



## Renewal Enterprise District (RED)

County of Sonoma | City of Santa Rosa

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Renewal Enterprise District

Request for Proposal for Audit Services

December 2, 2019

Michelle Whitman

Executive Director

637 First Street

Santa Rosa, CA 95404

(707) 543-3087

Submittals due on January 15, 2020

By 4:00 p.m., At

Renewal Enterprise District

Attention: Michelle Whitman

Executive Director

637 First Street, Santa Rosa, CA 95404

707-543-3087

**Request for Proposal**

**Annual Audit Services**

**Renewal Enterprise**

**District Santa Rosa, CA**

**Statement of Intent**

The Renewal Enterprise District (“RED”) is soliciting proposals from qualified certified public accounting firms to conduct the annual independent audit of the RED’s financial transactions and to express an opinion on the fairness of the presentation of the RED’s financial statements. These audits are to be performed in accordance with auditing standards generally accepted in the United States.

**RED Background**

The County of Sonoma (County) and City of Santa Rosa (City) recognize their obligation to deepen coordination around planning, entitling, and assembling public financing to make it as easy and cost-effective as possible for builders and developers to produce the needed housing stock that aligns with community values. To achieve this objective, the two jurisdictions formed a Renewal Enterprise District, or RED, as a Joint Powers Authority. The RED was formed for the purpose of creating a regional, coordinated, multi-jurisdictional entity to address housing development challenges and to increase the overall pace and capacity of housing construction county wide.

This housing agenda focuses development in areas already designated in adopted General Plans and will include creating higher density rental and ownership opportunities for a range of incomes on infill sites, near transit and close to services so that urban separators are preserved, and Sonoma County’s working lands and open spaces are protected.

**Jurisdiction and Funding**

The governing bodies of the City and County both voted to form the JPA in December 2018. The first meeting of the JPA Board was held in February 2019, with subsequent meetings scheduled bimonthly. Founding Members are County of Sonoma and City of Santa Rosa. After two years from formation of the RED, upon submittal of an application for membership, New Members may be admitted to the RED so long as the New Member is an incorporated city or town located within the jurisdictional boundaries of the County of Sonoma.

The RED is currently governed by a four-member Board of Directors, including two County Supervisors and two City Councilmembers. The Board is responsible for hiring the Director, approving the budget, and strategically guiding the organization.

The Sonoma County Auditor-Controller-Treasurer-Tax Collector acts as the Treasurer for the RED. The Treasurer performs all usual and customary duties of their offices for the RED, including by not limited to receiving all deposits, issuing warrants per direction, and other duties specified in Government Code section 6505.5. The County Auditor/Controller maintains the RED JPA’s automated accounting system utilizing Oracle/PeopleSoft/Enterprise Financial Systems (EFS). This system is a client/server, on-line processing system. Accounts payable, accounts receivable, and budgeting are fully integrated with the

general ledger. The resulting financial information is entered into EFS utilizing a journal entry. The RED's total FY 2019-20 budget is \$700,000. The RED has a total payroll of approximately \$189,000 with one full-time staff. The RED JPA's fiscal year begins on July 1st and ends on June 30th. The William and Flora Hewlett Foundation provided a \$1,000,000 two-year grant to support start-up and implementation of the RED.

### **Nature of Services Required**

The audit firm shall form and express an opinion as to the fair presentation of the basic financial statements of the RED and the financial position of those funds covered in the scope of this audit in accordance with accounting principles generally accepted in the United State and applicable laws and regulations. The audit firm shall also be required to provide an opinion of the RED's compliance with current governmental GAAP and applicable GASB pronouncements.

The audit firm shall communicate in writing such matters related to control deficiencies identified during the audit that are considered significant deficiencies or material weaknesses, including matters that were communicated in previous audits and have not yet been resolved. The audit firm shall also communicate significant matters related to the audit that are relevant in overseeing the financial reporting process. A letter indicating no material weaknesses or areas for improvement would be required if no findings exist.

