



*City of Arts & Innovation*

# City Council Memorandum

**TO: HONORABLE MAYOR AND CITY COUNCIL      DATE: JUNE 22, 2021**

**FROM: FINANCE DEPARTMENT      WARDS: ALL**

**SUBJECT: APPROVAL OF ELECTRIC AND WATER CENTRAL STORES ANNUAL PURCHASE ORDERS FOR FISCAL YEAR 2021-2022 TOTALING \$10,718,982.**

## **ISSUE:**

Approval of Electric and Water Central Stores Annual Purchase Orders for Fiscal Year (FY) 2021/22 totaling \$10,718,982.

## **RECOMMENDATIONS:**

That the City Council:

1. Approve of Electric and Water Central Stores Annual Purchase Orders for an estimated total of \$10,718,982 for FY 2021/22; and
2. Authorize the City Manager, or his designee, to award the purchase orders for such procurements for the items designated.

## **BOARD RECOMMENDATIONS:**

On June 28, 2021, the Board of Public Utilities will consider whether to approve the expenditures for Electric and Water Central Stores Annual Purchase Orders for an estimated total of \$10,718,982 for FY 2021/22.

## **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 and City Council. Categories for such supplies and materials are listed in that resolution.

## **DISCUSSION:**

In accord with this authorization, Central Stores issues annual purchase orders for such goods and materials routinely used by the Riverside Public Utilities 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.

1. 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.
2. Formal bids apply to all other purchases over \$50,000.

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 the 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 FY 2021/22 operating budget.

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

Central Stores annual purchase orders for FY 2021/22 are listed in Attachment 1 totaling an estimated amount of \$10,718,982. 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 and City Council for individual action throughout the fiscal year.

The Board of Public Utilities will also consider the approval of FY 2021/22 annual purchase orders for Central Stores in the amount of \$10,718,982 at their meeting on June 28, 2021.

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

## **FISCAL IMPACT:**

Total fiscal impact of this recommendation is \$10,718,982. It is anticipated that the Board of Public Utilities will approve the Central Stores expenditure on June 28, 2021. Sufficient funds have been budgeted in the proposed FY 2021/22 budget.

Prepared by: Jennifer McCoy, Purchasing Services Manager  
Certified as to  
availability of funds: Edward Enriquez, Chief Financial Officer/Treasurer  
Approved by: Moises Lopez, Deputy City Manager  
Approved as to form: Kristi J. Smith, Interim City Attorney

**Attachments:**

1. Fiscal Year 2021-2022 Annual Purchase Orders Electric and Water
2. RPU Board Memo