

Legislation Text

File #: #16-0249, Version: 1

PREPARED BY: J. KELLY SESSIONS

DATE OF MEETING: 06/20/16

SUBJECT:

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SAN PABLO AUTHORIZING THE CITY MANAGER TO (1) EXECUTE A PROFESSIONAL SERVICES AGREEMENT WITH MAZE & ASSOCIATES IN AN AMOUNT NOT-TO-EXCEED \$75,825 FOR AUDIT SERVICES IN FY 2016/17; (2) INCLUDE AN OPTIONAL ONE-YEAR CONTRACT EXTENSION THROUGH FY 2017/18 FOR A TOTAL AGREEMENT AMOUNT NOT-TO-EXCEED \$155,441; AND, (3) WAIVE NORMAL BIDDING REQUIREMENTS AS IN THE CITY'S BEST INTEREST

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 2015-17 Council Priority Workplan, effective July 1, 2015.

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 audit of City finances, preparation of an annual CAFR, review of internal controls and assistance in the preparation of required State and federal financial reports, and 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 twenty 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 in-depth knowledge and expertise by Maze & Associates regarding the complexities of City and LSA operations, New Market Tax Credits, etc., staff proposes an extension of the annual contract for a not-to-exceed amount of \$75,825 for FY 2016/17. Staff further requests approval of an optional one-year extension, which would total \$155,441 with a 5% contract increase added to FY 2017/18.

A contract of this size would typically require a formal RFP process, but staff further requests City Council waiver of this requirement pursuant to Municipal Code section 3.16.110. Pursuant to 3.16.110(A), the City is not required to conduct formal bidding to engage consultant services:

“involving the acquisition of professional or specialized services, such as but not limited to services rendered by architects, attorneys, engineers, **accountants** and other classes where the city must depend upon the skill, integrity, judgment and ability of the service.... All such contracts shall be awarded by the city to the consultant whose proposal is evaluated to be the most responsive to the needs of the city, as determined by the city manager or, in the case of contracts exceeding twenty-five thousand dollars, the city council.”

Furthermore, section 3.16.110(C) allow the City to waive competitive bidding, including an RFP process, with a sole source contract. The proposed contract is not exactly a sole source in that there are other auditing firms, but Maze & Associates has unique knowledge in the institutional history of the City, which is particularly helpful given the still fairly recent staffing changes. With the background of Maze & Associates, they are able to more deeply review and understand the City's financial records. Accordingly, staff recommends that the City Council determine that competitively bidding the auditing contract at this time does not serve the public interest. (*Graydon v. Pasadena Redevelopment Agency* (1980) 104 Cal.App.3d 631; *Los Angeles Dredging Co. v. Long Beach* (1930) 210 Cal.348.)

FISCAL IMPACT

The contract amount for FY 2016/17 includes a not-to-exceed figure of \$75,825. An expected 5% increase in cost for FY 2017/18 would increase the annual cost to \$79,616 for a total two-year cost of \$155,541. Funding for the contract for FY 2016/17 is already budgeted in the Finance Department (100-1420-43600). Execution of the optional second year of the contract would be subject to budget availability and City Council approval.