Should the RED require a Single Audit Act, under the Single Audit Act Amendments of 1996 and thereafter, the audit firm must meet the minimum requirements for finance and compliance audits as prescribed by the Office of Management and Budget Circular A-133. In compliance with Circular A-133, the independent auditor shall determine:

- That the financial statement of the RED present fairly its financial position and the results of its financial operations in accordance with generally accepted accounting principles.
- The RED has complied with laws and regulations that may have a material effect on its financial statements.

At the end of each annual audit, the audit firm shall issue the following separate reports:

- Basic Financial Statements – Renewal Enterprise District Joint Powers Authority
- Required Management Letter
- Single Audit Act Opinions, if applicable

The audit firm will also be responsible for completing and filing the Special Districts Financial Transactions Report required by the State Controller's Office.

Report preparation, editing, and printing shall be the responsibility of the auditor. The final report, accompanied by five bound signed copies and one (1) unbound signed copy, should be delivered to the **The Renewal Enterprise District at 637 First Street, Santa Rosa, California, 95404.**

Exit conferences are required for each year of the audit engagement to include the RED Executive Director. The auditor will also be required to attend and provide a brief report at meetings held when the final audit is presented to the RED Working Group and Board of Directors (typically in December).

Each of the following should be completed by the auditor not later than the dates indicated.

- Detailed Audit Plan: The audit firm shall provide the RED by March 30<sup>th</sup>, 2020, a list of all schedules and confirmation letters to be prepared by the RED.
- Fieldwork: The audit firm shall complete all fieldwork by April 30<sup>th</sup>, 2020.
- Draft Reports: The audit firm shall have draft of all the audit report and recommendations to management available for review by May 15<sup>th</sup>, 2020,
- Special Districts Financial Transactions Report: The audit firm shall submit to the State Controller's Office the Special Districts Financial Transaction Report within the deadlines established by the State Controller's Office.
- Final Reports: The audit firm shall submit final electronic and bound copies of the reports by May 30<sup>th</sup>, 2020,

**Assistance to be Provided to the Auditors**

- RED Executive Director and Working Group staff will be available during the audit to assist the firm by providing information, documentation and explanations.
- RED staff will put the auditor in contact with appropriate staff in the County Controller's and Treasurer's Office as needed.
- The RED will provide the auditor with reasonable work space. The auditor will also be provided with access to a telephone line, photocopying and fax facilities, subject to restrictions which may arise because of normal workload demands of the RED staff.

**RFP Schedule of Events**

The Request for Proposals (RFP) schedule represents the RED's best estimate of the timeline that shall be followed. The RED reserves the right, at its sole discretion, to adjust this schedule as it deems necessary.

1. RED Issues RFP for Audit Services	12/02/2019
2. Deadline for Questions	12/10/2019
3. RED Issues Responses to Questions	12/15/2019
4. Deadline for Submitting a Proposal	01/15/2020
5. RED Board Interviews RFP Finalists	02/26/2020
6. Anticipated Contract Start Date	03/01/2020

**Contract Duration**

The RED intends to enter into a two (2) year contract beginning with fiscal years ending June 30, 2019, and 2020. Providing that both parties agree, this Agreement shall be renewable for two (2) additional one (1) year periods, under the same terms and conditions. Said renewals shall be upon written letter agreement signed by the Contractor and the RED Director or designee.

**Submitting Project Proposal**

This RFP seeks the submission of proposals to provide services from any and all interested and qualified proposers. Proposers must be able to show that they are capable of performing the services requested.

Such evidence includes, but is not limited to, the respondent's demonstrated competency and experience in delivering services of a similar scope and type.

By submitting a proposal, each proposer certifies that its submission is not the result of collusion or any other activity which would tend to directly or indirectly influence the selection process. The proposal will be used to determine the proposer's capability of rendering the services to be provided. The failure of a proposer to comply fully with the instructions in this RFP may eliminate its proposal from further evaluation as determined at the sole discretion of the RED. The RED reserves the sole right to evaluate the contents of proposals submitted in response to this RFP and to select a contractor, if any.

