



# RIVERSIDE PUBLIC UTILITIES

## Board Memorandum

**BOARD OF PUBLIC UTILITIES**

**DATE:** JUNE 22, 2020

**ITEM NO:** 3

**SUBJECT:** ANNUAL PURCHASE ORDERS, EXISTING CONTRACT PURCHASE ORDERS, AND ANNUALLY RECURRING EXPENDITURES FOR FISCAL YEAR 2020-21 TOTALING \$23,916,020

**ISSUE:**

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

**RECOMMENDATIONS:**

That the Board of Public Utilities:

1. Approve 16 annual Electric and Water purchase orders for Fiscal Year 2020-21 with an estimated total amount of \$5,874,007, and authorize the City Manager, or designee, to award the purchase orders for such procurements for the items designated;
2. Approve 14 annual Central Stores purchase orders for Fiscal Year 2020-21 with an estimated total amount of \$6,854,552, and authorize the City Manager, or designee, to award the purchase orders for such procurements for the items designated;
3. Authorize 20% change order authority for the following purchase orders for Fiscal Year 2020-21: WESCO, Cintas, Central Maloney, WEG, Federal Pacific, McAvoy and Markham and G&W Electric;
4. Approve 30 purchase orders for existing contracts for Fiscal Year 2020-21 with an estimated total amount of \$7,855,051; and
5. Approve four (4) annually recurring expenditures for Fiscal Year 2020-21 with an estimated total amount of \$3,332,409.

**BACKGROUND:**

Riverside City Charter Section 1202(b) requires that the Board of Public Utilities (Board) approve all expenditures in excess of \$50,000. Purchasing Resolution No. 23256 (Purchasing Resolution) Section 404 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 mean 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, and the formal bid process precludes the City from negotiating terms, conditions, and pricing with the vendor that submits the lowest bid.
- 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 that 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) 2020-21 operating budget.

#### *Annual Purchase Orders – Electric and Water*

Annual purchase orders for FY 2020-21 are listed in Attachment 1 totaling an estimated amount of \$5,874,007. 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 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. 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 2020-21 are listed in Attachment 2 totaling an estimated amount of \$6,854,552. 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.

In addition, staff is requesting for a 20% change order authority for the critical goods and materials that WESCO, Cintas, Central Maloney, WEG, Federal Pacific, McAvoy and Markham and G&W Electric. These vendors provide critical infrastructure items such as distribution transformers, underground cable, switchgear, meters, etc. that Energy Delivery requires to effectively operate the grid and provide reliable electric service to customers. This increased change order authority will allow staff to maintain proper inventory of high demand items identified by Energy Delivery staff and allow for deployment and rapid response for unanticipated operational needs. In addition, these items often require longer lead times, so this additional authority will help us keep supplies at an appropriate level without compromising the integrity of our reliability of electric service to our customers.

### 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 2020-21. Purchase orders for existing contracts for FY 2020-21 are listed in Attachment 3 totaling an estimated amount of \$7,855,051. The vendors listed are continuing vendors for each material or service.

Specific purchase orders are less than \$50,000 for FY 2020-21; however, the cumulative cost for multi-year services is greater than \$50,000. Therefore, Board approval is necessary and in compliance with the Purchasing Resolution.

### Annually Recurring Expenditures

Each fiscal year, the Board approves the following annually recurring expenditures. As such, they will be included for approval on this annual Board memo. Per City Council authority on August 28, 2018, the Board of Public Utilities was authorized to approve annual expenditures for the SHARE program for five (5) one-year periods through June 30, 2024. The SHARE program provides low-income residents with utility bill assistance. RPU also pays annual dues to the California Municipal Utilities Association (CMUA) for the Electric and Water utility's association memberships, to the American Public Power Association (APPA), and to S&P Global Market Intelligence for the annual RatingsDirect online subscription service. CMUA represents the interests of California's community-owned electric and water utilities before the California Legislature. APPA is the service organization for the nation's more than 2,000 community-owned electric utilities. The S&P subscription assists the utility in establishing credit worthiness for counterparties. Annually recurring expenditures for FY 2020-21 are listed in Attachment 4 totaling an estimated amount of \$3,332,409.

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

### **FISCAL IMPACT:**

Total fiscal impact is \$23,916,020. Sufficient funds are included in the approved FY 2020-21 budget.

Prepared and 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

### Attachments:

1. Exhibit 1 - Fiscal Year 2020-21 Annual Purchase Orders Electric and Water
2. Exhibit 2 - Fiscal Year 2020-21 Annual Purchase Orders Central Stores
3. Exhibit 3 - Fiscal Year 2020-21 Existing Contract Purchase Orders
4. Exhibit 4 - Fiscal Year 2020-21 Annually Recurring Expenditures
5. Presentation