

COMMISSION ON COMMUNITY INVESTMENT AND INFRASTRUCTURE

RESOLUTION NO. 11-2020

**AUTHORIZING THE EXECUTIVE DIRECTOR TO ENTER INTO A
MEMORANDUM OF UNDERSTANDING WITH THE CITY AND COUNTY OF
SAN FRANCISCO CONTROLLER'S OFFICE FOR FINANCIAL SYSTEMS,
ACCOUNTING, AND AUDIT SUPPORT ON AN ON-GOING BASIS, IN AN
AMOUNT NOT TO EXCEED \$245,000 FOR FISCAL YEAR 2020-21, AND IN
AMOUNTS FOR FUTURE YEARS SUBJECT TO APPROPRIATION**

- 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...” Cal. Health & Safety Code § 34171 (d)(1)(F); and,
- WHEREAS, OCII uses the City and County of San Francisco’s financial accounting and management information system known as “F\$P,” which allows for OCII to carry out its accounting operations with strong internal controls and to meet its financial reporting responsibilities; and,
- WHEREAS, The City and County of San Francisco Controller’s Office (“Controller’s Office”), operates F\$P; and,
- WHEREAS, The Controller’s Office provides accounting review services to OCII for additional internal controls, accounting support during year-end close, and specialized accounting services; and,
- WHEREAS, There are economies of scale for OCII to use the same independent audit services as the City so that the testing of the financial system can be accomplished for both organizations at the same time; and,
- WHEREAS, OCII desires to enter into a Memorandum of Understanding with the Controller’s Office (“MOU”) to continue providing accounting services to OCII in FY 20-21 and in future years; and,
- WHEREAS, Approval of this MOU is not a “Project” subject to environmental review pursuant to the California Environmental Quality Act (“CEQA”) because it is an administrative activity of government that will not result in direct or indirect physical changes in the environment, per CEQA Guidelines § 15378 (b)(5); and,

WHEREAS, Funding to support the Memorandum of Understanding for the period of July 1, 2020 through June 30, 2021 is contained within the Fiscal Year 2020-21 budget, consistent with the administrative budget and the State-approved Recognized Obligations Payments Schedule for 2020-21, Lines 1 and 411; and,

WHEREAS, In future years, OCII will fund the MOU from available funds, subject to the approval of expenditures on the Recognized Obligation Payment Schedules (“ROPS”) that OCII submits to the Oversight Board and the California Department of Finance (“DOF”) and subject to the fiscal year budgets approved by the Successor Agency Commission and San Francisco Board of Supervisors 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, which is attached to this Resolution, to provide financial systems, accounting, and audit support for OCII on an on-going basis in an amount not to exceed \$245,000 for the period July 1, 2020 through June 30, 2021; and be it further

RESOLVED, That the Commission authorizes the Executive Director, in future years, to approve the funding for annual services authorized under the MOU, subject to annual appropriation under the ROPS and fiscal year budgets

I hereby certify that the foregoing resolution was adopted by the Commission at its meeting of June 16, 2020.

Commission Secretary

Exhibit A: Memorandum of Understanding Between the San Francisco Office of Community Investment and Infrastructure and the City and County of San Francisco Controller’s Office, Fiscal Year 2020-2021

MEMORANDUM OF UNDERSTANDING

Between the San Francisco Office of Community Investment and Infrastructure and the City and County of San Francisco Controller's Office

This Memorandum of Understanding ("MOU"), dated as of July 1, 2020, is entered into between the Successor Agency to the Redevelopment Agency of the City and County of San Francisco, hereafter referred to as the Office of Community Investment and Infrastructure ("OCII"), and the City and County of San Francisco Office of the Controller ("Controller's Office").

