

RESOLUTION NO. 25-2013

Adopted June 4, 2013

AUTHORIZING THE EXECUTIVE DIRECTOR TO ENTER INTO A MEMORANDUM OF UNDERSTANDING BETWEEN THE SAN FRANCISCO OFFICE OF COMMUNITY INVESTMENT AND INFRASTRUCTURE AND THE CITY AND COUNTY OF SAN FRANCISCO, THROUGH ITS CONTROLLER, FOR AN AMOUNT NOT TO EXCEED \$500,000 FOR FISCAL YEAR 2012-13 AND AN AMOUNT NOT TO EXCEED \$315,000 FOR FISCAL YEAR 2013-14

WHEREAS, Prior to its dissolution, the Redevelopment Agency of the City and County of San Francisco (“Redevelopment Agency”), as a local governmental entity separate from the City and County of San Francisco (“City”), had a financial information and accounting operations system separate from the City and County of San Francisco; and,

WHEREAS, state law dissolved redevelopment agencies on February 1, 2012 and established that the cities, counties, or cities and counties that originally created redevelopment agencies were successor agencies. As a result of this succession, the Controller of the City and County of San Francisco (“Controller”) determined that redevelopment financial information and accounting operations should be migrated into the City’s financial system known as “FAMIS;” and,

WHEREAS, Redevelopment Dissolution Law, Cal. Health & Safety Code § 34177.3 (b), authorizes successor agencies to create enforceable obligations for winding down of the redevelopment agency, including hiring staff, acquiring necessary professional administrative services and legal counsel, and procuring insurance. Enforceable obligations are defined to include “[c]ontracts or agreements necessary for the administration or operation of the successor agency, in accordance with this part, including, but not limited to, agreements concerning litigation expenses related to assets or obligations, settlements and judgments, and the costs of maintaining assets prior to disposition, and agreements to purchase or rent office space, equipment and supplies, and pay-related expenses pursuant to Section 33127 and for carrying insurance pursuant to Section 33134;” Cal. Health & Safety Code § 34171 (d)(1)(F); and,

WHEREAS, State law requires successor agencies to conduct due diligence reviews (“DDRs”) for the purpose of determining the amount of unobligated funds that may be available for transfer to taxing entities and requires successor agencies to employ a licensed accountant approved by the county auditor-controller that will conduct the DDRs (Cal. Health &

Safety Code § 34179.5). The county auditor-controller for San Francisco is the Controller; and,

- WHEREAS, Office of Community Investment and Infrastructure (“OCII”) staff believes that completing the migration of financial information and operations into FAMIS will provide superior internal controls and financial reporting compared to the prior system used by the former Redevelopment Agency; and,
- WHEREAS, the Controller has entered into a contract with the same independent auditor Macias Gini & O’Connell, LLP used by the former Redevelopment Agency and is allowing OCII to obtain auditing services from Macias Gini & O’Connell, LLP through their contract; and,
- WHEREAS, the Controller’s Office has the expertise to assist OCII staff with the substantial amount of accounting research, analysis, and operational training required to support the migration of financial information into FAMIS; and,
- WHEREAS, The services that the Controller’s Office has been providing are essential to the continued operation of OCII as it winds down; and,
- WHEREAS, To provide appropriate compensation for past services from the Controller, and to continue receipt of accounting, auditing and related services, OCII and the Controller’s Office have negotiated a memorandum of understanding, attached to this Resolution as Exhibit A (the “Memorandum of Understanding”), that would provide for payment for services in an amount not to exceed \$500,000 for Fiscal Year 2012-2013 and an amount not to exceed \$315,000 for Fiscal Year 2013-14; and,
- WHEREAS, funding to support the Memorandum of Understanding for the period of July 1, 2013 through June 30, 2014 is contained within the Fiscal Year 2013-14 budget approved by the OCII Commission on May 7, 2013 and payment for services provided retroactive to July 1, 2012 will be provided only to the extent funds are available and approved on a ROPS by the Oversight Board and the State Department of Finance (“DOF”); now, therefore, be it
- RESOLVED, That the Executive Director is hereby authorized to enter into a memorandum of understanding between the City and County of San Francisco, through its Controller, and the Successor Agency, substantially in the form of the Memorandum of Understanding, to provide accounting, auditing and related services for the OCII retroactive to July 1, 2012 and continuing through June 30, 2014, for an amount not to exceed \$500,000 for Fiscal Year 2012-13, subject to availability and approval on the ROPS, and an amount not to exceed \$315,000 for Fiscal Year 2013-14.

