



RIVERSIDE PUBLIC UTILITIES

Board Memorandum

BOARD OF PUBLIC UTILITIES

DATE: JUNE 11, 2018

ITEM NO: 15

SUBJECT: APPROVAL OF ANNUAL PURCHASE ORDERS AND EXISTING CONTRACT PURCHASE ORDERS FOR FISCAL YEAR 2018-19 TOTALING \$15,859,548.

ISSUE:

Approval of certain expenditures over \$50,000 as required by the City of Riverside Charter.

RECOMMENDATIONS:

That the Board of Public Utilities:

1. Approve 13 annual Electric and Water purchase orders for fiscal year 2018-19 with an estimated total amount of \$4,147,607, and authorize the City Manager, or his designee, to award the purchase orders for such procurements for the items designated;
2. Approve 11 annual Central Stores purchase orders for fiscal year 2018-19 with an estimated total amount of \$4,805,030, and authorize the City Manager, or his designee, to award the purchase orders for such procurements for the items designated; and
3. Approve 20 purchase orders for existing contracts for fiscal year 2018-19 with an estimated total amount of \$6,906,911.

BACKGROUND:

Riverside City Charter Section 1202(b) requires that the Board of Public Utilities (Board) approve all expenditures in excess of \$50,000. Section 404 of the City's Purchasing Resolution (Resolution No. 23256) 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 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 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 means 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.
- Formal 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, “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 (FY) 2018-19 operating budget.

Annual Purchase Orders – Electric and Water

Annual purchase orders for FY 2018-19 are listed in Attachment 1 totaling an estimated amount of \$4,147,607. The vendors listed are the current vendors for each of the goods and materials, but may not be the vendor actually selected for such procurement. 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.

Annual Purchase Orders – Central Stores

Central Stores is managed by RPU and provides warehousing and accounting control of supplies and materials on behalf of all City departments. The majority of the supplies are used by the Electric and Water Funds. Starting FY 2018-19, Central Stores’ annual purchase orders for materials and supplies that are primarily used by the Electric and Water Funds are included with this report for Board approval. Annual purchase orders for FY 2018-19 are listed in Attachment 2 totaling an estimated amount of \$4,805,030. The vendors listed are the current vendors for each of the goods and materials but may not be the vendor actually selected for such procurement. 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.

Purchase Orders for Existing Contracts

Throughout the fiscal year, the Board has approved various contracts for materials and services. Some of these contracts have multi-year terms or options for extensions. At the time the contracts were approved, the budget was only available for first year of the contract. Subsequent years are budgeted through the budget process. This request is for the Board to approve the expenditures for the subsequent year of the contract, specifically for FY 2018-19. Purchase orders for existing contracts for FY 2018-19 are listed in Attachment 3 totaling an estimated amount of \$6,906,911. The vendors listed are continuing vendors for each material or service.

The Purchasing Manager concurs that the recommended actions comply with the City of Riverside's Purchasing Resolution No. 23256.

FISCAL IMPACT:

Total fiscal impact is \$15,859,548. Sufficient funds are included in the proposed FY 2018-19 budget, pending City Council approval on June 12, 2018.

Prepared by:	Laura M. Nomura, Utilities Assistant General Manager/Finance & Administration
Approved by:	Todd Jorgenson, Interim Utilities General Manager
Approved by:	Marianna Marysheva, Assistant City Manager
Approved as to form:	Gary G. Geuss, City Attorney

Certifies availability of funds:	Laura M. Nomura, Utilities Assistant General Manager/Finance & Administration
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Attachments:

1. Exhibit 1 - Fiscal Year 2018-19 Annual Purchase Orders Electric and Water
2. Exhibit 2 - Fiscal Year 2018-19 Annual Purchase Orders Central Stores
3. Exhibit 3 - Fiscal Year 2018-19 Existing Contract Purchase Orders
4. Presentation