RECITALS

WHEREAS, state law dissolved the Redevelopment Agency on February 1, 2012 and established successor agencies to fulfill the remaining enforceable obligations of former redevelopment agencies. Cal. Health & Safety Code §§ 34170 et seq. ("Redevelopment Dissolution Law"). In particular, state law requires successor agencies to fulfill enforceable obligations that the former redevelopment agencies had entered into prior to June 28, 2011 ("Enforceable Obligations"); and

WHEREAS, the Board of Supervisors, in its capacity as governing body of the Successor Agency, approved Ordinance No. 215-12 (Oct. 4, 2012) to implement Redevelopment Dissolution Law and established the Successor Agency Commission to which it delegated, among other things, the authority to "implement, modify, enforce and complete the surviving redevelopment projects, including, without limitation, the Major Approved Development Projects, the Retained Housing Obligations, and all other enforceable obligations" (the "Successor Agency Ordinance"); and

WHEREAS, OCII is a public entity separate from the City and County of San Francisco ("City"), has assumed the remaining rights and obligations of the former Redevelopment Agency, and has "succeed [ed] to the organizational status of the former redevelopment agency" with the authority to enter into contracts "to conduct the work of winding down the redevelopment agency, including hiring staff, [and] acquiring necessary professional administration services (Cal. Health & Safety Code, Section 34177.3(b)).

Now, THEREFORE, OCII and the Controller's Office agree as follows:

1. Scope of Service

- o **Systems Access and Accounting Review Services.** Access to the City's Financial System, Procurement System and Reports and Analytics through the SF Employee Portal, and budget system ("Budget System"), along with associated system support and maintenance services. Financial transaction review services by Controller accounting staff for selected transactions that may include journal entries, vendor set-up requests, and other entries processed through the system, as determined by agreement between the Controller's Office and the OCII Deputy Executive Director for Finance and Administration. These review services are intended to ensure an additional level of fiscal controls and to ensure that financial transactions are properly carried out within approved budgets and in accordance with OCII policies and procedures. OCII will be responsible for providing Controller review staff with documentation to establish the budgetary controls, policies and procedures to be applied during the review of financial transactions. In addition, OCII shall have access

to legacy systems (FAMIS and EIS) in order to access historical data similar to the access provided to City departments.

- o **Staff Support.** Staff support during high workload periods at OCII (such as year-end close) and for special and complex accounting issues such as refunding bond accounting and transfer or sale of assets.
- o **Independent Audit Services.** Procurement of independent audit services to support completion of OCII's Comprehensive Annual Financial Audit (CAFR). Since OCII uses the City's Financial Systems, there are significant economies of scale for OCII to use the same independent financial auditor as the City so that the testing of the financial system can be accomplished for both entities at the same time. The Controller shall work with the contractor and OCII to include the scope and cost of OCII's CAFR within its contract with the independent auditor.

2. Term

- o The term of this MOU shall begin on the date it is signed by all of the parties below and shall end on the earlier of (i) termination by either party; (ii) the date when the parties enter into an agreement, which, by its terms, terminates this MOU; or (iii) the date when all Major Approved Development Projects and Retained Housing Obligations have been completed.

3. Not-to-exceed Amount

- o The FY 2020-2021 not-to-exceed amount shall not exceed \$245,000: \$60,000 for Systems Access and Accounting Review Services, \$54,000 for Staff Support during year-end close and for specialized accounting, and \$131,000 for Independent Audit Services to support completion of OCII's CAFR. The not-to-exceed amount for future fiscal years shall be increased consistent with the City's negotiated labor contracts and shall be consistent with OCII's budget, as approved by the Board of Supervisors.

4. Billing

- o 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.
- o The Controller's Office shall submit an invoice to OCII on a semi-annual basis, by January 1 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. Quarterly progress billings may be paid by mutual agreement. The invoice shall describe the services provided and include sufficient information to determine the methodology used to determine the costs.

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

5. Amendments or Termination

- o 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 day 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
Nadia Sesay, Executive Director

Date

Controller's Office
Ben Rosenfield, Controller

Date

Authorized by Successor Agency Resolution No. _____
Adopted _____