Exhibit A: Memorandum of Understanding between the San Francisco Office of
Community Investment and Infrastructure and the San Francisco
Controller's Office.

I hereby certify that the foregoing resolution was adopted by the Commission at its meeting
of June 4, 2013.

Natasha Jones
Commission Secretary

MEMORANDUM OF UNDERSTANDING
Between the San Francisco Office of Community Investment and Infrastructure and the
San Francisco Controller's Office,
Fiscal Years 2012-13 and Fiscal Year 2013-14

This memorandum of understanding ("MOU") is entered into between the Office of Community Investment and Infrastructure/Successor to the San Francisco Redevelopment Agency (OCII), and the City and County of San Francisco Office of the Controller (Controller's Office) for the period of Fiscal Year (FY) 2012-13 (retroactively effective to July 1, 2012) and FY 2013-14.

This MOU is made in recognition of the need for specialized services to OCII in the areas of audit support and accounting support for OCII, including its transition into the City's Financial Accounting and Management Information System (FAMIS) and its compliance with the Redevelopment Dissolution Law's requirements for due diligence reviews of housing and non-housing funds. For FY 2012-13, this MOU reflects services provided retroactive to July 1, 2012 pursuant to discussions between the parties.

OCII and the Controller's Office agree as follows:

Services to be Provided by the Controller's Office

- Procurement of independent audit and agreed-upon-procedure audit services to support OCII's required financial audits and other procedural work required by or in response to requests for information from the State Department of Finance.
- Accounting support during the transition of the OCII's financial information from its legacy system into the City's Financial Accounting and Management Information System (FAMIS).
- Post audit services similar in scope to post audits provided to City Departments. The specific scope of the post audit will be determined later through agreement with the OCII Deputy Director for Finance and Administration.

Not-to-Exceed Budget

- The OCII and the Controller's agree that services provided under this work order shall not exceed \$500,000 for FY 12-13 and \$315,000 for FY 2013-14 respectively unless an amendment to this budget is approved by both parties. These budget estimates are arrived at as follows:

a. F Y2012-13

i. Controller Staff actual through Dec 2012	\$ 89,000
ii. External auditor DDR, audit and AUP support Jul-Dec 2012:	\$204,000
iii. Estimated Controller staff costs Jan – Jun 2013:	\$147,000
iv. <u>Estimated external auditor costs Jan – June 2013:</u>	<u>\$ 60,000</u>
Total FY 12-13	\$500,000

b. FY 2013-14	
i. Controller Staff post-audit and general accounting support:	\$125,000
ii. External auditor annual audit, DDR, AUP support:	\$190,000
Total FY 13-14	\$315,000

Work Order Reporting and Billing

Prior to engaging independent auditors for work to be performed under this work order, the Controller’s Office shall consult with the OCII on the scope and budget for services provided and shall receive approval from OCII for the scope and budget prior to the auditors being authorized to proceed with their work. Any changes in scope or budget shall also be authorized only after approval is received from OCII.

The Controller’s Office shall submit an invoice to OCII on a semi-annual basis, by January 31 for the actual cost of services provided during the period of the prior July 1- December 31, and by July 31 for services provided during the period of the prior January 1 – June 30, not to exceed the budgeted amount for the fiscal year. The invoice shall describe the services provided and include sufficient information to determine the methodology used to determine the costs.

The OCII will pay invoices or notify the Controller’s Office of any questions regarding the invoice within 30 days of receipt.

For FY 2012-13, OCII will initially pay for services up to the FY 2012-13 budgeted amount of \$125,000. Services in excess of \$125,000 will be paid based on funds available at FY 2012-13 year-end within the overall Administrative Cost Allowance approved by the State Department of Finance. Any unpaid balance for FY 2012-13 will be paid out of the FY 2013-14 administrative cost allowance to the extent funds are available.

Work Order Amendments or Termination

This MOU scope and/or budget may be amended by mutual agreement of both parties. This MOU may be terminated by either party with 30 days notice, subject to OCII payment of applicable Controller’s Office costs incurred through the termination date.

This MOU has been entered into on the date(s) below.

Office of Community Investment and Infrastructure
Tiffany Bohee, Director

Date

Controller’s Office
Ben Rosenfield, Controller

Date

Authorized by Successor Agency Resolution No. ____-2013
Adopted June ____, 2013