



RIVERSIDE PUBLIC UTILITIES

Board Memorandum

BOARD OF PUBLIC UTILITIES

DATE: JUNE 12, 2023

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 2023-24 TOTALING \$49,897,639

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 2023-24 Annual Purchase Orders for Electric and Water operations, with an estimated amount of \$3,176,918;
2. Approve the expenditure for 16 Fiscal Year 2023-24 Annual Purchase Orders for Central Stores for orders benefiting Electric and Water operations, with an estimated amount of \$21,365,100;
3. Approve a not-to-exceed 30% allowance for Producer Price Index (PPI) increases for 16 Fiscal Year 2023-24 Annual Purchase Orders for Central Stores for orders benefiting Electric and Water operations;
4. Approve the expenditure for 61 Fiscal Year 2023-24 Existing Contract Purchase Orders for Fiscal Year 2023-24 with an estimated total amount of \$18,898,002;
5. Approve the expenditure for 15 Fiscal Year 2023-24 Annually Recurring Expenditures for SHARE, memberships and subscription expenses that are either greater than \$50,000 per year or that could over a number of years cumulatively exceed \$50,000 for multi-year expenses, with an estimated total amount of \$3,824,577;
6. Approve the expenditure for 64 Fiscal Year 2023-24 Purchase Orders with cumulative multiple year costs equal to or greater than \$50,000 with an estimated total amount of \$2,633,042; and
7. Approve the expenditure for the annual legal budget for FY 2021-2022 for the law firm of Thompson Coburn in an amount not to exceed \$558,000.

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. 23914 (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 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 and “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 2023-24 operating budget.

Annual Purchase Orders – Electric and Water

Fiscal Year 2023-24 Annual Purchase Orders for Electric and Water (Attachment 1) include an estimated expenditure of \$3,176,918. 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 2023-24 Annual Purchase Orders for Central Stores (Attachment 2) include an estimated expenditure of \$21,365,100. 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 the regularly scheduled meeting of June 13, 2023.

Purchase Orders for Existing Contracts

Fiscal Year 2023-24 Existing Contract Purchase Orders (Attachment 3) include several contracts previously approved by the Board for an estimated amount of \$18,898,002. 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 2023-24 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 \$3,824,577. Board approval is necessary and in compliance with the Purchasing Resolution.

Multiyear Expenditures Over \$50,000

Fiscal Year 2023-24 Multi-year Expenditures Over \$50,000 (Attachment 5) include multiple expenses for an estimated amount of \$2,633,042. 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. 23914.

Thompson Coburn Budget

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.

For fiscal year 2023-2024, Thompson Coburn estimates a budget of \$558,000 and the City Attorney is asking for approval for that expenditure.

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 2013 through 2023, the City estimates that it has saved \$36,169,201 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 2023.

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 \$49,897,639. Sufficient funds are available in the Fiscal Year 2023-24 budget. The fiscal impact for Thomson Coburn will have a financial impact of \$558,000, and funds will come from the following RPU accounts: Power Resources (\$533,000) Account 6120000-421100; and Legislative & Regulatory Risk (\$25,000) Account 6025000-421100.

Prepared by: Carlie Myers, Utilities Assistant General Manager/Business and Customer Service

Approved by: Todd M. Corbin, Utilities General Manager

Approved by: Rafael Guzman, 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 2023-24 Annual Purchase Orders Electric and Water
2. Fiscal Year 2023-24 Annual Purchase Orders Central Stores
3. Fiscal Year 2023-24 Existing Contract Purchase Orders
4. Fiscal Year 2023-24 Annually Recurring SHARE, Memberships and Subscription Expenditures
5. Fiscal Year 2023-24 Multiyear Purchase Order Expenditures Over \$50,000
6. Presentation