



Approve Terms for Purchase Orders, Authorize General Manager to Execute Purchase Orders, and Amend the Administrative Code

Finance and Insurance Committee

November 17, 2014

Item 8-1

Process Review

- July 7: Finance & Insurance Committee
- July 11: Member Agency Managers Meeting
- September 8: Finance & Insurance Committee
- September 12: Member Agency Managers Meeting
- October 13: Finance & Insurance Committee
- October 17: Member Agency Managers Meeting

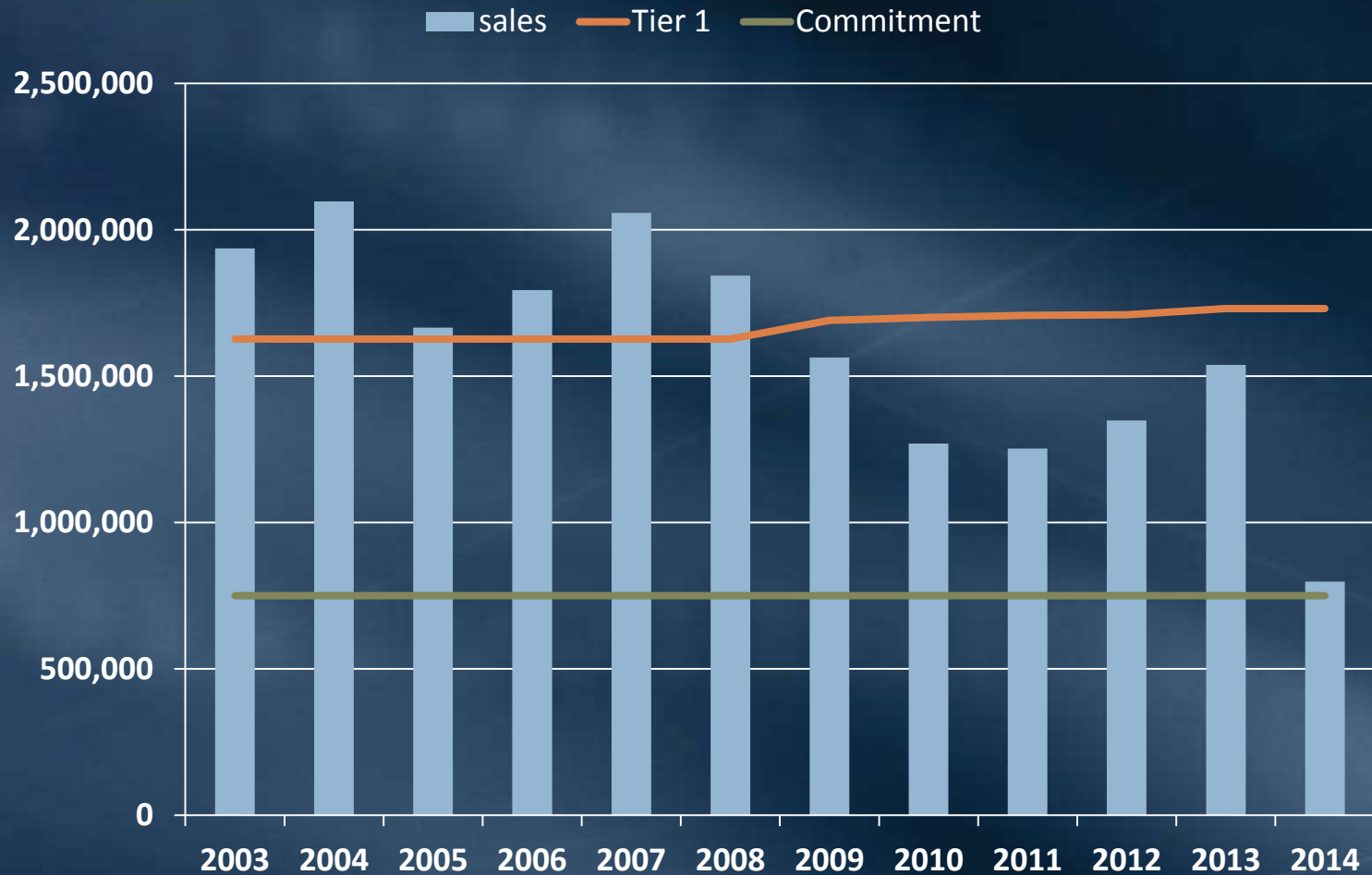
Purchase Order Terms

- New Purchase Order for a ten-year term
 - January 1, 2015 through December 31, 2024
- Resets commitment for member agencies executing a Purchase Order
- Base Period Demand option:
 - Retain current Revised Base Firm Demand and existing commitment level
 - Update to highest year in the most recent 12-fiscal year period of FY 2003 through FY 2014; higher Tier 1 Maximum and higher commitment
 - Base Period Demand can reset based on a 5-fiscal year rolling average of purchases

Additional Terms

- Tier 1 maximum is cumulative
 - Consistent with calculation of the commitment
 - Member agencies may choose to pay any Tier 2 obligation at the end of the 10-year term or pay annually with a true-up
 - If a Tier 2 obligation at the end of five years, begin paying any Tier 2 Supply Rate annually
- Unmet commitment paid at end of 10-year term
- Commitment adjusted to exclude Water Supply Allocation Plan years, local resource program production
- Executed Purchase Orders due by December 30, 2014

Current Purchase Orders , 10 Largest Member Agencies



Reset Purchase Orders*, 10 Largest Member Agencies



*12-year peak, FY 2003-2014

No Purchase Order

- Tier 1 Maximum is 60 percent of Revised Base Firm Demand
 - Defined in the Administrative Code Section 4122
- Maximum is applied annually; no cumulative calculation or true-up
- No commitment

Board Options

- Option #1
 - Adopt the CEQA determination, and
 - Approve the proposed terms for the Purchase Orders;
 - Authorize the General Manager to execute Purchase Orders with member agencies opting to execute a Purchase Order; and,
 - Approve amendments to the Administrative Code Sections 4120, 4122, 4401, 4404 and 4507

Board Options (continued)

- Option #2
 - Do not approve the proposed terms for the Purchase Orders, do not authorize the General Manager to execute the Purchase Order, and do not approve changes to the Administrative Code

Staff Recommendation

- Option #1

- Adopt the CEQA determination, and
- Approve the proposed terms for the Purchase Orders;
- Authorize the General Manager to execute Purchase Orders with member agencies opting to execute a Purchase Order; and,
- Approve amendments to the Administrative Code Sections 4120, 4122, 4401, 4404 and 4507