If changes to the RFP are warranted, they will be made in writing, clearly marked as addenda to the RFP, and posted to the website ([renewalenterprisedistrict.org](http://renewalenterprisedistrict.org)). It is the responsibility of each proposer to check the website ([renewalenterprisedistrict.org](http://renewalenterprisedistrict.org)) for changes and/or clarifications to the RFP prior to submitting a response. A proposer's failure to do so will not provide a ground for protest.

Costs for developing proposals are entirely the responsibility of the proposer and shall not be charged to the RED or otherwise reimbursed by the RED. The RFP and all materials submitted in response to this RFP will become the property of the RED.

Project proposals must be received by the Renewal Enterprise District by January, 15 2020 at 4:00 pm PDT. Please refer to "Proposal Submission Requirements" for additional instruction. Proposals should be delivered to:

Renewal Enterprise District  
Michelle Whitman, Executive Director  
637 First Street  
Santa Rosa, California 95404

Proposals received late will not be opened or given any consideration for the proposed services unless doing so is deemed to be in the best interest of the RED, as determined at the sole discretion of the RED.

#### **Communication Regarding the RFP**

Upon release of this RFP, all communications concerning this project must be directed to Michelle Whitman, Executive Director. Unauthorized contact regarding the RFP with other RED employees may result in disqualification. Written questions should be submitted by email to [michelle.whitman@renewalenterprisedistrict.org](mailto:michelle.whitman@renewalenterprisedistrict.org) by December 10,2019. The RED shall respond in writing and reserves the right, at its sole discretion, to determine appropriate and adequate responses to written comments, questions, and requests for clarification.

#### **Contract Approval**

The RFP and selection processes do not obligate the RED and do not create rights or claims of entitlement in the apparent best evaluated proposer. Contract award shall commence only after the contract is signed by the Contractor and by RED officials as required by RED regulations to establish a legally binding contract.

## Public Records Act

Government Code Sections 6550 *et seq.*, the California Public Record Act, defines a public record as any writing containing information relating to the conduct of the public business. The Public Record Act provides that public records shall be disclosed upon written request and that any citizen has a right to inspect any public record unless the document is exempted from disclosure.

Be advised that any contract that eventually arises from this Request for Proposals is a public record in its entirety. Also, all information submitted in response to this Request for Proposals is itself a public record without exception. Submission of any materials in response to this Request for Proposals constitutes a waiver by the submitting party of any claim that the information is protected from disclosure. By submitting materials, (1) you are consenting to release of such materials by the RED if requested under the Public Records Act without further notice to you and, (2) you agree to indemnify and hold harmless the RED for release of such information.

If the RED receives a request for any portion of a document submitted in response to this RFP, the RED will not assert any privileges that may exist on behalf of the person or entity submitting the proposal, and the RED reserves the right to disclose the requested materials without notice to the party who originally submitted the requested material. To the extent consistent with the Public Records Act and applicable case law interpreting those provisions, the RED and/or its officers, agents, and employees retain discretion to release or withhold any information submitted in response to this RFP.

Submission of a proposal constitutes a complete waiver of any claims whatsoever against the RED and/or its officers, agents, or employees that the RED has violated a proposer's right to privacy, disclosed trade secrets, or caused any damage by allowing the proposal to be inspected.

## Proposal Evaluation

All proposals received will be evaluated by an RFP Evaluation Committee. **Please be advised that the RED will conduct 30 minute interviews with the RFP finalists during the afternoon of February 26, 2020.** During the evaluation process, the RED may require a proposer's representative to answer specific questions orally and/or in writing. The most qualified individual or firm will be selected based on the overall strength of each proposal. The evaluation is not restricted to considerations of any single factor, such as cost. The RED reserves the right to negotiate with any provider in working to finalize an agreement.

