



SOUTHERN CALIFORNIA PUBLIC POWER AUTHORITY FINANCIAL TRANSACTIONS REVIEW FOR FISCAL YEARS 2014, 2015, and 2016

Office of Organizational
Performance and Audit

City Council
August 14, 2018

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



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BACKGROUND

On June 6, 2018, the Governmental Affairs Committee received, reviewed and discussed the report on the Southern California Public Power Authority (SCPPA) Financial Transactions Review for Fiscal Years 2014, 2015 and 2016.

The Committee unanimously voted to recommend the City Council receive, review and provide input on the report.



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RPU Procurement Process through SCPPA

1. SCPPA posts a competitive Request for Proposal (RFP)
All RFPs are evaluated by subject matter experts from member agencies;
2. SCPPA enters into a Master Professional Services Agreement (MPSA) with awarded contractor(s); and
3. Member agencies participate in these energy efficiency programs through a Task Order (a detailed program agreement between a member agency and the selected contractor).



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DISCUSSION

After a thorough review of 36 SCPPA invoices totaling \$7.3 million for the period of July 1, 2013 through June 30, 2016, SCPPA contract, the City Charter, the City's procurement resolution and City policies, we concluded that RPU was in compliance with the City's Charter, procurement resolution and policies during the period under review.



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DISCUSSION

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).



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DISCUSSION

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.
4. Resolution number 22576 regulates 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.



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DISCUSSION

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.



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DISCUSSION

Additional Observations

- A. An RPU/SCPPA procurement form is submitted to the RPU CFO for approval to ensure budget availability;
- B. A SCPPA task order to accept services is approved by the RPU GM or designee; and
- C. The Board of Public Utilities and City Council approval is now required for SCPPA purchases over \$50K. On June 12, 2018 the City Council approved \$3.155 million for FY2018/19 SCPPA programs and related contractors.



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DISCUSSION

- D. A bi-annual report is provided to the Board of Public Utilities and City Council of all SCPPA financial transactions for the most recent six-month period. The last report, for the period of July through December 2017, was submitted to the City Council in February 2018.

More detailed information about RPU's partnership with SCPPA can be found at:

<https://www.riversideca.gov/utilities/about-rpu/partnerships-scppa.asp>



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RECOMMENDATION

That the City Council receive, review, and provide input on the report of the Southern California Public Power Authority Financial Transactions Review for Fiscal Years 2014, 2015, and 2016.

