

FILED
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OAKLAND

OAKLAND CITY COUNCIL


City Attorney

2014 OCT 15 11 32 AM '14
RESOLUTION No. 85243 C.M.S.

Introduced by Councilmember _____

**RESOLUTION BY THE CITY COUNCIL OF THE CITY OF OAKLAND
AUTHORIZING THE CITY ADMINISTRATOR TO EXECUTE A ONE
(1) YEAR EXTENSION WITH MACIAS GINI & O'CONNELL, LLP
("MGO") TO PROVIDE AUDIT SERVICES FOR FISCAL YEAR
ENDING JUNE 30, 2015 IN AN AMOUNT NOT TO EXCEED \$674,560
AND WAIVING THE COMPETITIVE REQUEST FOR PROPOSALS
PROCESS.**

WHEREAS, Section 809 of the Charter of the City of Oakland provides for an annual audit by an independent certified public accountant who shall examine and report to the City Council on the annual financial statements of the City; and

WHEREAS, Macias, Gini & O'Connell, LLP ("MGO") is currently responsible for auditing the financial statements of the City of Oakland and the Port, the Comprehensive Annual Financial Report (CAFR), the Oakland Redevelopment Successor Agency, the Police and Fire Retirement System and the Oakland Municipal Employees Retirement System. The audit also encompasses the Measure Y – Violence Prevention and Public Safety Act of 2004 Compliance Audit, the Oakland Wildfire Prevention Assessment District Compliance Audit, the Measure C – Transient Occupancy Tax (TOT) Surcharge Compliance Audit, the Oakland Army Base Audit, the Gann Appropriation Limit, and the Single Audit Report for Federal Awards; and

WHEREAS, in the past, to create efficiency and cost savings the City and Port have jointly solicited and selected professional accounting and auditing services; and

WHEREAS, recently there have been major changes to the Governmental Accounting Standards Board (GASB) No 67 and 68 for accounting and reporting requirements for pensions. These changes require significant and potentially complex analysis of the City's four retirement plans, including the City's CalPERS retirement plan. Given the complexity of the implementation, the City and Port feel that it would be most efficient to continue working with an auditor who has experience and knowledge of both the City and Port finances; and

WHEREAS, while both the City and the Port feel that it is important to conduct a new competitive bidding process, due to the new GASB changes in this year in particular, it is a difficult year to conduct the RFP process. Both City and Port staff would like to extend the current Consultant's contract for one (1) additional year to cover the year ending June 30, 2015, with a plan to begin a competitive bidding process in the summer of 2015; and

WHEREAS, if the City was to proceed with an RFP process this year, the evaluation and selection phase of a competitive bidding process conducted now will overlap and conflict with GASB 68 implementation work. Further, the City is currently implementing a significant upgrade of their accounting system and has limited resources available. This will make having an auditor selected in time to conduct the fiscal year ending June 30, 2014 audit difficult; and

WHEREAS, City and Port staff would like to continue the joint effort of soliciting and selecting professional accounting and auditing services, as this creates efficiency and cost savings for both

parties. This joint process will require additional time and coordination. The Port has already taken its proposal to extend the contract with MGO to its Board for approval; and

WHEREAS, The City's current contract with MGO represents significant savings to the City as the contract extension that was approved on April 20, 2010 included a 10% contract reduction and provided the City a savings of \$475,895; and

WHEREAS, MGO has many years of experience working with the City's finances, systems, and processes and given the complexity of GASB implementation, staff feel it will be most efficient to continue working with an auditor who has experience and knowledge of both the City and Port finances and that bringing in a new external auditor for the City would be a huge loss of institutional knowledge at such a critical junction; and

WHEREAS, the City Council finds that the service is professional and temporary in nature and, based on the representations of the City Administrator in the report accompanying this resolution, shall not result in the loss of salary or employment by any person having permanent status in the competitive service; and

WHEREAS, based on the above information, staff and the City Administrator believe that it is in the City's best interest to waive the competitive RFP process for extending the contract with MGO as the contract represents significant savings to the City, an option to extend for one (1) year was already planned, and conducting a new joint RFP process with the Port would be costly to the City by delaying the annual audit and requiring significant amounts of staff time to orient a new firm to the City's organization and processes; and

WHEREAS, Section 2.04.051 A of the Oakland Municipal Code (OMC) requires a request for proposals/qualifications (RFP/Q) process for professional services contracts in excess of \$25,000 and Oakland Municipal Code section 2.04.051.B allows the City Council to waive the RFP/Q requirements upon a finding by the Council that it is in the best interest of the City to do so; now, therefore be it

RESOLVED, that, per Oakland Municipal Code section 2.04.051.B and for on the reasons stated above and in the City Administrator's report accompanying this resolution, the City Council finds that it is in the best interests of the City to waive advertising and the RFP/Q process for the work described herein and so waives such requirements, and be it

FURTHER RESOLVED, that the City Administrator is hereby authorized, and execute a one (1) year contract extension with the firm of Macias Gini & O'Connell, LLP in an amount not to exceed \$674,560 for the fiscal year end June 30, 2015 audit services; and be it

FURTHER RESOLVED, the audit will review the financial statements of the City Comprehensive Annual Financial Report ("CAFR"), the Police and Fire Retirement System, and the Oakland Municipal Employees Retirement System and the audit will encompass the Measure Y - Violence Prevention and Public Safety Act of 2004 Compliance Audit, the Measure C - Transient Occupancy Tax (TOT) Surcharge Compliance Audit, the Gann Appropriation Limit and the Single Audit Report for Federal Awards; and be it

FURTHER RESOLVED, that the funding will be available in the City's 2015-16 budget appropriation in the amount of \$577,970 from General Purpose Fund (1010), \$38,360 from Police & Fire Retirement System Fund (7100), \$29,940 from Oakland Municipal Employees Retirement System Fund (7120), \$23,320 from Measure Y Fund (2251), \$4,970 from Measure C ("Hotel Tax) Fund 2419; and be it

RESOLVED, that the City Council finds and determines the forgoing recitals to be true and

correct and hereby adopts and incorporates them into this Resolution; and be it

FURTHER RESOLVED, that this Resolution shall take effect immediately upon its passage; and be it

FURTHER RESOLVED, that the City Attorney shall review and approve said agreement as to form and legality and copies of said agreement shall be filed with the Office of the City Clerk.

NOV 05 2014

IN COUNCIL, OAKLAND, CALIFORNIA, _____

PASSED BY THE FOLLOWING VOTE:

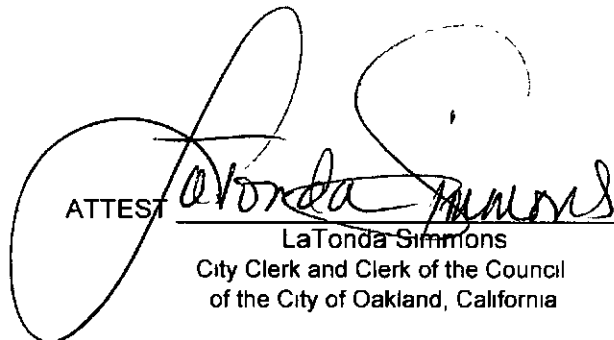
AYES - BROOKS, GALLO, GIBSON MCELHANEY, KALB, KAPLAN, ~~REID~~, SCHAAF and PRESIDENT KERNIGHAN - 7

NOES - 0

ABSENT - Reid - 1

ABSTENTION - 0

ATTEST



LaTonda Simmons
City Clerk and Clerk of the Council
of the City of Oakland, California