

APPROVED  
BY THE CITY COUNCIL

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OCT 25 1994

OFFICE OF THE  
CITY CLERK



October 25, 1994

Housing Authority and  
Redevelopment Agency of the  
City of Sacramento

Honorable Members in Session:

**SUBJECT: AUDIT SERVICES CONTRACT FOR THE SACRAMENTO HOUSING  
AND REDEVELOPMENT AGENCY**

LOCATION & COUNCIL DISTRICT City

RECOMMENDATION

Staff recommends adoption of the attached resolution which authorizes the Executive Director of the Sacramento Housing and Redevelopment Agency (Agency) to contract for audit services with Macias and Company.

CONTACT PERSON: Satoshi M. Matsuda, Director of Admin. Svcs. - 440-1337  
Joan Drayton, Program Manager - 440-1347

FOR COUNCIL MEETING OF October 25, 1994

SUMMARY

The Agency uses independent Certified Public Accountants for the issuance of required financial and compliance audits. On August 3, 1994, the Sacramento Housing and Redevelopment Commission authorized: (1) issuance of a request for proposal (RFP) for audit services; (2) appointment of an evaluation committee to receive and evaluate responses; and (3) forwarding of recommendation of the most qualified responder to the Governing Boards for final selection and award of the contract for audit services.

This staff report is being presented to forward the evaluation committee's recommendation.

COMMISSION ACTION

At its meeting of August 3, 1994, the Sacramento Housing and Redevelopment Commission adopted a motion to authorize the Agency to: (1) issue an RFP for audit services, (2) appoint an evaluation committee to receive and evaluate responses; and (3) forward a recommendation of the most qualified responder to the Governing Boards for final selection and award of the contract for audit services. The votes were as follows:

AYES:	Dobbins, Harland, Rotz, Simon, Yew, Diepenbrock
NOES:	None
NOT PRESENT TO VOTE:	Amundson, Cespedes, Holloway
ABSENT:	Moose, Williams

BACKGROUND

The Agency will be in need of audit services for the year ending December 31, 1994. The work for these services typically starts in January of each year. The timing of the RFP and subsequent recommendation of selection allows for a decision by October, 1994, thus enabling the selected firm ample time to plan and prepare for 1994 audit services.

On August 3, 1994 the Sacramento Housing and Redevelopment Commission approved staff recommendations to (1) issue a request for proposal (RFP) for audit services; (2) appoint an evaluation committee to receive and evaluate responses; and (3) pursuant to Agency policy, forward a recommendation of the most qualified responder to the Governing Bodies for final selection and award of the contract. Unlike other professional services, the governing boards of the Agency have specifically retained the authority to select and award contracts for audit services.

The evaluation committee was composed of the following representatives:

- ◆ SHRA Commissioner
- ◆ Finance Representative from the City of Sacramento
- ◆ SHRA Finance Program Manager

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The Agency received only two responses to their RFP: one from Macias and Company and the other from Deloitte & Touche. These responses were evaluated based on the following criteria:

- ◆ Relevant Experience (i.e. Experience with respect to expertise in Governmental Accounting, Taxes, Management Information Systems, Redevelopment Agencies and Housing Authorities).
- ◆ Structure of Firm (i.e. locale, size of firm, composition of audit team)
- ◆ Responsiveness of Proposal (i.e. completeness and relevance of information)
- ◆ Costs (i.e. maximum fee, hourly rate)

The evaluation criteria was rated on a point range of 0-10 with various factors weighted. As stated in the proposal, costs were a significant factor, but not a dominate factor. With respect to costs reflected on each proposal, Macias and Company quoted a higher total cost, but stated a lower average hourly rate (dollars divided by hours) than Deloitte and Touche.

After consideration of all applicable criteria, all three members of the evaluation committee rated Macias and Company higher. It should be noted that Macias and Company served as the Agency's auditors for the past five years, and have provided the Agency with excellent service.

This staff report is being submitted to the Governing Board for review and approval of the selection committee's recommendation, and for authorization to award the audit contract with the recommended firm.

