



TO: Board of Contracts and Awards

FROM: Andy Cherullo, Finance Director, Finance Department

COPY: Public Utility Board, Director of Utilities, Board Clerk, City Council, City Manager, City Clerk, and Alex Clark, Finance/Purchasing

SUBJECT: Increase Contract for Auditing Services - Request For Proposals FI13-0302F, SAP Contract No. 4600009457 – Tacoma Public Utility Board, August 22, 2018, City Council, August 28, 2018

DATE: July 31, 2018

RECOMMENDATION SUMMARY:

The Finance Department requests approval to increase the contract with Moss Adams, LLP by \$264,000, plus tax. This would fund audit services through 2019. The increase will bring the contract to a cumulative contract total of \$1,470,000 for annual financial audit services for Tacoma Power, Tacoma Water, Tacoma Rail, Environmental Services/Sewer (Waste Water and Surface Water), and Environmental Services/Solid Waste Management.

STRATEGIC POLICY PRIORITY:

- Encourage and promote an efficient and effective government, which is fiscally sustainable and guided by engaged residents.
 - External audit services support the City's strategic policy for fiscal sustainability by providing financial statements that are usable by the citizens, Public Utility Board, City Council, rating agencies, bondholders, and other external users.

BACKGROUND:

The City annually prepares a comprehensive annual financial report (CAFR) that is audited by the Washington State Auditor's Office. The financial statements covered by the CAFR include the summary level financial information on the City's utilities. To provide comprehensive financial information for those utilities, the City also prepares financial reports for Power, Water, Rail, Solid Waste Management, and Sewer (Waste Water and Surface Water) utilities, which are separately audited by Moss Adams. This contract provides those auditing services. The estimated cost for each utility is:

Utility	Cost
Tacoma Power	\$77,000
Tacoma Water	\$66,000
Tacoma Rail	\$31,000
Environmental Service - Solid Waste	\$43,000
Wastewater	\$31,000
Surface Water	\$16,000
Total	\$264,000



ISSUE: The existing Moss Adams term is expected to end on December 31, 2018 and the City is required to have an annual audit conducted on the City's utilities.

ALTERNATIVES: The City could issue a new Request for Proposals but for continuity of operations it's more practical to extend this contract for an additional year as allowed by Resolution No. U-10659 and Resolution No. 38767.

COMPETITIVE SOLICITATION:

In June of 2013, the City issued a Requests for Proposals FI13-0302F for independent audit services for the Utilities. The selection advisory committee selected Moss Adams, LLP as the external auditor for component unit audit services, for each audit year from December 31, 2013 through 2017, with the option to renew the contract three additional one-year terms.

CONTRACT HISTORY: The original contract was awarded to Moss Adams, LLP as a result of a Request for Proposal. The contract was to provide annual financial audit services for five years with a cumulative contract total of \$1,196,000 with the option to renew the contract three additional one-year terms. This contract was approved by the Tacoma Public Utility Board on October 23, 2013 per Resolution No. U-10659 and by the City Council on November 5, 2013 per Resolution No. 38767.

On October 20, 2017, Amendment No. 1 was issued to increase the scope of work to include auditing under Generally Accepted Governmental Auditing Standards, extend the termination date to December 31, 2018, and increase the contract by \$10,000 from \$1,196,000 to \$1,206,000.

FISCAL IMPACT:

EXPENDITURES:

FUND NUMBER & FUND NAME *	COST OBJECT (CC/WBS/ORDER)	COST ELEMENT	TOTAL AMOUNT
4700 - Power	561000	5311100	\$77,000
4600 - Water	581000	5311100	\$66,000
4500 - Rail	591004	5311100	\$31,000
4200 - Solid Waste	512025	5311100	\$43,000
4300 - Wastewater	523925	5311100	\$31,000
4301 - Surface Water	521925	5311100	\$16,000
TOTAL			\$264,000

* General Fund: Include Department



REVENUES:

FUNDING SOURCE	COST OBJECT (CC/WBS/ORDER)	COST ELEMENT	TOTAL AMOUNT
4700 - Power	561000	Various	\$77,000
4600 - Water	581000	Various	\$66,000
4500 - Rail	591004	Various	\$31,000
4200 – Solid Waste	512025	Various	\$43,000
4300 - Wastewater	523925	Various	\$31,000
4301 - Surface Water	521925	Various	\$16,000
TOTAL			\$264,000

FISCAL IMPACT TO CURRENT BIENNIAL BUDGET:

Utility	Cost
Tacoma Power	\$77,000
Tacoma Water	\$66,000
Tacoma Rail	\$31,000
Environmental Service - Solid Waste	\$43,000
Wastewater	\$31,000
Surface Water	\$16,000
Total	\$264,000

ARE THE EXPENDITURES AND REVENUES PLANNED AND BUDGETED? Yes