

## Legislation Details (With Text)

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**File created:** 5/21/2018      **In control:** City Council

**On agenda:** 6/4/2018      **Final action:** 6/5/2018

**Title:** RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SAN PABLO AUTHORIZING THE CITY MANAGER TO (1) EXECUTE A FOUR-YEAR PROFESSIONAL SERVICES AGREEMENT WITH MAZE & ASSOCIATES FOR AUDIT SERVICES FROM FY 2018/19 THROUGH FY 2021/22 FOR A TOTAL COST OF \$337,250; AND (2) WAIVE NORMAL BIDDING AND RFP (REQUEST FOR PROPOSAL) REQUIREMENTS

**Sponsors:**

**Indexes:**

**Code sections:**

**Attachments:** 1. RESO 2018-073 Maze Assoc 4-Year Contract 2018.pdf, 2. Maze Master Consultant Agrmt FY19-22.pdf, 3. Ex A - FY18-19 Engagement Ltr.pdf, 4. Ex B - 4 Year Cost Proposal FY19-22.pdf, 5. Attchmt A&B - MQ & MK AUP.pdf

Date	Ver.	Action By	Action	Result
6/5/2018	1	City Council	adopted	Pass

**PREPARED BY:** J. KELLY SESSIONS

**DATE OF MEETING:** 06/04/18

**SUBJECT:**

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SAN PABLO AUTHORIZING THE CITY MANAGER TO (1) EXECUTE A FOUR-YEAR PROFESSIONAL SERVICES AGREEMENT WITH MAZE & ASSOCIATES FOR AUDIT SERVICES FROM FY 2018/19 THROUGH FY 2021/22 FOR A TOTAL COST OF \$337,250; AND (2) WAIVE NORMAL BIDDING AND RFP (REQUEST FOR PROPOSAL) REQUIREMENTS

**CITY MANAGER RECOMMENDATION**

Adopt Resolution

**COMPLIANCE STATEMENTS**

*Budget Spending Controls (All), General Fund Reserves Protection / Fund Balance (City Council; City Manager) and Increase Financial Transparency (Finance) are adopted policy items under the FY 2018-21 Council Priority Workplan, effective November 1, 2017.*

**CEQA Compliance Statement**

This is not a project as defined by CEQA as a budget or financing mechanism pursuant to 14 Cal. Code of Regulations section 15378(b).

**BACKGROUND**

The City contracts with Maze & Associates (Maze) to perform an independent audit of City finances, prepare the Comprehensive Annual Financial Report (CAFR), review internal controls, assist in the preparation of required State and federal financial reports, and conduct annual review of Measure Q and Measure K revenues and expenditures among other things. Maze & Associates has provided

such services for a number of years and has performed very well in assisting the City to achieve the GFOA's highest award, *The Certificate of Achievement for Excellence in Financial Reporting*, for 21 consecutive years. This achievement, combined with effective and prudent financial management, have resulted in the City achieving very high bond ratings that are beyond the reach of most cities of similar size and circumstance.

Because of this success and the long-standing relationship with Maze & Associates, their understanding of the complexities of City and Local Successor Agency (LSA) operations, New Market Tax Credits, etc., staff requests approval of a four-year contract for fiscal years 2018/19 through 2021/22 for a not-to-exceed amount of \$337,250, with the first year of the contract at \$80,260.

A contract of this size would typically require a formal Request for Proposal (RFP) process, but staff further requests City Council waive this requirement. The initial contract with Maze was conducted using a competitive process and since then, despite the addition of new audit work such as Measure Q and Measure K reports, the total cost of the contract has only increased by an average 2.1% annually. This four-year contract includes annual increases of 3.0%, which are still lower than inflation rates in the Bay Area. Additionally, Municipal Code 3.16.110.A grants the City the ability to waive formal and informal bidding requirements for consulting contracts, including "accountants," when "the city must depend upon the skill, integrity, judgment and ability of the service," and the City determines the consultant "to be the most responsive to the needs of the City." Accordingly, staff recommends that City Council determine that conducting another competitively bid process does not serve the public interest as this time. (*Graydon v. Pasadena Redevelopment Agency* (1980) 104 Cal.App.3d 631; *Los Angeles Dredging Co. v. Long Beach* (1930) 210 Cal.348.)

Government Code Section 12410.6 places a six-year limit on the number of years that local agencies can use the same audit partner in an independent accounting firm. The Maze contract was last updated in June 2016 (Resolution 2016-207) when the City changed audit partners. Fiscal Year 2021/22 will mark the sixth and last year that Vikki C. Rodriguez, CPA and partner in the firm, will be able to conduct the audit. At that point in time, the City will be required to either change audit partners or hire a new audit firm altogether. Staff recognizes that conducting a request for proposal process in the future would be appropriate.

### **FISCAL IMPACT**

The contract amount for FY 2018/19 is \$80,620. An expected 3% annual increase in cost through FY 2021/22 would increase the cost by an additional \$256,630 for a total four-year cost of \$337,250. Any expenditures beyond this amount would be subject to the 15% Contingency Limit outlined in the Purchasing Policy approved by City Council on March 5, 2018 (Resolution 2018-035), up to a total of \$50,587. Funding for the FY 2018/19 contract will be paid out of the Multi-departmental budget in the Administrative Services Department (100-1430-43600). Funding for the remaining years of the contract would be subject to budget availability and Council approval.