



CITY COUNCIL AGENDA STATEMENT



June 4, 2019

File ID: 19-0297

TITLE

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CHULA VISTA APPROVING AN AMENDMENT TO THE AGREEMENT WITH THE ACCOUNTING FIRM OF LANCE, SOLL AND LUNGHARD, LLP TO PROVIDE AUDITING SERVICES FOR FISCAL YEAR 2019 AND AUTHORIZING THE CITY MANAGER TO EXECUTE THE THIRD AMENDMENT

RECOMMENDED ACTION

Council adopt the resolution.

SUMMARY

Section 107 of the Chula Vista Charter requires an annual independent audit of the City. In 2014 the Finance Department posted a Request for Proposal ("RFP") to provide auditing services to the City for Fiscal Years 2014 through 2018. Based on that solicitation the City approved the agreement with Lance, Soll and Lunghard, LLP (LSL). Due to time constraints the Finance Department is requesting approval to contract with LSL to complete audit services for fiscal year ending 2019.

In accordance with Municipal Code Section 2.56.110.H.2, Impractical or Impossible. When it is determined by the Purchasing Agent (for contracts with a maximum contract amount of \$100,000 or less) or by resolution of the City Council (for contracts with a maximum contract amount in excess of \$100,000) that the competitive bidding requirements are impractical, or impossible, or that City interests would be materially better served by applying a different purchasing procedure, the Purchasing Agent or City Council, respectively, may award the contract utilizing alternative procedures consistent with best purchasing practices; The Finance Department shall solicit for these services for 2020 through 2024.

ENVIRONMENTAL REVIEW

The Director of Development Services has reviewed the proposed activity for compliance with the California Environmental Quality Act (CEQA) and has determined that the activity is not a "Project" as defined under Section 15378 of the State CEQA Guidelines because it will not result in a physical change in the environment; therefore, pursuant to Section 15060(c)(3) of the State CEQA Guidelines, the activity is not subject to CEQA. Thus, no environmental review is required.

BOARD/COMMISSION/COMMITTEE RECOMMENDATION

Not applicable.

DISCUSSION

The Finance Department would like to engage LSL for one additional year to provide auditing services and the preparation of the City's CAFR. In addition to CAFR Preparation and audit services LSL will be performing GANN Limit Review Report, Measure P and GASB 75.

1. GANN Limit Review Report

a. Consultant will perform Agreed-Upon Procedures in connection with the annual calculation of the appropriation limit (Gann), as required by Section 1.5 of the Article XIII B of the California Constitution. Consultant shall be compensated for such additional services at the hourly rates set forth in the Rate Schedule in section 10.C. of Exhibit A. to the Agreement, but in no event shall the amount to be paid to Consultant for performing these additional services exceed One Thousand One Hundred Fourteen (\$1,114) Dollars

2. Measure P

a. Consultant will perform testing of compliance with the agreement for Measure P funds and issuance of required audit report with the CAFR. Consultant shall be compensated for such additional services at the hourly rates set forth in the Rate Schedule in section 10.C. of Exhibit A. to the Agreement, but in no event shall the amount to be paid to Consultant for performing these additional services exceed Five Thousand One Hundred Fifty (\$5,150) Dollars

3. Measure A

a. Consultant will perform testing of compliance with the agreement for Measure A funds and issuance of required audit report with the CAFR. Consultant shall be compensated for such additional services at the hourly rates set forth in the Rate Schedule in section 10.C. of Exhibit A. to the Agreement, but in no event shall the amount to be paid to Consultant for performing these additional services exceed Five Thousand One Hundred Fifty (\$5,150) Dollars

4. GASB 75

a. Perform Additional test work required under GASB statement No. 75 and review applicable calculations and footnote disclosures. Consultant shall be compensated for such additional services at the hourly rates set forth in the Rate Schedule in section 10.C. of Exhibit A. to the Agreement, but in no event shall the amount to be paid to Consultant for performing these additional services exceed Seven Thousand Five Hundred (\$7,500) Dollars.

DECISION-MAKER CONFLICT

Staff has reviewed the decision contemplated by this action and has determined that it is not site-specific and consequently, the real property holdings of the City Council members do not create a disqualifying real property-related financial conflict of interest under the Political Reform Act (Cal. Gov't Code § 87100, et seq.).

CURRENT-YEAR FISCAL IMPACT

The FY 2020 impact for these services to be performed by LSL is \$135,925.

ONGOING FISCAL IMPACT

The cost for Fiscal Year End 2020 audit services are unknown at this time.

ATTACHMENTS

1. 3rd Amendment
2. Agreement between City and LSL

Staff Contact: David Bilby