



RIVERSIDE PUBLIC UTILITIES

Board Memorandum

BOARD OF PUBLIC UTILITIES

DATE: JUNE 28, 2021

SUBJECT: EXPENDITURE FOR \$267,389 FOR PUBLIC UTILITIES PORTION OF THE CAFR SOFTWARE SOLUTION FROM LANCE, SOLL & LUNGHARD, LLP FOR SERVICES THROUGH DECEMBER 31, 2026

ISSUE:

Consider approving an expenditure for an amount not to exceed \$267,389 for software to support the preparation of the Public Utilities financial reports and allocation of the costs associated with the City's Annual Financial Report, as part of Professional Consultant Services Agreement for CAFR Software Solution with Lance, Soll & Lunghard, LLP, to implement CaseWare software, for services for a three and a half-year term with the option to extend for two additional one-year terms through December 31, 2026.

RECOMMENDATION:

That the Board of Public Utilities approve an expenditure in an amount not to exceed \$267,389 for software to support the preparation of the Public Utilities financial reports and allocation for the costs associated with the City's Annual Financial Report, as part of Professional Consultant Services Agreement for CAFR Software Solution with Lance, Soll & Lunghard, LLP, to implement CaseWare software, for services for a three and a half-year term with the option to extend for two additional one-year terms through December 31, 2026.

BACKGROUND:

Every year, the City's Finance Department is responsible for producing the Comprehensive Annual Financial Report (CAFR), Popular Annual Financial Report (PAFR), Successor Agency Financial Report, Public Financing Authority Financial Report, Special Transit Financial Report, Single Audit Report, various State Controller Reports, the Budget Book, and monthly and quarterly financial reports. These reports have resulted in the City being awarded the Government Finance Officers Association of the United States and Canada's (GFOA) "Certificate of Achievement for Excellence in Financial Reporting" for 31 years, "Award for Outstanding Achievement in Popular Financial Reporting" for three years, and "Distinguished Budget Presentation Award" for 16 years.

In addition to coordinating with the City's Finance Department on many of the above listed reports, Riverside Public Utilities (RPU) is responsible for producing stand-alone annual reports for the Water and Electric Funds as well as monthly and quarterly financial reports.

The current processes for creation of the CAFR, Electric, and Water report is a two-month manual effort using multiple data sources as well as the reliance on spreadsheets for creating financial statements. Challenges with the manual process include:

- City Finance Department prepares the CAFR while RPU Finance Department prepares the stand-alone Electric and Water reports, creating overlaps in certain areas, which results in inefficiencies and duplicate efforts.
- Electric and Water monthly and quarterly reports are manually created with supporting analytics prepared separately, based on thresholds.
- Financial statements must be created combining Excel spreadsheets and Word templates that are difficult to manage.
- Considerable efforts are required to implement new Government Accounting Standards Board (GASB) pronouncements.
- Manual data entry and reconciliation increases the risk of manual errors and the need for subsequent revisions.
- Collection and maintenance of data from multiple sources requires considerable effort from Accounting, and other departments to prepare the CAFR, Electric & Water annual report and all other miscellaneous reports.
- There are no automated audits or analytical reports to validate statements and identify potential errors, thereby requiring extensive manual review.
- All workpapers are manually kept in three-ring binders.
- Notes, Management Discussion & Analysis, Statistical Section, and all other required documents/disclosures have to be manually updated.

RFP 2015

On January 28, 2020, RFP 2015 was posted on PlanetBids to solicit proposals from qualified consultants to submit proposals for an Annual Comprehensive Financial Report software solution. On March 23, 2020, proposals were received from four consultants in response to the RFP. Due to the COVID-19 pandemic, the project was placed on hold until the staffing resources were able to review the project and determine areas for streamlining financial report preparation through an automated process.

In March 2021, staff from the City's Finance Department, RPU, and Innovation and Technology Department completed the review, interviews, evaluation and scoring of the proposals on qualifications, pricing, experience, professional references, and approach and methodology. As a result of the ratings, Lance, Soll & Lunghard, LLP (LSL) received the highest scores and was chosen as the most qualified. Although Lance, Soll & Lunghard, LLP's pricing was not the lowest, the combination of the weight factor for pricing and the higher scores in qualifications, experience, professional references, and approach & methodology established them as the most qualified consultant to complete this project.

Ranking	Company	City, State	RFP Proposal Amount
1	Lance, Soll & Lunghard, LLP	Brea, California	\$139,040
2	IGM Technology	Toronto, Canada	\$79,100
3	Deloitte & Touche	Sacramento, California	\$892,200
4	Central Square	Lake Mary, Florida	\$109,395

In addition to the proposal solutions for reporting, staff negotiated additional report development, implementation and training. Under the terms of the agreement (Attachment 1), LSL will assist the City with implementing CaseWare automation software solution for the preparation of the CAFR, Water and Electric Financial Reports, Monthly and Quarterly Financial Statements. LSL has provided added options for future automation of other financial reports prepared by the City such as the PAFR, Water and Electric 5-Year Forecast Model, Successor Agency Financial Report, Riverside Public Financing Authority Financial Report, Special Transit Financial Report, Single Audit, four State Controller Reports, as well as the automation of the Budget Book preparation. These options are reflected in Phase 2 and Phase 3 of the attached Negotiated Cost Proposal and are summarized in the attached presentation.

Lance, Soll & Lunghard, LLP	Amount
RFP Proposal	\$139,040
Phase I Options	\$77,084
Phase II Options	\$62,700
Phase III Options	\$113,045
Grand Total	\$391,869

*Options include additional reports, licenses and training.

DISCUSSION:

The City Council is expected to consider approving a Professional Consultant Services Agreement from RFP 2015 with Lance, Soll & Lunghard, LLP, of Brea, California, for the implementation of CaseWare software solution to automate the preparation of financial reports, in the amount of \$391,869, with a 15% change order authority, or \$58,780, for a total amount not-to-exceed \$450,649, for services for a three and a half-year term with the option to extend for two additional one-year terms through December 31, 2026.

This report is requesting Board approval for the expenditures related to the Public Utilities financial reports as well as the cost allocation related to the City's Annual Financial Report in an amount not to exceed \$267,389. The attached presentation includes a list of the Public Utilities financial reports.

The Purchasing Manager concurs that the recommended actions are in compliance with Purchasing Resolution 23256.

FISCAL IMPACT:

The total cost to RPU is not to exceed \$267,389, with funding Fiscal Year 2021/22 in the amount of \$91,112. Sufficient funds are included in the proposed Fiscal Year 2021/22 Management Services Professional Services Account No. 6000000-421000. Future years' funding will be included as a part of the biennial budget process.

Prepared by: Carlie Myers, Utilities Assistant General Manager/Business and Customer Services

Approved by: Todd M. Corbin, Utilities General Manager

Approved by: Al Zelinka, FAICP, City Manager

Approved as to form: Kristi J. Smith, Interim City Attorney

Certifies availability
of funds:

Edward Enriquez, Chief Financial Officer/City Treasurer

Attachments:

1. Professional Consultant Services Agreement
2. Request for Proposal
3. RFP Award Recommendations
4. Presentation