

CITY OF SANTA ROSA  
CITY COUNCIL

TO: MAYOR AND CITY COUNCIL  
SUBJECT: CONTRACT EXTENSION – FINANCIAL AUDIT SERVICES  
STAFF PRESENTER: JIM WRIGHT, PURCHASING AGENT,  
FINANCE DEPARTMENT  
AGENDA ACTION: MOTION

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ISSUE(S)

Shall the Council, by motion, approve Amendment No. 2 to Contract No. F000364 for a two-year extension for financial audit services, with no increase in rates, to Macias Gini & O'Connell LLP, Sacramento, California, in the amount of \$329,410?

BACKGROUND

1. On April 17, 2012, as a result of a competitive bidding process, Contract No. F000364 was awarded by Council to Macias Gini & O'Connell LLP in the amount of \$324,705 for a two-year period, with up to three years of extension options. The contract has been amended once to allow for graphics services associated with reports.
2. The City Council and Finance Department require outside auditing services to audit all of the City funds including the Housing Authority, to assist with the preparation of several reports, including the Comprehensive Annual Financial Report (CAFR) and the Housing Authority Annual Financial Report, and to issue an Independent Auditor's Report. In addition, the audit firm is to issue the required Independent Auditor's Report on Internal Controls and the Single Audit Report.
3. Funds for these services will be included in the operational budgets of the various departments that utilize these services, and will be budgeted in FY 2014-15 and FY 2015-16 when approved by Council.

## ANALYSIS

1. Macias Gini & O'Connell LLP has offered to extend the contract for a two-year period with no increase in rates to audit the City and Housing Authority through FY 2014-15. Also, even with a redistribution of the audit hours, mainly due to the dissolution of the Redevelopment Agency and the addition of the Successor Agency, the total contract costs will not exceed the proposed FY 2012-13 cost of \$164,705 for each of the two years of the extension, or a total two-year cost of \$329,410. The Consumer Price Index for San Francisco – Oakland - San Jose for the last year ending August 2013 increased 2%, therefore, staff recommends it unlikely rebidding these audit services would result in a more competitive cost. In addition, the services provided by Macias Gini & O'Connell LLP over the last two years of the contract have been very good. This extension will also take the City past the implementation date of the new pension reporting requirements.
2. The City and Macias Gini & O'Connell LLP, entered into an agreement on April 17, 2012, awarded by the City Council. See contract activity chart below:

<u>Award/ Amendment</u>	<u>Date</u>	<u>Description</u>	<u>Amount</u>	<u>Authorization</u>
Contract Award	April 17, 2012	Award	\$324,705	City Council
Amendment No. 1	March 14, 2013	Add services	\$4,000	City Manager
<b>Amendment No. 2</b>	<b>Pending</b>	<b>2 year extension with same rates</b>	<b>\$329,410</b>	<b>City Council</b>
		<b>Cumulative Contract Value</b>	<b><u>\$658,115</u></b>	

1. With approval of Amendment Number 2 in the amount of \$329,410, the cumulative value of the contract will be \$658,115. Under the City's contract/Purchase Order modification policy, Amendment No. 2 requires approval by the City Council.

### RECOMMENDATION

It is recommended by the Finance Department that the Council, by motion, approve the Second Amendment to Professional Services Agreement Number F000364 with Macias Gini & O'Connell LLP, Sacramento, California for a two-year extension for financial audit services, with no increase in rates, in the amount of \$329,410, subject to approval as to form by the City Attorney. With approval of Amendment Number 2 in the amount of \$329,410, the cumulative value of the contract will be \$658,115. Funds for these services will be included in the operational budgets of the various departments that utilize these services, and will be budgeted in FY 14-15 and FY15-16 when approved by Council.

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Attachments: Draft Amendment No. 2