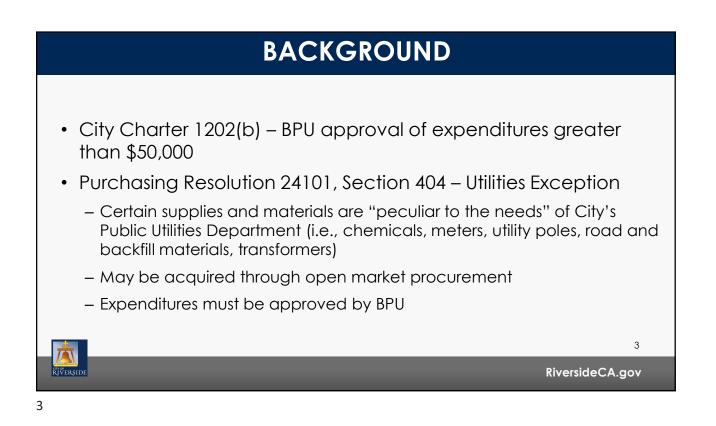


BOARD RECOMMENDATIONS
<ol> <li>Approve the expenditure for 20 Fiscal Year 2025-26 Annual Purchase Orders for Central Stores for orders benefiting Electric and Water operations, with an estimated amount of \$23,768,660;</li> </ol>
<ol> <li>Approve a not to exceed 20% allowance for Producer Price Index (PPI) increases for 20 Fiscal Year 2025-26 Annual Purchase Orders for Central Stores for orders benefiting Electric and Water operations; and</li> </ol>
3. Approve a potential impact of 30% tariff-related contingency for the 2025/26 fiscal year.
<b>Board Action</b> - Board of Public Utilities (BPU) approved recommendations with the exception of #3
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**ANNUAL PURCHASE ORDERS** 

- Central Stores is critical to maintaining inventory and distributing materials largely used by Electric and Water operations
- Issues annual purchase orders for RPU via competitive bid process, formal or informal
  - Informal applies to goods and services of \$50,000 or less and <u>any amount</u> <u>under Purchasing Resolution 24101, Section 404 "Utilities Exception"</u>
  - Formal applies to all other purchases over \$50,000
  - Competitive bidding may be waived: Sole source, "piggy-backing", best Interest of the City, other reasons defined in City's purchasing rules
- Fiscal Year 2025-26 annual POs estimated at \$23,768,660

## POTENTIAL TARIFF IMPACTS



- Delays may affect City's ability to perform routine maintenance or respond quickly to unplanned service interruptions, posing a risk to the reliability of Electric and Water operations
- With tariff volatility impacting procurement, it may be prudent to review whether standard contingency is sufficient to support timely operations
- Insufficient contingency will require Purchasing to obtain approval from BPU and City Council, resulting in delays and impacts to operational readiness
- Maintaining sufficient contingency helps avoid delays in approvals
   that can reduce vendor flexibility



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