



# RIVERSIDE PUBLIC UTILITIES

## Board Memorandum

**BOARD OF PUBLIC UTILITIES**

**DATE: AUGUST 11, 2025**

**SUBJECT:     APPROVE 10% CHANGE ORDER AUTHORITY FOR PURCHASE ORDER NO 253356 WITH MCAVOY AND MARKHAM FOR 80,000 ELECTRIC METERS, IN A NOT-TO-EXCEED AMOUNT OF \$1,535,000 AND INCREASE WORK ORDER NO. 2508277 FOR THE AMI METERS PROJECT FROM \$25,250,000 TO \$26,785,000**

**ISSUE:**

Consider approving a 10% change order authority for Purchase Order No. 253356 with McAvoy and Markham for 80,000 electric meters, for the AMI Meters Project, in the amount of \$1,535,000 for Work Order No. 2508277 for a total revised work order amount from \$25,250,000 to \$26,785,000.

**RECOMMENDATION:**

That the Board of Public Utilities approve a 10%, or \$1,535,000, change order authority for Purchase Order No. 253356 with McAvoy and Markham for 80,000 electric meters, in the not to exceed amount of \$1,535,000 for Work Order No. 2508277 bringing the total Work Order amount from \$25,250,000 to \$26,785,000.

**BACKGROUND:**

On December 9, 2024, the Board of Public Utilities approved Work Order No. 2508277 in the amount of \$25,250,000 and approved the purchase of 80,000 additional Advanced Metering Infrastructure (AMI) meters with McAvoy and Markham, for fiscal years 2024-2025 through 2028-2029, in the not to exceed amount of \$15,350,000. The total work order includes, the AMI meter procurements, the purchase of needed lock-ring devices, stock materials for the installation, and labor costs for the meter installations with work performed by internal Electric Meter Shop staff.

**DISCUSSION:**

RPU's AMI meters are manufactured by Itron and purchased through Itron's distributor representative, McAvoy and Markham. The meters include factory-integrated Tantalus communication modules, which are imported from the Philippines. As of June 2025, a 17% tariff has been imposed by the United States on goods imported from the Philippines under newly implemented reciprocal trade measures. While these tariffs are currently under legal review, with a federal court initially blocking them and a federal appeals court temporarily reinstating them,

enforcement remains uncertain. Additionally, Executive Order No. 14266, issued April 9, 2025, has suspended country-specific ad valorem tariffs for 90 days, which is now expired as of July 9, 2025.

This creates significant volatility in the cost of the Tantalus modules. Currently, the tariff adds approximately \$7.65 per unit. While Tantalus has agreed to temporarily absorb 50% of the added cost, this arrangement is not guaranteed to continue long-term. As such, RPU anticipates a strong likelihood of increased costs during the remainder of the deployment period.

In alignment with standard City and Board contracting practices, staff is requesting approval to add a 10% change order authority to this contract to address potential cost impacts, including those related to newly imposed tariffs. Although a contingency was not originally included due to the long-term structure of the agreement, adding this authority now brings the contract in line with standard practice across City and utility projects, where a 10% allowance is routinely provided to manage unforeseen conditions or scope changes. This contingency will enable RPU to absorb the full impact of the potential 17% tariff, should it remain in effect or increase, without requiring multiple returns to the Board. To date, 9,200 meters have been delivered prior to the tariff's implementation. The current estimated fiscal impact of the 17% tariff on the remaining 70,800 meters is approximately \$542,000.

Per Purchasing Resolution 24101, Section 1104 Change Orders states: "Modifications to a Purchase Order shall be made only by Change Order, except that minor variances of \$200 or less, where the variance is due to sales tax or freight charges may be processed without a Change Order. Subject to the availability of funds, Change Orders may be utilized for purposes of ... (2) modifying unit prices... Unless otherwise specifically authorized by the Awarding Entity, Change Orders which cumulatively exceed the following will require Awarding Entity approval: a) 10% of the original contract price for Contracts and/or Purchase Orders for Goods Services and Professional Services up to \$100,000.

The Purchasing Manager concurs that the recommendations are in compliance with Purchasing Resolution 24101.

### **FISCAL IMPACT:**

The fiscal impact is not to exceed \$1,535,000 for increasing Work Order No. 2508277 from \$25,250,000 to \$26,785,000. Funds are available in Account 6130200-470823 – System Automation – Advanced Metering Infrastructure. Future year funding will be included in the bi-annual budget process.

Prepared by:	Daniel Honeyfield, Assistant General Manager/Energy Delivery
Delivery	
Approved by:	David A. Garcia, Utilities General Manager
Certified as to	
availability of funds:	Kristie Thomas, Finance Director/Assistant Chief Financial Officer
Approved by:	Rafael Guzman, Assistant City Manager
Approved as to form:	Rebecca McKee, Interim City Attorney

Attachment: Presentation