



# Governmental Affairs Committee Memorandum

*City of Arts & Innovation*

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**TO: GOVERNMENTAL AFFAIRS COMMITTEE                      DATE: JUNE 6, 2018**

**FROM: OFFICE OF ORGANIZATIONAL PERFORMANCE      WARDS: ALL**  
**AND ACCOUNTABILITY**

**SUBJECT: SOUTHERN CALIFORNIA PUBLIC POWER AUTHORITY FINANCIAL**  
**TRANSACTIONS REVIEW FOR FISCAL YEARS 2014, 2015 AND 2016**

**ISSUE:**

Receive, review, provide input on and forward to the City Council the Southern California Public Power Authority Financial Transactions Review for Fiscal Years 2014, 2015 and 2016.

**RECOMMENDATION:**

That the Governmental Affairs Committee receive, review, provide input on and forward to the City Council the Southern California Public Power Authority Financial Transactions Review for fiscal years 2014, 2015 and 2016.

**BACKGROUND:**

On December 6, 2017, the Governmental Affairs Committee requested that the Office of Organizational Performance and Accountability (OOPA) perform an assessment of Riverside Public Utilities (RPU) financial transactions related to the Southern California Public Power Authority (SCPPA). The objectives were to determine the following:

1. If SCPPA transactions conformed to SCPPA contract guidelines;
2. How RPU procures services through SCPPA; and
3. If RPU's procurement of SCPPA services during the review period was consistent with City policies during the same period.

**DISCUSSION:**

OOPA reviewed 36 SCPPA invoices totaling \$7.3 million for the period of July 1, 2013 through June 30, 2016 to address the audit objectives. Other audit review elements included the SCPPA contract, along with applicable City and state guidelines. We reached the following conclusions after our review:

1. SCPPA purchases by RPU from fiscal years 2014 through 2016 were consistent with the types of purchases allowed under the SCPPA Agreement; payment of invoices

- followed the standard City payment process.
2. RPU purchases for energy efficiency, training, and other services are within the powers of SCPPA as permitted by Article One of the California Government Code (Joint Powers Agreements).
  3. SCPPA's authority to enter into contracts on behalf of RPU was authorized by the City of Riverside's approval of the 1980 SCPPA Agreement, which established Riverside's membership into SCPPA as well as the appointment of the RPU General Manager as the voting member for Riverside on SCPPA's Board of Directors. Section 406 of the City Charter supports this authorization.
  4. During the review period, Resolution number 22576 regulated contracts between the City and a third party. Section 201 of the resolution identifies Cooperative Purchasing as an exception to competitive procurement; the relationship between the City and SCPPA falls within the guidelines of such a relationship as defined.
  5. Resolution 22576 delegates authority to the City Manager to execute contracts of \$50,000 or less for goods, services and construction; this applies to agreements between the City and a third party. Services procured on behalf of RPU through SCPPA contracts are between SCPPA and their third party; therefore, Resolution 22576 is not applicable.

**FISCAL IMPACT:**

There is no fiscal impact associated with this report.

Prepared by: Cheryl Johannes, Manager, Office of Organizational Performance & Accountability

Certified as to availability of funds: Adam Raymond, Chief Financial Officer/City Treasurer

Approved by: Marianna Marysheva, Assistant City Manager

Approved as to form: Gary G. Geuss, City Attorney

Attachments:

1. SCPPA Financial Transactions Review Report
2. Presentation
3. SCPPA 1980 Agreement and Resolution
4. Purchasing Resolution 22576