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## FINANCIAL CONSIDERATIONS

A detailed breakdown of the costs of services, in addition to a description of Macias and Company's proposed audit fees, hourly rates, and billing practices is summarized below:

(1) Proposed Audit fees:

SERVICES	1994 Proposed Base Hours and Fees	
	Hours	Fees
GPFS (including Management Letter)	1,465	\$49,950
Single Audit	155	6,000
HUD Funded Projects	140	5,500
CHFA Funded Projects	140	5,500
Health and Safety Compliance Audit	58	4,500
Riverview Plaza Associates	130	8,500
<b>TOTAL HOURS AND PROPOSED BASE FEES</b>	<b>2,088</b>	<b>\$79,950</b>

SERVICES	1995 Proposed Base Hours and Fees	
	Hours	Fees
GPFS (including Management Letter)	1,365	\$44,950
Single Audit	155	6,000
HUD Funded Projects	140	5,500
CHFA Funded Projects	140	5,500
Health and Safety Compliance Audit	58	4,500
Riverview Plaza Associates	130	8,500
<b>TOTAL HOURS AND PROPOSED BASE FEES</b>	<b>1,988</b>	<b>\$74,950</b>

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\* The proposed hours and fees indicated above represent the basis for determining the computation for 1995 and 1996 fees. For 1995, we propose fees of \$74,950 adjusted for an agreed-upon cost-of-living allowance (COLA), plus 2%. The fees for 1996 will be based on the 1995 fees adjusted for the COLA, plus 2%.

Expenses that might be incurred, i.e., report production, faxing, etc. have been included in our proposed not-to-exceed fees.

## (2) Proposed Billable Hourly Rates:

Our billable rates to provide accounting, auditing, management consulting, and tax-related services are based on the following rates according to staff level:

STAFF LEVEL	STANDARD HOURLY RATES
Partners and EDP Consultant	\$140 - 150
Audit Supervisors	80
Senior Auditors	55 - 60
Staff Auditors	40 - 45
Clerical	30

The annual costs of required audit services will be included in future budgetary requests.

## POLICY CONSIDERATIONS

The actions proposed in this staff report are consistent with previously approved policies and no policy changes are recommended.

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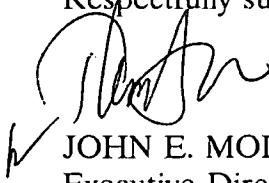
## ENVIRONMENTAL REVIEW

The proposed action does not constitute a project under CEQA per Guidelines section 15378 (b)(3), nor a federal undertaking under NEPA.


## M/WBE CONSIDERATIONS

The two firms meet the minimum M/WBE goals for professional services in accordance with the Agency's revised M/WBE policy. Macias and Company is a program eligible and MBE certified firm. Deloitte and Touche met Agency M/WBE goals by subcontracting with local M/WBE firms.

Respectfully submitted by,

  
JOHN E. MOLLOY  
Executive Director

Transmittal approved by:

  
WILLIAM H. EDGAR  
City Manager

OCT 25 1994

OFFICE OF THE  
CITY CLERK

**RESOLUTION NO. 94-058**

ADOPTED BY THE REDEVELOPMENT AGENCY OF THE CITY OF SACRAMENTO

ON DATE OF \_\_\_\_\_

**AUDIT SERVICES CONTRACT**

**BE IT RESOLVED BY THE REDEVELOPMENT AGENCY OF THE CITY OF SACRAMENTO:**

Section 1. The Executive Director is authorized to enter into a contract for audit services with Macias and Company (the firm recommended by the evaluation committee) for a term not exceeding five years and for contract amounts for Sacramento Housing and Redevelopment Agency, Redevelopment Agency of the City of Sacramento, Housing Authority of the City of Sacramento, Redevelopment Agency of the County of Sacramento and Housing Authority of the City of Sacramento (collectively "Agency") not to exceed \$79,950 for the first year; and a base fee of \$74,950 annually for the second and third years adjusted by a Cost of Living Agreement, as determined by the Agency, plus two percent.

\_\_\_\_\_  
CHAIR

ATTEST:

\_\_\_\_\_  
SECRETARY

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RESOLUTION NO.: \_\_\_\_\_

DATE ADOPTED: \_\_\_\_\_

OCT 25 1994

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**RESOLUTION NO. 94-013**

ADOPTED BY THE HOUSING AUTHORITY OF THE CITY OF SACRAMENTO

ON DATE OF \_\_\_\_\_

**AUDIT SERVICES CONTRACT**

BE IT RESOLVED BY THE HOUSING AUTHORITY OF THE CITY OF SACRAMENTO:

Section 1. The Executive Director is authorized to enter into a contract for audit services with Macias and Company (the firm recommended by the evaluation committee) for a term not exceeding five years and for contract amounts for Sacramento Housing and Redevelopment Agency, Redevelopment Agency of the City of Sacramento, Housing Authority of the City of Sacramento, Redevelopment Agency of the County of Sacramento and Housing Authority of the City of Sacramento (collectively "Agency") not to exceed \$79,950 for the first year; and a base fee of \$74,950 annually for the second and third years adjusted by a Cost of Living Agreement, as determined by the Agency, plus two percent.

\_\_\_\_\_  
CHAIR

ATTEST

\_\_\_\_\_  
SECRETARY

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RESOLUTION NO.: \_\_\_\_\_

DATE ADOPTED: \_\_\_\_\_