

CITY OF SANTA ROSA
CITY COUNCIL

TO: MAYOR AND CITY COUNCIL
FROM: ALAN ALTON, DEPUTY DIRECTOR
FINANCE DEPARTMENT
SUBJECT: FIRST AMENDMENT TO PROFESSIONAL SERVICES
AGREEMENT NUMBER F001219 FINANCIAL AUDIT SERVICES

AGENDA ACTION: RESOLUTION

RECOMMENDATION

It is recommended by the Finance Department that the Council, by resolution, approve a First Amendment to Professional Services Agreement Number F001219 with Macias Gini & O'Connell LLP, of Sacramento, California, to amend time of performance and increase compensation by \$438,358, for a total amount not to exceed \$1,278,358.

EXECUTIVE SUMMARY

The City uses outside financial audit services to audit all of the City's funds, including the Housing Authority. The City's financial audit firm also issues the required opinion letters in order for the City to satisfy the requirements to issue a "single audit" edition of its General-Purpose Financial Statements. The proposed two-year contract extension of the time for performance will expire in March 2023 and will allow staff to go through the request for proposal (RFP) process for the next financial audit services contract.

BACKGROUND

On July 12, 2016, the City entered into agreement F001219 with Macias Gini & O'Connell LLP (MGO), after an extensive RFP process. The cost of services for the initial agreement was \$840,000.

The audit process typically begins in late spring or early summer, with the interim audit. The City presents its financial statements to the auditor in September, and the auditor performs field work in October and November, with final Comprehensive Annual Financial Statements issued by the end of December.

The RFP process for financial audit services is extensive and could take at least a year to complete. The services are highly technical, and as such reviewing proposals tends to take longer than most proposals. In addition, the RFP Panel will need to interview firms, and staff will present their recommendation to the Long-Term Financial Planning and Audit subcommittee. Staff would then finalize a contract prior to bringing it to the

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City Council for approval. A two-year contract extension of the time for performance would ensure we complete those tasks while maintaining audit services in the interim.

PRIOR CITY COUNCIL REVIEW

Not Applicable

ANALYSIS

Finance staff asked if MGO would be interested in amending the current agreement by extending the time of performance to March 31, 2023, and increasing compensation to cover those two years.

Upon approval of the First Amendment, the increase in compensation will be \$438,358, and the cumulative value of Agreement No. F001219 will be \$1,278,358.00. MGO did not propose an increase in costs for the first year of the extension, and a three percent (3%) increase for the second year. Under City Code Section 3-08.110 Award Authority, this First Amendment requires approval by the City Council.

FISCAL IMPACT

Funds for audit services is a routine, annual expense budgeted in the City's operating budget, including the proposed budget for fiscal year (FY) 2021-22.

ENVIRONMENTAL IMPACT

This action is exempt from the California Environmental Quality Act (CEQA) because it is not a project which has a potential for resulting in either a direct physical change in the environment, or a reasonably foreseeable indirect physical change in the environment, pursuant to CEQA Guidelines Section 15378.

BOARD/COMMISSION/COMMITTEE REVIEW AND RECOMMENDATIONS

Not Applicable

NOTIFICATION

Not Applicable

ATTACHMENTS

- Resolution / Exhibit A – First Amendment to PSA

CONTACT

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