



City of Arts & Innovation

City Council Memorandum

TO: HONORABLE MAYOR AND CITY COUNCIL DATE: FEBRUARY 7, 2017

FROM: INTERNAL AUDIT DIVISION WARDS: ALL

SUBJECT: RFP #1663, PROFESSIONAL CONSULTANT SERVICE AGREEMENT WITH MATRIX CONSULTING GROUP, LTD, IN THE AMOUNT OF \$85,000, TO CONDUCT PERFORMANCE ASSESSMENT AND FINANCIAL EXPENDITURE REVIEW OF THE OFFICE OF THE MAYOR AND OFFICE OF THE CITY MANAGER; RFP #1651, PROFESSIONAL CONSULTANT SERVICE AGREEMENT WITH HILLARD HEINTZE, LLC, IN THE AMOUNT OF \$374,000, TO CONDUCT PERFORMANCE ASSESSMENT AND FINANCIAL EXPENDITURE REVIEW OF THE POLICE DEPARTMENT; SUPPLEMENTAL APPROPRIATION IN THE AMOUNT OF \$52,000 - TOTAL AMOUNT \$427,000

ISSUES:

Approve the Professional Consultant Services Agreement with Matrix Consulting Group, LTD, of Mountain View, California, to conduct the Performance Assessments and Financial Expenditure Reviews of the Office of the Mayor and Office of the City Manager, in the amount of \$85,000 from RFP #1663, the Professional Consultant Services Agreement with Hillard Heintze, LLC, of Chicago, Illinois, to conduct the Performance Assessments and Financial Expenditure Reviews of the Police Department in the amount of \$374,000 from RFP #1651, and a supplemental appropriation in the amount of \$52,000, for a total cost of \$427,000.

RECOMMENDATIONS:

That the City Council:

1. Approve a Professional Consultant Services Agreement with Matrix Consulting Group, LTD, to conduct performance assessments and financial expenditure reviews of the Office of the Mayor and Office of the City Manager, in an amount not to exceed \$85,000;
2. Approve a Professional Consultant Services Agreement with Hillard Heintze, LLC., to conduct a performance assessment and financial expenditure review of the Police Department, in an amount not to exceed \$342,000;
3. Authorize a supplemental appropriation in the amount of \$52,000 from the Police Department Asset Forfeiture Account, 3145200-425400 to the Non-Departmental City Manager's Office Special Program Account, 7211100-450087, to fully fund the contract costs for the for performance assessment and financial expenditure review of the Police Department; and

4. Authorize the City Manager, or his designee, to execute the Professional Consultant Services Agreements, including making minor, non-substantive changes, and to sign all documents and instruments necessary to complete the transactions.

BACKGROUND:

On July 25, 2015, City Council endorsed the Performance and Financial Expenditure Audit Program, providing for comprehensive and independent audits of all departments by qualified experts on a five year rotating basis.

The departments approved for review by City Council for fiscal year 2016/17 are the Police Department, the Museum and Cultural Affairs Department, the Mayor's Office and the City Manager's Office, with a total budget of \$450,000.

On December 13, 2016, City Council approved repurposing \$75,000 of the funds set aside in the fiscal year 2016/17 budget for the external audit of the Museum and Cultural Affairs Department to be used to hire a museum consultant with the required expertise to assess the depth and breadth of the Museum's problems, and to assist in developing the plan to gain American Alliance of Museums accreditation

DISCUSSION:

On October 18, 2016, the City Council approved, at staff's recommendation, specific items to incorporate into the scopes of work for selection of outside consulting firms.

On November 1, 2016, Requests for Proposals (RFP) were respectively issued to seek proposers to provide independent, outside reviews of the Police Department (RFP #1651) and a combined effort for the Mayor's Office and City Manager's Office (RFP #1663).

Five firms submitted proposals in response to RFP 1651 and four firms submitted proposals in response to RFP 1663:

Firm	Police RFP 1651	Mayor/City Manager RFP 1663
Berkshire Advisors	X	
CGR Management Consultants	X	X
Harvey M. Rose Assoc. LLC		X
Hillard Heintze	X	
Matrix Consulting Group	X	X
MGO		X
Police Foundation	X	

A panel of City management staff reviewed all proposals based on the criteria described in the RFPs. Based on the review and ranking of the proposals by the panel, two firms for the Police Department engagement and two firms for the Mayor and City Manager engagement were interviewed.

Based on the interviews' scores and subsequent reference checks, staff recommends:

Department	Firm	Not to Exceed Amount
Police Department	Hillard Heintze	\$342,000
Offices of the Mayor & City Manager	Matrix	\$85,000
	Total	\$427,000

The Performance and Financial Expenditure Audit Program budget for fiscal year 2016/17 is \$450,000. The repurpose of \$75,000 for funding identified for the Museum leaves a balance of \$375,000 for both engagements.

Due to the exceptional expertise and proposed scope of work demonstrated from Hillard Heintze for the Police Department Performance and Financial Expenditure Audit Program, a supplemental budget appropriation from the Police Department Asset Forfeiture Account, 3145200-425400 is requested to fund the balance of this contract.

Staff expects both engagements to commence in mid-February, 2017, and to provide City Council with the findings in June 2017. The Internal Audit Manager is the project manager for these engagements.

FISCAL IMPACT:

The total fiscal impact of the two Professional Service Agreements is \$427,000. Net of the \$75,000 transferred to the Museum for a specialized consultant, \$375,000 remains available in the General Fund, account number 7211100-450087. Staff seeks City Council's authorization to fund the remaining balance through a supplemental appropriation from the Police Department Asset Forfeiture Account, 3145200-425400 to the Non-Departmental City Manager's Office Special Program Account, 7211100-450087, in the amount of \$52,000.

Prepared by: Cheryl Johannes, Internal Audit Manager
 Certified as to
 availability of funds: Scott Miller, PhD, Chief Financial Officer/City Treasurer
 Approved by: Marianna Marysheva, Assistant City Manager
 Approved as to form: Gary G. Geuss, City Attorney

Attachments:

1. Professional Consultant Services Agreement – Hillard Heintze
2. Professional Consultant Services Agreement – Matrix
3. Bid Recommendations
4. Presentation