



# RIVERSIDE PUBLIC UTILITIES

## Board Memorandum

**BOARD OF PUBLIC UTILITIES**

**DATE: JUNE 28, 2021**

**SUBJECT: EXPENDITURES FOR ANNUAL PURCHASE ORDERS, EXISTING CONTRACT PURCHASE ORDERS, ANNUALLY RECURRING EXPENDITURES OVER \$50,000, AND PURCHASE ORDERS WITH A MULTIYEAR COST OVER \$50,000 FOR FISCAL YEAR 2021-22 TOTALING \$26,618,733**

**ISSUE:**

Consider approving the expenditures for the listed goods and services over \$50,000 as required by Section 1202(b) of the City of Riverside Charter.

**RECOMMENDATIONS:**

That the Board of Public Utilities:

1. Approve the expenditure for 15 Fiscal Year 2021-22 Annual Purchase Orders for Electric and Water operations, with an estimated amount of \$2,841,105;
2. Approve the expenditure for 16 Fiscal Year 2021-22 Annual Purchase Orders for Central Stores for orders benefiting Electric and Water operations, with an estimated amount of \$10,718,982;
3. Approve the expenditure for 30 Fiscal Year 2021-22 Existing Contract Purchase Orders for Fiscal Year 2021-22 with an estimated total amount of \$8,736,237;
4. Approve the expenditure for four Fiscal Year 2021-22 Annually Recurring Expenditures for expenses equal to or greater than \$50,000 per year with an estimated total amount of \$3,332,409; and
5. Approve the expenditure for 38 Fiscal Year 2021-22 Purchase Orders with cumulative multiple year costs equal to or greater than \$50,000 with an estimated total amount of \$990,000.

**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:

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.
3. 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 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 Fiscal Year (FY) 2020-21 operating budget.

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

Fiscal Year 2021-22 Annual Purchase Orders for Electric and Water (Attachment 1) include an estimated expenditure of \$2,841,105. The vendors listed are the current vendors for each of the goods and material and are subject to change based on procurement activity. Bids are evaluated and awarded in compliance with purchasing policy and procedures. Items that require formal bidding and that are not exempt under the utilities' exception are presented to the Board for individual action throughout the fiscal year.

### **Annual Purchase Orders – Central Stores**

Fiscal Year 2021-22 Annual Purchase Orders for Central Stores (Attachment 2) include an estimated expenditure of \$10,718,982. Central Stores provides warehousing and accounting control of supplies and materials on behalf of all City departments. The material and supplies included on this list are primarily used by the Electric and Water operations. The vendors listed are the current vendors for each of the goods and material and are subject to change based on procurement activity. Bids are evaluated and awarded in compliance with purchasing policy and

procedures. Items that require formal bidding and that are not exempt under the utilities' exception are presented to the Board for individual action throughout the fiscal year.

The City Council will also consider approval of the Annual Purchase Orders for Central Stores totaling \$10,718,982 at their meeting on June 22, 2021.

#### Purchase Orders for Existing Contracts

Fiscal Year 2021-22 Existing Contract Purchase Orders (Attachment 3) include several contracts previously approved by the Board for an estimated amount of \$8,736,237. Many of the contracts were approved for multi-year terms or options for extensions. At contract approval, the budget was only available for first year of the contract. Subsequent years are budgeted through the budget process. The vendors listed are continuing vendors for each material or service.

#### Annually Recurring Expenditures

Fiscal Year 2021-22 Annual Recurring Expenditures (Attachment 4) include expenses equal to or greater than \$50,000 per year for an estimated expenditure of \$3,332,409. Board approval is necessary and in compliance with the Purchasing Resolution.

#### Multiyear Expenditures Over \$50,000

Fiscal Year 2021-22 Multiyear Expenditures Over \$50,000 (Attachment 5) include multiple expenses for an estimated amount of \$990,000. RPU issues 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. When the cumulative cost for multi-year services is greater than \$50,000, the Purchasing Resolution requires Board approval for the expenses.

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

#### **FISCAL IMPACT:**

Total fiscal impact is \$26,618,733. Sufficient funds are included in the approved FY 2021-22 budget.

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

#### Attachments:

1. Fiscal Year 2021-22 Annual Purchase Orders Electric and Water
2. Fiscal Year 2021-22 Annual Purchase Orders Central Stores

3. Fiscal Year 2021-22 Existing Contract Purchase Orders
4. Fiscal Year 2021-22 Annually Recurring Expenditures
5. Fiscal Year 2021-22 Multiyear Expenditures Over \$50,000
6. Presentation