The criteria used as a guideline in the evaluation will include, but not be limited to, the following:

- Firm qualifications and experience, including capability and experience of key personnel and experience with other public agencies to provide similar governmental auditing services in the State of California
- Proposed approach, including clarity of understanding of the scope of services to be provided and appropriateness of the proposed solution/services
- History of successfully managing other contracts with public agencies, special districts and JPAs
- Ability to meet any required timelines or other requirements
- Claims and violations against you or your organization
- References
- Compliance with RED RFP and contractual requirements

The RED may consider any other criteria it deems relevant, and the Evaluation Committee is free to make any recommendations it deems to be in the best interest of the RED. Inaccuracy of any information supplied within a proposal or other errors constitute grounds for rejection of the proposal. However, the RED may, at its sole discretion, correct errors or contact a proposer for clarification.

Note that the RED reserves the right to evaluate proposals solely based on each vendor's written submission. In relation to written materials, evaluation will be performed only on the material included directly in the proposal itself unless otherwise indicated or requested by the RED. The evaluation team will not access company web sites or read sales brochures, marketing materials, or white papers in evaluating vendor experience or proposed methodology unless doing so is in the RED's best interest

### **Administrative Requirements**

The RED has certain insurance requirements that must be met. In most situations those requirements include the following: the contractor must carry \$1,000,000 or more in comprehensive general liability insurance; the contractor must carry motor vehicle liability insurance, and if travel by car is a part of the services being requested, the amount of such coverage must be at least \$1,000,000; if the contractor has two or more employees, the contractor must carry the statutory limit for workers' compensation insurance; if the contractor or its employees maintains a license to perform professional services the contractor must carry professional liability insurance; and generally the contractor must name the RED and its officers, agents, employees, and servants as additional insured on any such policies (except workers compensation). Depending on the nature of the work being performed, additional requirements may need to be met.

### **Proposal Submission Requirements**

All proposals should be typewritten or prepared on a computer and have consecutively numbered pages, including any exhibits, charts, or other attachments. Submit one (1) original and a digital file.

Provide a one-page cover letter on your letterhead which includes the address, voice and fax numbers, and e-mail address of the contact person or persons and an indication of who is authorized to represent the proposer in negotiations. Unless the proposer is an individual, all proposals must be signed with a firm/company/partnership/entity name and by a responsible officer or employee indicating that officer or employee's authorization to commit the proposer to the terms of the proposal. Obligations assumed by such signature must be fulfilled.

The proposer should be sure to include all information that it feels will enable the RED to make a decision. Failure of the proposer to provide specific, detailed information may result in its proposal being rejected in favor of a sufficiently detailed proposal.

Each responder must include detailed information regarding their firm's qualifications and experience as it relates to similar auditing engagements. In addition, an explanation of the proposer's audit approach should be included.

A detailed explanation for all costs associated with providing the requested services must be included. The proposal should contain all pricing information relative to performing the audit engagement as

described in this RFP. The total all-inclusive maximum price is to contain all direct and indirect costs including all out-of-pocket expenses. These prices will not be considered a firm fixed contract.

Progress payments will be made on the basis of hours of work completed during the course of the engagement and out-of-pocket expenses incurred in accordance with the cost proposal. Interim billings shall cover a period of not less than a calendar month. The final ten percent (10%) will be withheld pending delivery of the firm’s final reports.

Include the following information in your proposal for FY 2018/19 and 2019/20 -

**Schedule of Fees and Expenses**

Activity	Anticipated Hours Expended	Total
Basic Financial Statement Audit		\$
Required Communications Report		\$
Single Audit Act Report, if necessary		\$
Other Expenses (specify) -	\$ \$	
Total All-inclusive Maximum Price for the FY 2018-19, 2019-20 Engagement		

If it should become necessary for the RED JPA to request the auditor to render any additional services to either supplement the services requested in this RFP or to perform additional work as a result of the specific recommendations included in any report issued on this engagement, then such additional work shall be performed only if set forth in an addendum to the contract between the RED JPA and the Contractor. Any such additional work agreed to between the RED JPA and the firm shall be performed at the same rates set forth in the schedule of fees and expenses included in the proposal.

List at least three business references for which you have recently provided similar services, preferably from JPAs, special districts or public agencies. Include contact names and phone numbers.

Please list any current violations or claims against you/your organization and those having occurred in the past five years, especially those resulting in claims or legal action against you.