CITY OF Tacoma

PUB Resolution No.: _______________
City Council Resolution No.: _______________

Contract and Award Letter
Purchase Resolution – Exhibit "A"

TO: Board of Contracts and Awards
FROM: Andy Cherullo, Director, Finance
Susan Calderon, Assistant Finance Director/Controller, Finance
Patsy Best, Procurement and Payables Division Manager, Finance
COPY: Public Utility Board, Director of Utilities, Board Clerk, City Council, City Manager, City Clerk, EIC Coordinator, LEAP Coordinator, and Brandon Snow, Senior Buyer, Finance/Procurement
SUBJECT: Annual Audit Services for Tacoma Public Utilities and Environmental Services**,** Request for Proposals No. FI26-0100F, Contract No. CW2283525 – August 12 Public Utility Board and August 18 City Council.
DATE: July 17, 2026

RECOMMENDATION SUMMARY:
The Finance Department recommends awarding a contract to Baker Tilly US LLP (Baker Tilly), Tacoma**,** WA, in the amount of $1,541,000, plus applicable taxes, budgeted from Tacoma Public Utilities (Power, Water and Rail) and Environmental Services (Solid Waste, Wastewater and Stormwater) Funds as stated in the Fiscal Impact Section for an initial contract term of five years, with the option to renew for two additional two-year terms, for a projected contract amount of $1,541,000, plus applicable taxes, for annual utility audit services.

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 public, Public Utility Board, City Council, rating agencies, bondholders, and other external entities.

BACKGROUND:
The City prepares an annual comprehensive financial report (ACFR) that is audited by the Washington State Auditor's Office. The financial statements covered by the ACFR include summary level financial information on the City's utilities (TPU and Environmental Services).

To provide comprehensive financial information for the utilities, the City also prepares financial reports for Power, Water, Rail, Solid Waste Management and Sewer (Wastewater and Stormwater) Management, which are separately audited by a public accounting firm.

The proposed contract will provide the required audit services to produce the ACRF and financial reports.

ISSUE: The City is required to have an annual audit conducted on the City's utilities (TPU and Environmental Services). The City's current contract for audit services expires in August 2026. In order to meet the audit requirements, the City must contract with a public accounting firm to provide these audit services.

ALTERNATIVES: The City is not allowed to be without audit services. However, City staff could pursue directly negotiating audit services for a year or two while conducting a new Request for Proposals (RFP) to attract more submittals and possibly receive lower service costs.

This would not be an advisable option. The proposed five-year contract for audit services will provide better cost forecasting for future budgets. In addition, Baker Tilly, the selected vendor, has a record of successful audits with the City and across the industry. The responses from client references were graded nine out of ten by the RFP Selection Advisory Committee.

COMPETITIVE SOLICITATION:
RFP Solicitation No. FI26-0100F was opened June 09, 2026. 31 companies were invited to submit proposals in addition to normal advertising of the project. One submittal was received.

Submittals were evaluated on the following basis:

- Qualifications/Experience of the Firm (up to 20 possible points)
- Qualifications/Experience of Key Personnel (up to 20 possible points)
- Audit Approach (up to 10 possible points)
- Technical Assistance (up to 5 possible points)
- Client References (up to 10 possible points)
- Fees and Charges (up to 20 possible points)
- Training and CPE Availability (up to 5 possible points)
- Sustainability (up to 5 possible points)
- Equity in Contracting (up to 5 possible points)

Baker Tilly US LLP submitted a proposal that resulted in the highest evaluated submittal.

Respondent	Location	Score
Baker Tilly US LLP	**Tacoma, Washington**	**88/100**

Pre-RFP Cost Estimate: $1,445,000
The recommended award is seven percent above the pre-bid estimate.

CONTRACT HISTORY: New contract.

SUSTAINABILITY: Sustainability was one of the evaluation criteria in the RFP. In their proposal, Baker Tilly highlighted their environmental sustainability goals, policies, and initiatives focused on reducing resource consumption, supporting community engagement, and promoting sustainable workplace practices.

Baker Tilly received an average score of 8 out of 10 in this category by SAC members.

EQUITY IN CONTRACTING (EIC) COMPLIANCE: Not applicable - Service contract - EIC Regulations are not yet established

LOCAL EMPLOYMENT AND APPRENTICESHIP TRAINING PROGRAM (LEAP) COMPLIANCE: Not applicable

FISCAL IMPACT:

EXPENDITURES:

FUND NUMBER & FUND NAME *	COST OBJECT (CC/WBS/ORDER)	COST ELEMENT	TOTAL AMOUNT
4700 – Power	561000	Various	$470,000
4600 – Water	581000	Various	$400,000
4500 – Rail	591004	Various	$200,000
4200 – Solid Waste	512025	Various	$218,000
4300 – Wastewater	523925	Various	$141,680
4301 – Stormwater	521925	Various	$111,320
TOTAL			**Up to $1,541,000**

REVENUES:

FUNDING SOURCE	COST OBJECT (CC/WBS/ORDER)	COST ELEMENT	TOTAL AMOUNT
4700 – Power	561000	Various	($470,000)
4600 – Water	581000	Various	($400,000)
4500 – Rail	591004	Various	($200,000)
4200 – Solid Waste	512025	Various	($218,000)
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TOTAL			**Up to ($1,541,000)**

FISCAL IMPACT TO CURRENT BIENNIAL BUDGET: $0 TO MINIMAL EXPENSES.

For the 2026 audit, minimal amounts of the below fees will be incurred in 2026, and majority will be incurred in 2027:

Utility	Cost
Tacoma Power	$88,000
Tacoma Water	$76,000
Tacoma Rail	$38,000
ES-Solid Waste	$41,000
ES-Waste Water	$25,200
ES-Stormwater	$19,800
Total	**$288,000**

ARE THE EXPENDITURES AND REVENUES PLANNED AND BUDGETED? Yes. Funds for the contract are provided by the individual departments using the contract. Currently, it is anticipated the Power, Water, Rail, Wastewater/Stormwater, and Solid Waste Divisions will use this contract. Funding beyond the current biennium is subject to future availability of funds. The user departments are billed directly for their audit.

IF EXPENSE IS NOT BUDGETED, PLEASE EXPLAIN HOW THEY ARE TO BE COVERED. N/A