

CITY OF OAKLAND
AGENDA REPORT

TO: Office of the City Administrator
ATTN: Dan Lindheim
FROM: Finance and Management Agency
DATE: April 20, 2010

RE: **Supplemental Report Regarding Authorization of a Five-Year Contract Extension with Macias, Gini, & O'Connell:**

- 1) **A City Resolution Authorizing the City Administrator to Waive the Competitive Request For Proposals Process and Execute a Five-Year Contract Extension With Macias, Gini, & O'Connell, LLP to Provide Audit Services for Fiscal Year End June 30, 2010 through 2014 in an Amount Not to Exceed \$ 3,162,486.**
- 2) **An Agency Resolution Authorizing the City Administrator To Waive the Competitive Request For Proposals Process and Execute a Five-Year Contract Extension With Macias, Gini, & O'Connell, LLP to Provide Audit Services for Fiscal Year End June 30, 2010 through 2014 in an Amount Not to Exceed \$ 464,467.**


SUMMARY

At the April 13, 2010 Finance and Management Committee meeting, the committee requested that staff return with information regarding the amount the City paid to Macias, Gini, and O'Connell for the Fiscal Year 2008/2009 audit. The committee also requested that the resolutions be amended. This supplemental report and the attached revised resolutions provide the information and changes requested by the committee.

FISCAL IMPACT

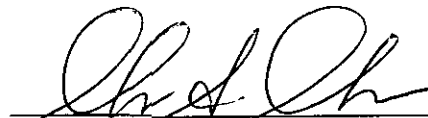
The original contract authorized a cost of \$728,989 for the Fiscal Year 2008/2009 audit by Resolution No. 81146 CMS on March 18, 2008. Due to the 10% discount provided by the vendor, the actual cost was \$656,091.

Respectfully submitted,



Joseph T. Yew, Jr.
Finance Director/City Treasurer

APPROVED AND FORWARDED TO THE
CITY COUNCIL:



Office of the City Administrator

Item: _____
City Council
April 20, 2010

CITY OF OAKLAND



ONE FRANK OGAWA PLAZA • 6TH FLOOR • OAKLAND, CALIFORNIA 94612

Office of the City Attorney
John Russo
City Attorney

(510) 238-3601
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April 20, 2010

Honorable City Council
City Hall
Oakland, California

Re: Contract Extension with Macias Gini & O'Connell-Audit Services

Dear President Brunner and Members of the City Council:

At the request of the Finance Committee, attached is the Committee's recommended amendment to the proposed resolution authorizing a 5-year renewal of the Macias Gini & O'Connell, LLP contract to provide audit services to the City. The proposed amendment requires rotation of the accounting firm's partners reviewing the City accounts every 5 years.

Very truly yours,

John A. Russo
City Attorney

By:

A handwritten signature in black ink, appearing to be "Kathleen Salem-Boyd".

Kathleen Salem-Boyd
Deputy City Attorney

Katherine Helen Bell
Oakland City Attorney's Office

FILED
OFFICE OF THE CITY CLERK
OAKLAND

2010 APR 15 PM 4:16 **OAKLAND CITY COUNCIL**

RESOLUTION No. _____ C.M.S.

Introduced by Councilmember _____

RESOLUTION BY THE CITY COUNCIL OF THE CITY OF OAKLAND AUTHORIZING THE CITY ADMINISTRATOR TO EXECUTE A FIVE-YEAR CONTRACT EXTENSION WITH MACIAS GINI & O'CONNELL, LLP TO PROVIDE AUDIT SERVICES FOR FISCAL YEAR ENDING JUNE 30, 2010 THROUGH FISCAL YEAR ENDING JUNE 30, 2014 IN AN AMOUNT NOT TO EXCEED \$ 3,162,486, 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, it is the desire of the City Council to engage the services of the firm Macias, Gini & O'Connell, LLP; 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, it is in the City's best interest to waive the competitive RFP process for the contract to provide audit services because the proposed contract represents significant savings to the City, an option to renew for two years 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, the City Council finds that the service is exempt from competitive bidding pursuant to Section 2.04.050 I of the Oakland Municipal Code; now therefore 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 the competitive RFP process is hereby waived in the best interests of the City based on the foregoing findings, and be it

