RIVERSIDE PUBLIC UTILITIES

Board Memorandum

BOARD OF PUBLIC UTILITIES **DATE: JUNE 27, 2022**

SUBJECT: EXPENDITURES FOR ANNUAL PURCHASE ORDERS, EXISTING CONTRACT PURCHASE ORDERS, ANNUALLY RECURRING EXPENDITURES OVER $50,000 AND PURCHASE ORDERS WITH A MUTLIYEAR COST OVER $50,000 FOR FISCAL YEAR 2022-23 TOTALING $33,909,653

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 2022-23 Annual Purchase Orders for Electric and Water operations, with an estimated amount of $2,969,114;

2. Approve the expenditure for 22 Fiscal Year 2022-23 Annual Purchase Orders for Central Stores for orders benefiting Electric and Water operations, with an estimated amount of $17,025,672;

3. Approve a not to exceed 30% allowance for Producer Price Index (PPI) increases for 22 Fiscal Year 2022-23 Annual Purchase Orders for Central Stores for orders benefiting Electric and Water operations;

4. Approve the expenditure for 42 Fiscal Year 2022-23 Existing Approved Contract-related Purchase Orders for Fiscal Year 2022-23 with an estimated total amount of $8,247,401;

5. Approve the expenditure for 12 Fiscal Year 2022-23 Annually Recurring Expenditures for SHARE, memberships and subscription expenses that 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 $3,292,339; and

6. Approve the expenditure for 63 Fiscal Year 2022-23 Purchase Orders with cumulative multiple year costs equal to or greater than $50,000 with an estimated total amount of $2,375,127.

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. 23812 (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 source, or "following on" another governmental contract, 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 rules.

Informal bids for purchases falling under Purchasing Resolution Section 404, as noted above, are those that may be placed on an annual purchase order. The utilities' exception relates to supplies, equipment, and materials that are peculiar (i.e., specific) to the needs of RPU for daily routine operations such as chemicals, meters, utility poles, road and backfill materials, transformers and other similar items as outlined in the resolution. Formal bidding requirements are waived regardless of amount; however, informal bids are obtained at the time of requisition from the vendor community to ensure competitive pricing. This may include direct negotiation with one vendor. In addition, items are approved by the Board for capital work orders over $50,000 and all expenditures are incorporated into the Fiscal Year 2022-23 operating budget.

Annual Purchase Orders – Electric and Water

Fiscal Year 2022-23 Annual Purchase Orders for Electric and Water (Attachment 1) include an estimated expenditure of $2,969,114. 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 2022-23 Annual Purchase Orders for Central Stores (Attachment 2) include an estimated expenditure of $17,025,672. 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 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.

City Council will consider the Central Stores annual expenditures at their regularly scheduled meeting of June 28, 2022.

Purchase Orders for Existing Contracts

Fiscal Year 2022-23 Existing Contract Purchase Orders (Attachment 3) include several contracts previously approved by the Board for an estimated amount of $8,247,401. Many of the contracts were approved for multi-year terms or options for extensions. At contract approval, the budget was only available for 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 2022-23 Annual Recurring Expenditures (Attachment 4) including the SHARE program and 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 $3,292,339. Board approval is necessary and in compliance with the Purchasing Resolution.

Multiyear Expenditures Over $50,000

Fiscal Year 2022-23 Multi-year Expenditures Over $50,000 (Attachment 5) include multiple expenses for an estimated amount of $2,375,127. 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.

The Purchasing Manager concurs that the recommended actions are in compliance with Purchasing Resolution No. 23812.

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 $33,909,653. Sufficient funds are included in the proposed Fiscal Years 2022-23 – 2023-24 budget which will be considered by the City Council on June 21, 2022.

Prepared by:	Carlie Myers, Utilities Assistant General Manager/Business and Customer Service
Approved by:	Todd M. Corbin, Utilities General Manager
Approved by:	Kris Martinez, Assistant City Manager
Approved as to form:	Phaedra A. Norton, City Attorney
Certifies availability of funds:	Edward Enriquez, Interim Assistant City Manager/Chief Financial Officer/City Treasurer

Attachments:

1. Fiscal Year 2022-23 Annual Purchase Orders Electric and Water
2. Fiscal Year 2022-23 Annual Purchase Orders Central Stores
3. Fiscal Year 2022-23 Existing Contract Purchase Orders
4. Fiscal Year 2022-23 Annually Recurring SHARE, Memberships and Subscription Expenditures
5. Fiscal Year 2022-23 Multiyear Purchase Order Expenditures Over $50,000
6. Presentation