



CITY OF BANNING STAFF REPORT

TO: CITY COUNCIL

FROM: Douglas Schulze, City Manager

PREPARED BY: Lincoln Bogard, Administrative Services Director

MEETING DATE: December 12, 2023

SUBJECT: Discussion Regarding the Selection Process for the Citywide Forensic Investigation of Treasury Functions Request for Proposals (RFP)

RECOMMENDATION:

Provide direction to staff regarding Council's preferred alternative for the RFP grading and selection process.

BACKGROUND:

During the Special City Council Meeting on August 15, 2023, the Administrative Services Director informed Council about a \$8.5 to \$9.0 million cash shortfall in the Electric Enterprise as of June 30, 2023. Loans from other funds in the City (Due To-From) were needed to bring unrestricted cash to \$0 since no aggregate fund can have negative cash on the financial statements. During that meeting, several community members, electric department staff, and Councilmembers requested a Citywide forensic investigation.

The City Manager and Administrative Services Director agreed that such an investigation would be beneficial if Council agreed to proceed. On September 12, 2023, staff brought the results of the Phase 1 forensic investigation of the Electric Enterprise negative cash with the recommendation to conduct further Phase 2 investigation services. Staff recommended that Council approve Phase 2 work and for the City to issue an RFP for a Citywide Forensic Investigation of Treasury Functions (with a focus on cash). That focus seemed to be the most reasonable to staff since cash is where any impropriety would generally reveal itself. Council agreed and approved both requests.

JUSTIFICATION:

The RFP has been issued and closed on November 28, 2023. Six firms submitted proposals to provide the requested services. Staff originally intended to have Councilmembers grade the proposals and select the preferred firm. Upon the advice of counsel and further research into the method that Council has previously selected City Attorneys, staff determined that Council should now provide direction regarding the scoring and selection process. Alternative 2. below is the method that Council has historically used for approval of Council mandated selections such as City Attorney.

While unusual in practice, due to the nature of this contract, staff believes that the final selection by Council is appropriate.

FISCAL IMPACT:

To be determined.

ALTERNATIVES:

1. Direct staff to request all Pass Area Finance Directors and/or Deputy Directors to provide scoring of the proposals and have the three top ranked firms present to Council in a Special City Council Meeting for final selection.
2. Direct staff to provide internal scoring of the proposals and have the three top ranked firms present to Council in a Special City Council Meeting for final selection.
3. Other alternative as directed by Council.