024.

The Purchasing Manager concurs that the recommended actions are in compliance with Purchasing Resolution No. 24101.

### **STRATEGIC PLAN ALIGNMENT:**

This item contributes to **Strategic Priority #5 – High Performing Government** and the following goals:

Goal 5.2 - Utilize technology, data, and process improvement strategies to increase efficiencies, guide decision making, and ensure services are accessible and distributed equitably throughout all geographic areas of the City.

Goal 5.3 - Enhance communication and collaboration with community members to improve transparency, build public trust, and encourage shared decision-making.

This item aligns with each of the five Cross-Cutting Threads based as follows:

1. **Community Trust** – Annual PO report provides a transparent view and communication of Utility finances in a forum that accommodates community engagement and the involvement of Board of Public Utilities.
2. **Equity** – Annual PO report is available to all members of the public via the City website, and the presentation of the proposed budget in a public forum accommodates community engagement from all members of the public.
3. **Fiscal Responsibility** – Annual PO report demonstrates the Utility’s commitment to responsible management of the Utility’s financial resources.
4. **Innovation** – Annual PO report will help in meeting the community’s changing needs as

the Utility's infrastructure needs are projected to grow as the system continues to age.

5. **Sustainability & Resiliency** – Annual PO report demonstrates the Utility's commitment to the long-term fiscal health of the Utility and preservation of Utility services.

**FISCAL IMPACT:**

Total fiscal impact is estimated at \$51,057,646. Sufficient funds are included in the proposed Fiscal Years 2024-25 – 2025-26 budget which will be considered by the City Council on June 25, 2024.

Prepared by: Carlie Myers, Utilities Assistant General Manager/Finance and Administration  
Approved by: David A. Garcia, Utilities Interim General Manager  
Certified as to availability of funds: Kristie Thomas, Finance Director/Assistant Chief Financial Officer  
Approved by: Rafael Guzman, Assistant City Manager  
Approved as to form: Phaedra A. Norton, City Attorney

**Attachments:**

1. Fiscal Year 2024-25 Annual Purchase Orders Electric and Water
2. Fiscal Year 2024-25 Annual Purchase Orders Central Stores
3. Fiscal Year 2024-25 Existing Contract Purchase Orders
4. Fiscal Year 2024-25 Annually Recurring SHARE, Memberships and Subscription Expenditures
5. Fiscal Year 2024-25 Multiyear Purchase Order Expenditures Over \$50,000
6. Presentation