

RIVERSIDE PUBLIC UTILITIES

Board Memorandum

BOARD OF PUBLIC UTILITIES

DATE: MARCH 25, 2019

ITEM NO: 12

SUBJECT: PROFESSIONAL SERVICES AGREEMENT WITH EADIE AND PAYNE, LLP, IN RESPONSE TO REQUEST FOR PROPOSAL NO. 1880 FOR AUDIT SERVICES OF RIVERSIDE PUBLIC UTILITIES ELECTRIC AND WATER FUNDS FOR A TERM ENDING JUNE 30, 2020 IN AN AMOUNT NOT TO EXCEED \$60,000

ISSUE:

Approve and recommend that the City Council approve a Professional Services Agreement for audit services of Riverside Public Utilities Electric and Water Fund with Eadie and Payne, LLP, for a term ending June 30, 2020, in an amount not to exceed \$60,000 in response to Request for Proposal No. 1880.

RECOMMENDATIONS:

That the Board of Public Utilities:

1. Approve and recommend that City Council approve a Professional Services Agreement for audit services of Riverside Public Utilities Electric and Water Fund with Eadie and Payne, LLP, of Riverside, California, in response to Request for Proposal No. 1880 for a term ending June 30, 2020 in an amount not to exceed \$60,000; and
2. Authorize the City Manager, or designee, to execute all documents pursuant to the Professional Services Agreement with Eadie and Payne, LLP, and any other documents as necessary to effectuate the Agreement including making minor non-substantive changes.

BACKGROUND:

On May 14, 2018, the Board of Public Utilities (Board), with all members present, conducted a Public Hearing to receive public input related to the electric and water utility five-year rate proposal. Following discussion, the Board recommended that the City Council adopt a resolution approving the 2018-2022 Electric and Water Rules and Rates and conduct an annual review of the adopted rates.

On May 22, 2018, following discussion, the City Council received input on the 2018-2022 Electric and Water Rules and Rates and adopted a resolution approving the 2018-2022 Electric and Water Rules and Rates as outlined in the staff report, with water rates effective July 1, 2018 and Electric Rates effective January 1, 2019. The Council also approved an annual review of the adopted rates.

During the May 22, 2018 City Council meeting, a request was made by Councilmembers for an external financial audit to be conducted of the Riverside Public Utilities (RPU) Water and Electric funds. Subsequent to the meeting, additional requests for an audit of the RPU funds have been received.

DISCUSSION:

On December 6, 2018, Request for Proposal (RFP) No. 1880 for Audit Services of Riverside Public Utilities Electric and Water Funds was issued. The intent of the RFP was to seek qualified entities or individuals to provide audit services of the RPU Electric and Water Funds. The purpose of the audit is to determine whether RPU is providing services in an economical, efficient, and effective manner, whether its goals and objectives are being achieved, and whether it is complying with applicable City and Utilities Department procedures in areas of operations, billings, cash, revenues, and fees.

On January 8, 2019, two (2) proposals were received in response to RFP No. 1880. After an extensive evaluation process, Eadie and Payne, LLP, was selected as the most responsive proposer based on qualifications, pricing, and industry experience.

Proposals:	Location	Amount	Rank
Eadie and Payne LLC	Riverside, CA	\$60,000	1
Baker Tilly	Austin, TX	\$121,260	2

Eadie and Payne, LLP, is a 100-year-old California CPA Firm with extensive experience in providing auditing and consulting services to government agencies. Their approach to the audit will include developing and refining the scope and a more detailed project plan in conjunction with RPU and City representatives, interviewing City Councilmembers, auditing total revenues for the fiscal years ended in June 30, 2013 through 2018 and the partial fiscal year of July 1, 2018 through December 31, 2018, completing a comparative analysis of non-potable versus potable water uses for the fiscal years ended June 30, 2013 through 2018 and the partial fiscal year of July 1, 2018 through December 31, 2018, and presenting findings to RPU, City Management and City Council.

The Purchasing Manager concurs that the recommended actions are in compliance with Purchasing Resolution No. 23256.

FISCAL IMPACT:

The total fiscal impact is \$60,000. Sufficient funds are available in the Public Utilities Administration Professional Services Account No. 6000000-421000.

Prepared by: Carlie Myers, Deputy City Manager
Approved by: Todd M. Corbin, Utilities General Manager
Approved by: Al Zelinka, FAICP, City Manager
Approved as to form: Gary G. Geuss, City Attorney

Certifies availability
of funds: Aileen Ma, Interim Utilities Assistant General Manager/Finance & Administration

Attachments:

1. RFP Award Recommendation
2. RFP No.1880 Specifications
3. Professional Consultant Services Agreement with Eadie and Payne LLC