

# RIVERSIDE PUBLIC UTILITIES

## Board Memorandum

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**BOARD OF PUBLIC UTILITIES**

**DATE:** JULY 23, 2018

**ITEM NO:** 5

**SUBJECT:** INCREASE PURCHASE ORDER NO. 180337 FOR PEAK TECHNICAL SERVICES, INC.  
FOR TEMPORARY EMPLOYEE SERVICES TO \$125,000 THROUGH JUNE 14, 2018

**ISSUE:**

Approve a change order to Purchase Order No. 180337 for Peak Technical Services, Inc. for temporary employee services to \$125,000 through June 14, 2018.

**RECOMMENDATION:**

That the Board of Public Utilities approve the change order to Purchase Order No. 180337 for Peak Technical Services, Inc. for temporary employee services up to \$125,000 through June 14, 2018.

**BACKGROUND:**

The City of Riverside Public Utilities Department (RPU) created an Operational Technology Division to support development of Utility 2.0 initiatives to advance technology and automation throughout the utility. To support the specialized technical nature of the work related to Utility 2.0 initiatives, RPU utilizes consultant and temporary staffing to provide technical expertise not available through City resources.

In February 2017, through the Human Resources Department (HR), RPU hired a technical analyst as a temporary employee utilizing a temporary staffing agency Master Services Agreement with Peak Technical Services, Inc. (Peak). The technical analyst acts as extension-of-staff to support Pi system integration, develop user-friendly interfaces, and to develop new databases to replace outdated Access and Excel databases to update and automate business operations. With the full-implementation of the Pi system, the plan was to utilize an existing vacancy to hire a full-time position to support the system. The hiring of this position was delayed due to management transitions within RPU and rate plan approval delays.

**DISCUSSION:**

Two major issues have occurred with the Master Services Agreement and Human Resources Temporary Employment Policy which have caused this report to surface:

***Master Services Agreement***

Prior standard City practice for the use of temporary agency staffing services were done through a Master Services Agreements with the vendor and payments issued through a request for payment form as services were received.

On July 1, 2017, Finance required that all temporary agency staffing services were with agencies under a Master Service Agreement and all payments would be made through an approved purchase order (PO). In August 2017, PO No. 180337 was created for this particular temporary employee, in the amount of \$49,000, which includes the hourly rate plus a 25% overhead applied by Peak.

In February 2018, staff requested a change order to add \$49,000 to this PO to continue the services of the temporary help. Purchasing processed the change order for this increase to this PO for a revised total of \$98,000.

RPU had sufficient funding in Fiscal Year 2017-18 to cover the cost of this temporary employee in its approved budget due to a vacant Information Technology Officer II position with salary and benefits of \$125,024.

RPU recently learned that Peak did not have a Master Services Agreement with the City when the temporary employee was hired in February in 2017 HR issued an RFP on June 19, 2017 for temporary employee services and selected Peak as one of four agencies approved to provide services. The contract process to finalize all four agreements took much longer than anticipated, and all Master Service Agreements for temporary services were approved by City Council on June 12, 2018.

### ***Human Resources Temporary Agency Policy***

Per Human Resources Policy I-11 Temporary Agency Services Program (Attachment 1), temporary services are allowed for a period of 90 days and with prior approval, can be extended to 1,000 hours.

This temporary employee started working for the City in February 2017. He exceeded the 1,000 total hour limit in September 2017.

The Operational Technology Division was unaware of the regulations of the HR Policy on Temporary Agency Services Program. This temporary employee remained in employment through June 2018. Employees hired through a temporary agency are required to be enrolled in the CalPERS (PERS) system as soon as they work 1,000 hours in a fiscal year. Temporary employees that are prior PERS members PERS rules start as soon as they reach 960 hours in a fiscal year. This requires the City to be responsible for paying the employee and employer PERS amounts for a former PERS employee from the first day of work.

In April, the City received notification that the temporary employee is a prior PERS member and should have been enrolled in PERS from start of employment. This temporary employee worked approximately 2,400 hours from February 2017 to June 2018. RPU is required to back-pay the PERS enrollment from his start date, in the amount of approximately \$26,000. The cost of the PERS payment will be allocated to RPU as part of the internal budget allocation. While this PERS amount is higher than the budgeted line item for this vacant position of \$11,783, there are sufficient funds available in the approved Fiscal Year 2017-18 Operational Technology Division budget from salary savings as a result of rate plan postponement and transition of the leadership team mid-year.

Human Resources Policy I-11 Temporary Agency Services Program is currently under review to ensure safeguards are in place for departments to receive authority for an employee to exceed the 960 or 1,000 hours of employment with the City. The revised policy will also include enhanced measures to track prior enrollment in PERS.

## **Resolution**

Immediately following the discovery of the above noted discrepancies with City policy approvals, RPU suspended the employment of this temporary employee. RPU is in the process of recruiting full-time positions for the Operational Technology Division to continue moving forward with Utility 2.0 initiatives. In the meantime, the implementation of critical Operational Technology projects that were supported by this temporary employee will be put on hold for several months until the recruitment of full-time staff can be completed. It is anticipated that full-time staff will start within three to four months.

RPU will seek Board approval for any future temporary staff purchase orders that exceed \$50,000 per temporary employee or project.

HR is working to put controls in place to screen temporary employees for prior PERS enrollment, monitoring temporary employee hours, and ensuring compliance to HR policies.

Purchasing will be more diligent in reviewing documentation to prevent unauthorized approvals from occurring in the future.

RPU is seeking Board approval for a final change order to the Peak PO No. 180337, in the amount of \$27,000 for a total purchase order of \$125,000, to pay the final outstanding invoices due for services already rendered in Fiscal Year 2017-18.

The Chief Financial Officer and the Human Resources Director concur with this report.

## **FISCAL IMPACT:**

Sufficient funds are available in Public Utilities Operational Technology Account No. 6003000-421005.

Prepared by: Todd L. Jorgenson, Interim Utilities General Manager  
Approved by: Al Zelinka, FAICP, City Manager  
Approved as to form: Gary G. Geuss, City Attorney

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

## **Attachments:**

1. Human Resources Policy and Procedures Manual I-11 Temporary Agency Services Program
2. Human Resources Policy and Procedures Manual V-13 Retirement (CalPERS)