



City of Arts & Innovation

City Council Memorandum

TO: HONORABLE MAYOR AND CITY COUNCIL DATE: JUNE 23, 2026

FROM: FINANCE DEPARTMENT WARDS: ALL

SUBJECT: CENTRAL STORES ANNUAL PURCHASE ORDERS IN THE TOTAL AMOUNT OF \$23,020,488 AND A NOT TO EXCEED 20% ALLOWANCE FOR PRODUCER PRICE INDEX (PPI) INCREASES FOR FISCAL YEAR 2026/27

ISSUE:

Approval of Central Stores Annual Purchase Orders in the total amount of \$23,020,488 and a not to exceed 20% allowance for Producer Price Index (PPI) increases for Fiscal Year 2026/27.

RECOMMENDATIONS:

That the City Council:

1. Approve Central Stores Annual Purchase Orders for Fiscal Year 2026/27 in the estimated amount of \$23,020,488;
2. Approve a not to exceed 20% allowance for Producer Price Index (PPI) increases applicable to FY 2026/27 Central Stores Purchase Orders supporting Electric and Water operations; and
3. Authorize the City Manager, or designee, to execute the associated purchase orders for such procurements of the items designated, including making minor and non-substantive changes.

BOARD RECOMMENDATION:

On June 8, 2026, the Board of Public Utilities, with all members present, voted unanimously to approve recommending that City Council approve the FY 2026/27 Electric and Water Central Stores Annual Purchase Orders, and Central Stores purchases of Electric and Water stock items totaling \$23,020,488 and a not to exceed 20% allowance for Producer Price Index (PPI) increases applicable to FY 2026/27 Central Stores Purchase Orders supporting Electric and Water operations.

BACKGROUND:

Riverside City Charter Section 1202(b) requires Board of Public Utilities (“Board”) approval for all expenditures exceeding \$50,000. Purchasing Resolution No. 24101, Section 404 (“Utilities Exception”), recognizes that there are certain supplies, materials and equipment which are peculiar to the operational needs of the Riverside Public Utilities Department (RPU) and may be procured through an open-market procurement process, provided the expenditures have been approved by the Board. Categories of eligible supplies, materials and equipment are identified within the resolution.

DISCUSSION:

In accordance with this authorization, Central Stores issues annual purchase orders for such goods and materials routinely used by the Riverside Public Utilities to support ongoing utility operations. This approach aligns funding with operational requirements while supporting effective inventory management and flexibility in response to market fluctuations.

The City’s Purchasing Division utilizes the following procurement methods:

1. Informal Procurement – Applicable to purchase of \$50,000 or less and purchases authorized under the Utilities Exception in Purchasing Resolution No. 24101, Section 404, which has no monetary limit. Informal procurement requires a minimum of three vendor quotations and may include negotiation of pricing, terms, and conditions.
2. Formal Procurement – Applicable to purchases exceeding \$50,000 that are not exempt under the Utilities Exception.
3. Procurement Exceptions – Competitive bidding requirements may be waived when authorized under City purchasing policies, including sole-source procurements, cooperative purchasing (“piggybacking”), or when determined to be in the City’s best interests.

Purchases authorized under Purchasing Resolution No. 24101, Section 404 (“Utilities Exception”) may be issued through annual purchase orders using an informal process. The Utilities Exception applies to supplies, equipment, and materials specific to Riverside Public Utilities’ operational needs, including chemicals, meters, utility poles, road and backfill materials, transformers and other items outlined in the resolution. Although formal bidding requirements are waived under this exception, informal quotations are obtained to ensure competitive pricing and may include direct negotiation with a vendor. Capital work orders exceeding \$50,000 are subject to Board approval, and all expenditures are included in the FY 2026/27 operating budget.

Annual Purchase Orders – Central Stores

Fiscal Year 2026-27 Annual Purchase Orders for Central Stores (Attachment 1) reflect an estimated expenditure of \$23,020,488 to support warehousing and material control services citywide. Central Stores plays a critical role in maintaining inventory and distribution of materials used predominantly by the Electric and Water operations to support the continuity of mandated utility services throughout the City. Purchase orders are established pursuant to the City’s purchasing policy, and vendors listed represent the current contract holders, which are subject to change based on future procurement activity. Bids are evaluated and awarded in compliance with

purchasing policy and procedures. Items requiring formal bidding which are not exempt under the Utilities' exception are submitted to the Board for individual action throughout the fiscal year.

Purchasing Resolution No. 24101, Section 404 states, "The Water, Electric and Sewer Utilities have a need for compatibility within their respective systems for uniform operation, maintenance and replacement, and this need can be met by procuring certain supplies, equipment, and materials supplies through Informal Procurement or Negotiated Procurement. If it appears to the Manager to be in the best interest of overall economy and efficiency of the City to do so, and it is within existing budget appropriation, the following supplies, equipment, and materials are determined to be peculiar to the needs of the Water Utility, the Electric Utility, and the Sewer Utility and may be acquired by Informal Procurement or Negotiated Procurement, regardless of their estimated Procurement expenditure amounts, provided that the City's Board of Public Utilities or City Council shall have approved the proposed acquisition if required under the provisions of the City Charter, either by approval of the procurement contract or approval of annual purchase orders."

The Purchasing Manager concurs that the recommended action is compliant with Purchasing Resolution 24101.

FISCAL IMPACT:

The total fiscal impact of the actions in this report is a total of \$23,020,488 for Fiscal Year 2026/27. Sufficient funds have been included in the proposed budget scheduled for adoption in June 2026.

Prepared by: Braulio Lopez, Warehouse Supervisor
Approved by: Jennifer McCoy, Purchasing Manager
Certified as to
availability of funds: Julie Nemes, Interim Finance Director
Approved by: Mike Futrell, City Manager
Approved as to form: Rebecca McKee-Reimbold, Interim City Attorney

Attachments: Fiscal Year 2026-27 Annual Purchase Orders for Central Stores