

RIVERSIDE PUBLIC UTILITIES

Board Memorandum

TO: BOARD OF PUBLIC UTILITIES **DATE: AUGUST 10, 2020**

FROM: OFFICE OF THE CITY MANAGER **ITEM NO: 3**

SUBJECT: PROFESSIONAL CONSULTANT SERVICES AGREEMENT WITH EIDE BAILLY, LLP IN RESPONSE TO RFP NO. 1963 FOR FORENSIC REVIEW OF THE CITY OF RIVERSIDE PARTICIPATION IN THE SOUTHERN CALIFORNIA PUBLIC POWER AUTHORITY IN AN AMOUNT NOT-TO-EXCEED \$115,500 WITH A TERM ENDING DECEMBER 31, 2020

ISSUE:

Discuss the City Council's request for the Board to approve the full cost of the Professional Consultant Services Agreement for RFP 1963 for a forensic review of the City of Riverside's participation in the Southern California Public Power Authority with Eide Bailly, LLP, to be funded 100% by Riverside Public Utilities in an amount not to exceed \$115,500 and a term ending December 31, 2020.

RECOMMENDATIONS:

That the Board of Public Utilities:

1. Rescind the June 8, 2020, recommendation to the City Council for the approval of a Professional Consultant Services Agreement from RFP 1963 for a forensic review of the City of Riverside's participation in the Southern California Public Power Authority (SCPPA) with Eide Bailly, LLP, in an amount not to exceed \$115,500, to be funded 50% from Riverside Public Utilities funds and 50% funding from the General Fund; and
2. Approve the expenditure in an amount not to exceed \$115,500 to be funded 100% from Riverside Public Utilities for the Professional Consultant Services Agreement for forensic review of the City of Riverside's participation in the Southern California Public Power Authority with Eide Bailly, LLP, with a term ending December 31, 2020.

CITY COUNCIL RECOMMENDATION:

On June 30, 2020, the City Council, following discussion, approved the Professional Consultant Services Agreement with Eide Bailly, LLP in response to RFP 1963 for forensic review of the City of Riverside participation in the Southern California Public Power Authority, in an amount not-to-exceed \$115,500 and a term ending December 31, 2020 if fully funded from Public Utilities Administration Professional Services Account and authorized the City Manager, or designee, to execute all documents pursuant to the Professional Consultant Services.

BACKGROUND:

On March 13, 2019, during the City Council's Finance Committee, Vice Chair Conder requested the City of Riverside conduct a complete and independent outside audit of the Southern California Public Power Authority, including the formation of SCPPA and its' original charter, past audits conducted by the Internal Audit Department, a thorough determination as to signature authority and approval for SCPPA contracts, and transactions between RPU and SCPPA as far back as can be reasonably accomplished for a report at a future City Council Finance Committee meeting.

On June 8, 2020, the Board of Public Utilities considered a recommendation to the City Council for the approval of a Professional Consultant Services Agreement from RFP 1963 for a forensic review of the City of Riverside's participation in the Southern California Public Power Authority (SCPPA) with Eide Bailly, LLP, in an amount not to exceed \$115,500 and a term ending December 31, 2020. After Board discussion, a motion was made and approved, with seven ayes, one nay, and one member absent, to forward a recommendation to the City Council to discuss the contract with the four newest members of the City Council, approve the contract with 50% funding from Riverside Public Utilities funds and 50% funding from the General Fund, and for the City Manager to execute all documents.

Additionally, the Board requested that Eide Bailly, LLP, add Public Utilities Board Member interviews as part of the scope of service for this engagement. Jason W. Olson, Partner with Eide Bailly, LLP, has confirmed that interviews with all nine Public Utilities Members will be included with the contract for the same cost quoted in the attached proposal.

DISCUSSION:

On August 21, 2019, RFP No. 1963 for a forensic review of the City of Riverside's participation in the Southern California Public Power Authority was issued. The intent of the RFP was to find a qualified entity or individual to provide forensic review services of the City of Riverside's participation with SCPPA for a 10-year period ending December 31, 2018.

On September 20, 2019, five (5) proposals were received in response to RFP No. 1963. After an extensive evaluation process, Eide Bailly, LLP, was selected as the most responsive proposer based on qualifications, pricing, and industry experience. All proposals and ranking are outlined in the chart below:

Proposals	Location	Amount	Rank
Eide Bailly	Riverside, CA	\$115,500	1
Plante & Moran	Southfield, MI	\$145,000	2
Clifton Larson Allen	Glendora, CA	\$150,050	3
Sotomayer & Assoc	Pasadena, CA	\$136,680	4
MGO	Los Angeles, CA	\$149,880	5

Eide Bailly, LLP, is a CPA and business advisory firm with forensic professionals that have extensive experience in reviewing agreements, policies, and past financial transactions for specific purposes. Their approach to the project includes interviews with City Council members, the City Manager, the Public Utilities General Manager and the Chief Financial Officer to discuss

concerns; review, summarize, analyze, and categorize expenditures by the City for contracts authorized under SCPPA; Compare expenditures to industry standard costs to determine the amount of savings, if any, the City's ratepayers experienced through the SCPPA Agreements; determine the level of participation in projects additional to the provisions for financing generation and transmission of electric power, to determine if the SCPPA participation has been effective at providing services in an economical, efficient, and effective manner, whether its goals and objectives were/are being achieved, and whether it was/is complying with applicable City and Utility Department procedures in areas of contract signature authority; analyze previously performed audits from the City's Internal Audit Division and other external contractors specifically related to the SCPPA participation. The initial findings are anticipated to be presented to the Board of Public Utilities in November 2020.

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

FISCAL IMPACT:

The total fiscal impact is \$115,500. Sufficient funds are available in the Public Utilities Administration Professional Services Account No. 6000000-421000.

Prepared by: Brandi Becker, City Manager's Office, Principal Management Analyst
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: Edward Enriquez, Chief Financial Officer/City Treasurer

Attachments:

1. RFP Award Recommendation
2. Professional Consultant Services Agreement with Eide Bailly, LLP
3. RFP 1963 Proposal
4. RPU Audit History
5. Presentation