



City of Arts & Innovation

City Council Memorandum

TO: HONORABLE MAYOR AND CITY COUNCIL DATE: JULY 20, 2021

FROM: FINANCE DEPARTMENT WARDS: ALL

SUBJECT: APPROVE PROFESSIONAL CONSULTANT SERVICES AGREEMENT (TECHNOLOGY SERVICES) TO LANCE, SOLL, LUNGHARD, LLP FOR CASEWARE FINANCIAL REPORTING SOFTWARE SOLUTION, IN THE AMOUNT OF \$312,924 PLUS A 15% CONTINGENCY IN THE AMOUNT OF \$46,938, FOR A TOTAL OF \$359,862 FOR THE INITIAL TERM THROUGH DECEMBER 31, 2024, WITH THE OPTION TO EXTEND FOR TWO ADDITIONAL ONE-YEAR TERMS.

ISSUE:

Approve Professional Consultant Services Agreement (Technology Services) to Lance, Soll, Lunghard, LLP, for CaseWare financial reporting software solution, in the amount of \$312,924 plus a 15% contingency in the amount of \$46,938, for a total of \$359,862 for the initial term through December 31, 2024, with the option to extend for two additional one-year terms.

RECOMMENDATIONS:

That the City Council:

1. Approve Professional Consultant Services Agreement (Technology Services) to Lance, Soll, Lunghard, LLP, for CaseWare financial reporting software solution, in the amount of \$312,924 plus a 15% contingency in the amount of \$46,938, for a total of \$359,862 for the initial term through December 31, 2024, with the option to extend for two additional one-year terms;
2. Authorize the City Manager, or designee, to execute all term extensions in the total amount of \$78,945 plus a 15% contingency in the amount of \$11,842 for a total of \$90,787; and
3. Authorize the City Manager, or designee, to execute the Professional Consultant Services Agreement with Lance, Soll & Lunghard, LLP, and any other documents necessary to effectuate the agreement, including making minor non-substantive changes.

BOARD AND COMMITTEE RECOMMENDATIONS:

This report is published on July 8, 2021, for the July 20, 2021, City Council meeting.

On June 28, 2021, by unanimous vote, the Board of Public Utilities approved an expenditure in the amount of \$267,389 for 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 Technology Services 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.

On July 9, 2021, the Financial Performance and Budget Committee will hear this item for consideration.

That the Financial Performance and Budget Committee recommend to the City Council:

1. Approve Professional Consultant Services Agreement (Technology Services) to Lance, Soll, Lunghard, LLP, for CaseWare financial reporting software solution, in the amount of \$312,924 plus a 15% contingency in the amount of \$46,938, for a total of \$359,862 for the initial term through December 31, 2024, with the option to extend for two additional one-year terms;
2. Authorize the City Manager, or designee, to execute all term extensions in the total amount of \$78,945 plus a 15% contingency in the amount of \$11,842 for a total of \$90,787; and
3. Authorize the City Manager, or designee, to execute the Professional Consultant Services Agreement with Lance, Soll & Lunghard, LLP, and any other documents necessary to effectuate the agreement, including making minor non-substantive changes.

Therefore, if the Board and Committee have approved the expenditure, staff requests that the City Council approve this item at the July 20, 2021, City Council meeting.

BACKGROUND:

Each year, the City's Finance Department is responsible for producing the Annual Comprehensive Financial Report, Popular Annual Financial Report, Successor Agency, Public Financing Authority, Special Transit, Single Audit, 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 thirty-one years, "Award for Outstanding Achievement in Popular Financial Reporting" for three years, and "Distinguished Budget Presentation Award" for sixteen years.

In addition, 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 process for the Annual Comprehensive Financial Report, Water, and Electric report creation process 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 Annual Comprehensive Financial Report, while RPU Finance Department prepares the stand-alone Water and Electric 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 Annual Comprehensive Financial Report, Electric and Water annual reports, 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 work papers are manually kept in three-ring binders.
- Notes, Management Discussion & Analysis, Statistical Section, and all other required documents/disclosures must be manually updated.

DISCUSSION:

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 (4) 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 selected 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 and 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 solutions for the preparation of the Annual Comprehensive Financial Report (ACFR), 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 Popular Annual Financial Report (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	
Initial Term (07/20/21-12/31/24)	Amount
RFP Proposal	\$139,040
Phase I Options	\$28,454
Phase II Options	\$56,700
Phase III Options	\$88,730
Subtotal (Initial Term)	\$312,924
Optional Years - Licensing Fees	Amount
01/01/25 - 12/31/25	\$39,054
01/01/26 - 12/31/26	\$39,891
Subtotal (Optional Years)	\$78,945
Grand Total	\$391,869
Options include additional reports, licenses and training. Grand Total excludes 15% Contingency	

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

FISCAL IMPACT:

The total fiscal impact of this recommendation is \$359,862. The cost for year one, including the 15% contingency, is \$141,319 and sufficient funds are included in the adopted Fiscal Year 2021/2022 budget in multiple funds as listed in the table below. Upon renewal, future years' funding will be included as part of the biennial budget process.

Fund	Year 1 Cost *	Initial Term Cost *
Electric Fund (6000000-421000)	\$104,778	\$211,892
General Fund (2305000-421000)	\$25,542	\$92,216
Special Transit Fund (5200200-421000)	\$360	\$16,218
Sewer Fund (4125000-421000)	\$3,749	\$12,349
Refuse Fund (4130100-421000)	\$2,082	\$6,859
Successor Agency Fund (2805000-421000)	\$1,014	\$6,790
Self Insurance Fund (2115100-421000)	\$1,424	\$4,689
Community Development Fund (2855000-421000)	\$724	\$3,425
Central Garage Fund (2215000-421000)	\$689	\$2,263
Public Parking Fund (4150000-421000)	\$309	\$1,018
Housing Fund (2875000-421000)	\$252	\$831
Airport Fund (2245000-421000)	\$180	\$601
Storm Drain Fund (4140200-421000)	\$82	\$270
Central Stores Fund (2315200-421000)	\$70	\$229
Air Quality Management District (AQMD) Fund (4140100-421000)	\$64	\$212
Grand Total	\$141,319	\$359,862

*Includes 15% Contingency

Prepared by: Nancy Garcia, Controller
 Certified as to
 availability of funds: Edward Enriquez, Chief Financial Officer/City Treasurer
 Approved by: Kris Martinez, Interim Assistant City Manager
 Approved as to form: Kristi J. Smith, Interim City Attorney

Attachments:

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