



RIVERSIDE PUBLIC UTILITIES

Board Memorandum

BOARD OF PUBLIC UTILITIES

DATE: JUNE 24, 2019

ITEM NO: 9

SUBJECT: PURCHASE ORDER NO. 193534 FOR 15KV UNDERGROUND COPPER CABLE FROM THE OKONITE COMPANY IN THE TOTAL AMOUNT OF \$78,378.30 FOR FISCAL YEAR 2018-2019

ISSUE:

Approve Purchase Order No. 193534 for 15kV underground copper cable from The Okonite Company in the total amount \$78,378.30 for fiscal year 2018-19.

RECOMMENDATION:

That the Board of Public Utilities approve Purchase Order No. 193534 for 15kV underground copper cable from The Okonite Company in the total amount \$78,378.30 for fiscal year 2018-19.

BACKGROUND:

Central Stores is responsible for the inventory, tracking, monitoring, and ordering for many critical items for all City departments, including Riverside Public Utilities (RPU). Hundreds of replenishment requests for supplies are entered into the Oracle Utilities Work and Asset Management (UWAM) system each fiscal year as a "stores replenishment type", or S type, requisition. Staff then routes each requisition for approval through the appropriate approval routing. Once approved, the Purchasing Division of the Finance Department reviews and provides final concurrence, which includes the issuance of a purchase order, for each replenishment request.

DISCUSSION:

Central Stores, at the request of RPU, had a need for 7,500 feet of 15kV underground copper cable in accordance with the latest revision of The City of Riverside Specification 1-2.25. Purchasing Resolution 23256, Section 404 provides that Wire and Cable are peculiar to the needs of the Electric Utility and may be acquired by informal procurement regardless of their estimated procurement expenditure amounts, provided that the Board of Public Utilities (Board) has approved the proposed acquisition if required under the provisions of the City Charter, either by approval of the procurement contract or approval of annual purchase orders. The City of Riverside Charter, Section 1202 provides that the Board has the power and duty to approve any purchase of materials, supplies, goods, or services when the amount exceeds \$50,000.

In October 2018, the Purchasing Division obtained four (4) quotes for the stock item via an informal procurement process pursuant to the Purchasing Resolution. The Okonite Company was determined to be the lowest responsible bidder for the stock item in the amount of \$68,640 plus 8.75% sales tax, which equates to a total purchase order amount of \$74,646.

In accordance with the normal process for replenishment requests, a requisition was entered into UWAM as a stores replenishment type requisition for 7,500 feet of 15kV underground copper cable. Subsequently, the Purchasing Division issued Purchase Order No. 193534 to The Okonite Company in the amount of \$74,646 with the assumption that the Board approved the purchase order on June 11, 2018 with all other annual purchase orders over \$50,000 for fiscal year 2018-19.

Upon delivery of the cable associated with Purchase Order No. 193534, it came to the attention of staff that The Okonite Company shipped an additional 375 feet of cable for a total quantity of 7,875 feet. Since there was enough demand, staff accepted the additional 15kV underground copper cable, which resulted in a 5% increase in the original purchase order amount. Therefore, a change order was submitted to the Purchasing Division to increase the purchase order amount by \$3,732.30 for a total purchase order amount of \$78,378.30.

When processing the change order, the Purchasing Division recognized that the original purchase order was not included in the annual purchase order approval request for fiscal year 2018-19 approved by the Board on June 11, 2018. Therefore, the Purchasing Division requested that RPU obtain Board approval for the total purchase order amount prior to processing the requested increase to the purchase order.

Energy Delivery is working diligently with Purchasing to streamline the process for Central Stores replenishment requisitions and necessary annual purchase orders. The necessary steps will be taken to prevent this from occurring in the future.

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

FISCAL IMPACT:

The total fiscal impact of the purchase order is \$78,378.30. Sufficient funds are available in Central Stores Account No. 0000640-141000.

Prepared by: George R. Hanson, Utilities Assistant General Manager/Energy Delivery
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: Brian Seinturier, Utilities Fiscal Manager

Attachment: Purchase Order No. 193534