



RIVERSIDE PUBLIC UTILITIES

Board Memorandum

BOARD OF PUBLIC UTILITIES

DATE: JUNE 14, 2021

SUBJECT: APPROVE AN INCREASE OF \$50,000 TO THE ANNUAL PURCHASE ORDER WITH SEQUOIA FINANCIAL SERVICES OF \$80,000, FOR A REVISED TOTAL PURCHASE ORDER OF \$130,000

ISSUE:

Approve an increase of \$50,000 to the annual purchase order with Sequoia Financial Services of \$80,000, for a revised total purchase order of \$130,000.

RECOMMENDATION:

That the Board of Public Utilities approve an increase of \$50,000 to the annual purchase order with Sequoia Financial Services of \$80,000, for a revised total purchase order of \$130,000.

BACKGROUND:

On April 29, 2009, the City entered into an Agreement with Sequoia Financial Services for collection agency services through April 28, 2014.

The First Amendment to the Agreement with Sequoia Financial was entered into on May 27, 2010 to adjust the compensation.

The Second Amendment to Agreement with Sequoia Financial was entered into on July 31, 2013 to extend the term through December 31, 2017 and adjust the compensation.

The Third Amendment to the Agreement with Sequoia Financial was entered into on March 5, 2018 to extend the term through December 31, 2022.

On June 22, 2020, the Board of Public Utilities approved certain expenditures over \$50,000 as required by the City Charter. This included approval of \$80,000 with Sequoia Financial for debt collection services. Sequoia Financial is used by the Customer Service Division/Credit and Collections for outsourced collection efforts for delinquent utility bills that Riverside Public Utilities (RPU) has "written off" following all efforts to collect on utility bills. Sequoia Financial is paid based on the value of the accounts RPU has sent them compared to what they are able to collect.

DISCUSSION:

The annual purchase order for Fiscal Year 2020/21 with Sequoia Financial was established in the

amount of \$80,000. However, due to the COVID-19 pandemic, RPU has realized an increase in delinquent accounts and at the end of February 2021, accounts receivable (A/R) have increased by 47%. RPU has paid invoices beyond the original approved amount of \$80,000 and, in order to pay the outstanding invoices, a change order to the purchase order is required. Staff is requesting \$50,000 in change order authority to pay the outstanding invoices, plus anticipated charges through June 30, 2021. This is approximately 69% over the Board's original authorization.

Purchasing Resolution 23256, Section 1104 (c) states that "Modifications to a Purchase Order shall be made only by Change Order...Unless otherwise specifically authorized by the Awarding Entity, Change Orders which cumulatively exceed the following will require Awarding Entity approval: (c) 10% of the original contract price for Contracts and/or Purchase Orders previously approved by the Awarding Entity and the total Change Order amount will not exceed \$150,000."

The Purchasing Manager concurs that this action is compliance with Purchasing Resolution No. 23256, Section 1104 (c).

Sufficient funds for Fiscal Year 2021-22 will be included in the annual PO request, which is scheduled for the June 28, 2021 Board meeting.

FISCAL IMPACT:

The total increased cost with Sequoia Financial is \$50,000, for a revised total annual purchase order of \$130,000. The costs are directly related to the funds that the company collects on behalf of RPU. Sufficient funds are available in Customer Service Professional Services, Account No. 6015000-421000.

Prepared by:	Carlie Myers, Utilities Assistant General Manager/Business and Customer Service
Approved by:	Todd M. Corbin, Utilities General Manager
Approved by:	Al Zelinka, FAICP, City Manager
Approved as to form:	Kristi J. Smith, Interim City Attorney

Certifies availability of funds:	Edward Enriquez, Chief Financial Officer/City Treasurer
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