City of Culver City, California

Agenda Item Report

Meeting Date: 05/23/2011	Item Number: JC-2
JOINT CITY COUNCIL/REDEVELOPMENT AGENCY BOARD AGENDA ITEM: Approval of a Three Party Professional Services Agreement with Moss, Levy & Hartzheim, LLP to Provide Independent Auditing Services	
Contact Person/Dept.: Jeff Muir/Finance Department	Phone Number: (310) 253- 5865
Fiscal Impact: Yes [x] No []	General Fund: Yes [x] No []
Public Hearing: [] Action Item: [] Attachments: []	
Commission Action Required: Yes [] No [X] Date: ________________	
Public Notification: (E-Mail) Meetings and Agendas – City Council (05/19/11); (E-Mail) Meetings and Agendas – Redevelopment Agency (05/19/11); (E-Mail) Moss, Levy & Hartzheim, LLP (05/23/11)	
Department Approval: Jeff Muir (05/12/11)	City Attorney Approval: Carol Schwab (by H. Baker) (05/17/11) Agency General Counsel (05/19/11)
Chief Financial Officer Approval: Jeff Muir (05/12/11)	City Manager/Executive Director Approval: John M. Nachbar (05/19/11)_

RECOMMENDATION:

Staff recommends the City Council and Agency Board approve a three party professional services agreement with Moss, Levy & Hartzheim, LLC to provide independent auditing services.

BACKGROUND:

On March 4, 2011, a Request for Proposals (RFP) for audit services was released. The current audit services contract with Mayer Hoffman McCann P.C. expired at the end of December 2010.

The RFP was e-mailed to nine (9) firms and posted on the website of the City as well as the California Society of Municipal Finance Officers. Proposals were due by April 7, 2011. The general provisions of the RFP were to provide independent audit and report preparation for the City, Redevelopment Agency, Municipal Bus Lines, Single Audit as required by the federal government, review of the Gann Appropriations Limit and preparation of various State Controller reports. In addition the selected firm shall provide assistance in implementing new Governmental Accounting Standard Board (GASB) Statements which will take effect during the term of this contract. The RFP provided for an initial term of three years, with the ability to extend the agreement for two additional years.

NOTE: Pursuant to Culver City Municipal Code Section 3.07.085, the City may award contracts in any amount for professional services without complying with formal bid requirements provided the contract is based upon competitive quotations, whenever feasible. A professional service is a service for which the City is contracting for the skill, integrity, judgment, and/or special technical ability of the professional. Independent auditing services are considered a professional service.

DISCUSSION:

Five (5) firms responded as follows (in order of lowest to highest total proposal fee):

Firm	Total Three Year Not-To-Exceed Fee
Moss, Levy & Hartzheim, LLP	$208,710
Mayer Hoffman McCann P.C.	$209,400
Brown Armstrong Accountancy Corporation	$265,269
Caporicci & Larson, Inc.	$387,000
Simpson & Simpson	$478,995

After evaluation of the proposals by the Chief Financial Officer and staff of the Finance Department, it was determined that all of the responding firms were considered to be responsive to the RFP and qualified. The three firms with the lowest price were invited for oral interviews with a committee that consisted of the City Council Audit Subcommittee, the City Manager and the Chief Financial Officer.

The committee recommends the selection of Moss, Levy & Hartzheim, LLP. This firm has solid experience, a good reputation, and specializes in smaller cities such as Culver City. They have 54 years of history in public accounting, and 34 years of performing local government and non-profit audits. The technical qualifications of the audit staff and their response to the RFP were very complete, responsive and thoughtful. The firm has significant experience in redevelopment and transportation accounting. The firm will be providing annual client training, which will save training costs for the City's professional accountants.

FISCAL ANALYSIS:

Auditing services are budgeted annually in the General Fund and various other funds' audit services accounts. The not-to-exceed amount is $69,570 per year, for a total three year amount of $208,710. There is adequate funding for these services in the City Managers Proposed Budget for Fiscal Year 2011/2012. For the remaining years of audit services, the appropriate amounts will be included in those budgets.

MOTION:

That the City Council and Agency Board:

1. Approve a professional services agreement with Moss, Levy & Hartzheim, LLC for a term concluding on December 31, 2014 (with an extension of an additional two years subject to the approval of the City Manager/Executive Director) in an amount not to exceed $69,570 per year; and

2. Authorize the City Attorney and Agency General Counsel to review/prepare the necessary documents; and

3. Authorize the City Manager/Executive Director to execute such documents on behalf of the City and Agency, respectively.