OCII
office of
COMMUNITY INVESTMENT
and INFRASTRUCTURE

107-1192017-002

Agenda Item **No. 5(b)**
Meeting of November 7, 2017

MEMORANDUM

TO: Community Investment and Infrastructure Commissioners

FROM: Nadia Sesay, Executive Director

SUBJECT: Authorizing a second amendment to the personal services contract with RGL Forensics for auditing services to extend the time of completion to June 30, 2018 and to increase the contract amount by $30,000 for an aggregate total not to exceed $80,000

EXECUTIVE SUMMARY

Regular review of key financial documents is a financial best practice. The Office of Community Investment and Infrastructure (OCII) payroll, benefit deductions, and retirement contributions were last reviewed in 2008. In February 2017, in order to confirm that OCII is correctly administering payroll, benefit deductions, and retirement contributions, the Executive Director authorized a $15,000 contract with RGL Forensics to review OCII's 2016 payroll.

In May 2017, OCII determined that a more complete review of payroll, benefit deductions, and retirement contributions would analyze payroll data for a three-year period. Consequently, the Executive Director authorized the first amendment to the personal services contract with RGL Forensics to revise the scope of work to include review of payroll, benefit deductions, and retirement contributions from 2014 and 2015, in addition to 2016, and to increase the contract not-to-exceed amount by $35,000 from $15,000 to $50,000 to accommodate the additional scope of services.

Subsequently, OCII determined that the review should include an in-depth analysis of retirement benefit withholdings and contributions, both of which changed significantly during the review period due to the implementation of The California Public Employee's Pension Reform Act and the implementation of the 2015-2017 Memorandums of Understanding between OCII and its labor partners. OCII now seeks Commission approval for a second amendment to the personal services contract with RGL Forensics to extend the time of completion to June 30, 2018 and to increase the contract not-to-exceed amount by $30,000 from $50,000 to $80,000 to provide the resources needed for an in-depth review of retirement benefit withholdings and contributions.

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DISCUSSION

Regular review of key financial documents is a financial best practice. The Office of Community Investment and Infrastructure (OCII) payroll, benefit deductions, and retirement contributions were last reviewed in 2008.

In February 2017, in order to confirm that OCII is correctly administering payroll, benefit deductions, and retirement contributions, OCII retained RGL Forensics to review OCII's 2016 payroll. RGL Forensics is an approved vendor with the City of San Francisco on retainer with the Office of the City Attorney as an expert consultant with specialized knowledge related to payroll. Based on their specialized knowledge related to payroll, OCII entered into a $15,000 sole source personal services contract with RGL Forensics for audit services. This contract was authorized by the Executive Director, as per the OCII Purchasing Policy, which allows the Executive Director to authorize contracts with not-exceed amount of less than $50,000.

In May 2017, OCII determined that a more complete review of payroll, benefit deductions, and retirement contributions would analyze data for a three-year period. Consequently, the Executive Director approved a first amendment to the personal services contract with RGL Forensics to revise the scope of work to include review of payroll, benefit deductions, and retirement contributions from 2014 and 2015, in addition to 2016, and to increase the contract not-to-exceed amount by $35,000 from $15,000 to $50,000. This first amendment was authorized by the Executive Director, as per the OCII Purchasing Policy, which allows the Executive Director to authorize contracts with not-exceed amount of less than $50,000

Subsequently, OCII determined that a more complete payroll review should include an in-depth analysis of retirement benefit withholdings and contributions, both of which changed significantly during the payroll review period. In 2013, the California Pension and Retirement System (CalPERS), which provides OCII's retirement benefits, implemented The California Public Employee's Pension Reform Act (PEPRA), which placed compensation limits on members who joined CalPERS after January 1, 2013. In 2015, the Commission approved the 2015-2017 Memorandums of Agreement (MOA) between OCII and International Federation of Professional and Technical Engineers Local 21 (Resolution 5-2015) and the 2015-2017 MOA between OCII and Service Employees International Union Local 1021 (Resolution 6-2015). These MOAs increased the amount of the employee retirement pick-up, which is the amount employees contribute to their retirement. The MOUs increase the employee retirement pick-up three times from 2015-2017: an additional 1.00% effective the first day of the first full pay period following ratification of the MOUs, an additional 1.25% the first full pay period in October 2015, and an additional 1.25% effective the first full pay period in July 2016. Given the complexity of implementing PEPRA and the employee retirement pick-up, OCII now seeks Commission authorization for a second amendment to the personal services contract with RGL Forensics to extend the time of completion to June 30, 2018 and to increase the contract not-to-exceed amount by $30,000 from $50,000 to $80,000. The extension of the time of completion and the increase in the contract not-to-exceed amount will provide the resources necessary to confirm that OCII is correctly implementing PEPRA reform and the employee retirement pick-up.

PROPOSED ACTION

Resolution 44-2017 authorizes a second amendment to the personal services contract with RGL Forensics, to extend the time of completion to June 30, 2018 and increase the contract not-to-exceed amount by $30,000 from $50,000 to $80,000.

Staff recommends the Commission approve Resolution 44-2017 in support of financial best practices to regularly review key financial documents.

California Environmental Quality Act

Analyzing payroll, benefit deductions, and retirement contributions is a is a Successor Agency administrative activity that does not constitute a "Project" as defined by the California Environmental Quality Act ("CEQA") Guidelines Section 15378(b)(5), will not independently result in a physical change in the environment, and is not subject to environmental review under CEQA.

(Originated by Bree Mawhorter, Deputy Director for Finance and Administration)

Nadia Sesay
Executive Director