FURTHER RESOLVED, that the City Administrator is hereby authorized, and execute a five-year contract extension with the firm of Macias Gini & O'Connell, LLP in an amount not to exceed \$3,162,486 for the fiscal year end June 30, 2010 through June 30, 2014 audit services; and be it

FURTHER RESOLVED, the audit will review the financial statements of the Oakland Redevelopment Agency, 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 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 be it

FURTHER RESOLVED, that the partners in the firm of Macias Gini & O'Connell, LLP working on City accounts will be rotated every five years from the date of entry into the existing contract; and be it

FURTHER RESOLVED, that the Office of the City Attorney will approve the contract as to form and legality and a copy will be on file in the Office of the City Clerk; and be it

FURTHER RESOLVED, that this Resolution shall take effect immediately upon its passage.

IN COUNCIL, OAKLAND, CALIFORNIA, _____, 20____

PASSED BY THE FOLLOWING VOTE:

AYES - BROOKS, KAPLAN, KERNIGHAN, NADEL, QUAN, REID, DE LA FUENTE and PRESIDENT BRUNNER,

NOES -

ABSENT -

ABSTENTION -

ATTEST: _____
LaTonda Simmons
City Clerk and Clerk of the Council
of the City of Oakland, California

FILED
OFFICE OF THE CITY CLERK
OAKLAND

Approved as to Form and Legality

Ketia A. Boyd
ORA Agency Counsel

2010 APR 15 PM 4:16

**REDEVELOPMENT AGENCY
OF THE CITY OF OAKLAND**

Resolution No. _____ C.M.S.

RESOLUTION AUTHORIZING THE AGENCY ADMINISTRATOR TO WAIVE THE COMPETITIVE REQUEST FOR PROPOSALS PROCESS AND EXECUTE A FIVE-YEAR CONTRACT EXTENSION WITH MACIAS GINI & O'CONNELL, LLP TO PROVIDE AUDIT SERVICES FOR FISCAL YEAR ENDING JUNE 30, 2010 THROUGH FISCAL YEAR ENDING JUNE 30, 2014 IN AN AMOUNT NOT TO EXCEED \$ 464,467.

WHEREAS, the Redevelopment Agency of the City of Oakland requires an annual audit by an independent certified public accountant who shall examine and report to the Redevelopment Agency on the annual financial statements of the Agency; and

WHEREAS, it is the desire of the Agency to engage the services of the firm Macias, Gini & O'Connell, LLP to conduct an audit of the Agency's financial records; and

WHEREAS, the Agency 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, it is in the Agency's best interest to waive the competitive RFP process for the contract to provide audit services because the proposed contract represents significant savings to the Agency, an option to renew for two years was already planned, and conducting a new joint RFP process with the Port would be costly by delaying the annual audit and requiring significant amounts of staff time to orient a new firm to the Agency's organization and processes; and

WHEREAS, the Agency finds that the service is exempt from competitive bidding pursuant to Section 2.04.050 I of the Oakland Municipal Code; now therefore be it

RESOLVED, that the Agency 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 the competitive RFP process is hereby waived in the best interests of the Agency based on the foregoing findings, and be it

FURTHER RESOLVED, that the Agency Administrator is authorized to execute a five-year extension contract with the firm of Macias Gini & O'Connell, LLP in an amount not to exceed \$464,467 for the fiscal year end June 30, 2010 through fiscal year end June 30, 2014 audit services; and be it

FURTHER RESOLVED, that the partners in the firm of Macias Gini & O'Connell, LLP working on Agency accounts will be rotated every five years from the date of entry into the existing contract; and be it

FURTHER RESOLVED, that the Agency Counsel will approve the contract as to form and legality and a copy will be on file in the Office of the Secretary of the Agency; and be it

FURTHER RESOLVED, that this Resolution shall take effect immediately upon its passage.

IN AGENCY, OAKLAND, CALIFORNIA, _____, 20_____

PASSED BY THE FOLLOWING VOTE:

AYES - BROOKS, KAPLAN, KERNIGHAN, NADEL, QUAN, REID, DE LA FUENTE and CHAIRPERSON
BRUNNER

NOES -

ABSENT -

ABSTENTION -

ATTEST: _____
LaTonda Simmons
Secretary of the Redevelopment Agency
of the City of Oakland, California