



RIVERSIDE PUBLIC UTILITIES

Board Memorandum

BOARD OF PUBLIC UTILITIES

DATE: JUNE 6, 2016

ITEM NO: 9

File ID – 16-1727 – Consent

SUBJECT: APPROVAL OF ANNUAL PURCHASE ORDER REQUIREMENTS FOR FISCAL YEAR 2016-17 TOTALING \$3,673,000

ISSUE:

The issue for Board of Public Utilities consideration is approval of certain expenditures over \$50,000 as required by the City of Riverside Charter.

RECOMMENDATION:

That the Board of Public Utilities (Board) approve nineteen (19) annual purchase orders for Fiscal Year 2016-17 with an estimated total amount of \$3,673,000, contingent upon final budget adoption by the City Council.

BACKGROUND:

Riverside City Charter Section 1202(b) requires that the Board of Public Utilities approve all expenditures in excess of \$50,000. Section 602 of the City's Purchasing Resolution (Resolution No. 22576) 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 of Public Utilities. Categories for such supplies and materials are listed in that resolution.

In accord 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:

- Informal bids (referred to in the City's Purchasing Resolution as "Open Market Procurement") apply to either purchases of goods and services of \$50,000 or less and purchases falling under the Purchasing Resolution Section 602 for Utilities Exception. Informal bids means that the City's Purchasing Division issues request for proposals and may negotiate terms, conditions and pricing with the vendors.
- Formal bids (referred to in the City's Purchasing Resolution as a written notice for bids) apply to all other purchases over \$50,000.
- The competitive bid process for goods and services may be waived for various reasons, and including availability from a sole source, "piggybacking" off of 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 602, as noted above, are those that require annual purchase orders. The utilities exception relate 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 these items are normally approved by the Board through capital work orders over \$50,000 and all expenditures are incorporated into the proposed FY 2016-17 operating budget approved by the Board, pending final budget adoption by the City Council.

Annual Purchase Orders for Fiscal Year 2016-17 are listed on the Attachment totaling an estimated amount of \$3,673,000. The vendors listed are the current vendors for each of the goods and materials. Bids will be evaluated and awarded in compliance with the City's purchasing policy and procedures. Items that require formal bidding and that are not exempt under the utilities exception will be brought to the Board for individual action throughout the fiscal year.

FISCAL IMPACT:

The annual purchase order requirements for Fiscal Year 2016-17 are estimated at \$3,673,000 for a total of nineteen (19) annual purchase orders. Sufficient funds are included in the Fiscal Year 2016-17 budget, approved by the Board of Public Utilities on March 14, 2016, and pending City Council approval.

Prepared by:	Laura Chavez-Nomura, Public Utilities Assistant General Manager/Finance
Approved by:	Girish Balachandran, Public Utilities General Manager
Approved by:	John A. Russo, City Manager
Approved as to form:	Gary G. Geuss, City Attorney

Concurs with:	Art Torres, Purchasing Services Manager
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Certifies availability of funds:	Laura Chavez-Nomura, Public Utilities Assistant General Manager/Finance
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Attachments:

1. Fiscal Year 2016-17 Annual Purchase Orders
2. Presentation