

*CCDC Performance
Audit Update*

**Audit Committee Meeting
September 8, 2008**

CCDC Performance Audit Update - Timeline

- 7/25/08 Mayor Sanders and Councilmember Faulconer called for performance audits of City agencies, including the Centre City Development Corporation (CCDC).
- 7/31/08 The Audit Committee directed the City Auditor to go forward with an audit of CCDC by issuing a Request for Proposal (RFP) to hire an audit firm.
- 8/4/08 City Auditor met with Frank Alessi , CCDC Vice President and Chief Financial Officer to discuss the scope of the performance audit.

CCDC Performance Audit Update - Timeline (Continued)

- 8/5/08 City Auditor staff created the audit scope and draft RFP. Sent to the Purchasing Department for review.
- 8/12/08 The Purchasing Department completed their review of the RFP.
- 8/14/08 The RFP was issued.
- 9/3/08 Due date for Audit Firms to respond with proposals to the RFP.

CCDC Performance Audit Update - Timeline (Continued)

- 9/10/08 Technical Evaluation Committee (TEC) will meet to begin review of proposals submitted.
- 9/26/08 Target date for TEC to finalize their review of proposals and select an audit firm.
- 10/27/08 Target date to get final approvals to award the contract. This process will include:
- Meeting with the CCDC Board.
 - Routing the contract for approval signatures (i.e. CCDC, RDA, Comptroller, City Attorney, etc.)
 - Docketing for City Council review and approval.
 - The audit can begin once the contract is approved.

CCDC Performance Audit Update - Timeline (Continued)

2/27/09 Target date for completion of audit fieldwork (4 months after the contract is approved.)

4/27/09 Target date for firm to provide written reports and oral presentations of audit findings and conclusions, and audit recommendations (2 months after audit fieldwork is completed.)

- The scope of the CCDC audit is the same scope that was used for the recent SEDC audit.

CCDC Performance Audit Update -

Questions?

Scope of Work for CCDC Performance Audit

Conduct a performance audit of CCDC in compliance with Generally Accepted Government Auditing Standards for the audit period July 1, 2005 through June 30, 2008 (Fiscal Years 2006 – 2008), unless a different period is specified below) in order to evaluate the efficiency and effectiveness of the organization, and to determine if organizational goals are being achieved. The firm shall complete the following audit requirements:

- a. Based on best practices, industry standards for a governmental development agency, CCDC's operating agreement with the Redevelopment Agency, input from the development community, planning groups, and other stakeholders, and the City's Planning and Development Services Departments; evaluate the adequacy, appropriateness, and achievement of the organization's goals and performance measures used, and the efficiency and effectiveness of the methods, procedures, and activities used to accomplish those goals including communication practices with the Redevelopment Agency, developers, citizens, and planning groups; the use of staff resources and consultants, as well as project management procedures, including controls related to Development and Disposition agreements, for redevelopment projects and properties.
- b. Review and evaluate the development process, including the selection of developer process, and design review process in conjunction with the organization's goals.
- c. Evaluate and determine if CCDC has sound budgeting practices and procedures and determine if their budgeting procedures provides adequate information to the Mayor and City Council (Redevelopment Agency Board).
- d. Evaluate and determine if CCDC is following sound procurement practices that are in compliance with pertinent regulations of the State of California Health and Safety Code related to the purchase of real estate and selection of developers that is being developed by the organization.
- e. Determine the extent to which CCDC's salary and non-salary compensation programs, including benefit programs, were used over the last three (3) fiscal years, July 1, 2005 through June 30, 2008, (FY2006 through FY2008) to compensate employees. This shall include:
 - (1) Accounting for and reporting of non-salary compensation.
 - (2) Approval and approval process of non-salary compensation.
 - (3) Board's review process regarding non-salary compensation practices.
 - (4) Employment contracts for all participants (employees).

- f. Review CCDC's expenditures for July 1, 2007 through June 30, 2008 (Fiscal Year 2008) including amounts paid to vendors, checks issued to employees for non-payroll services or an expenditure reimbursement, transaction listing for monthly expenditure reimbursements reports submitted by CCDC to the Redevelopment Agency.
- g. Obtain and, on a test basis, verify a listing of CCDC equipment and capital assets as of June 30, 2008.
- h. Evaluate and determine if the level of information provided by CCDC management to its board members is adequate and in compliance with board rules and regulations.
- i. Evaluate and determine if CCDC has adequate internal controls over financial reporting, including an assessment of controls within the financial system to ensure that the system enforces a proper segregation of duties and the system logs the transactions conducted by any particular person. Review should determine whether transactions performed by CCDC executive management were appropriate.
- j. Gather and review any documentation relating to conflict of interest provisions in the Operating Agreement between the Redevelopment Agency and CCDC and determine if, based on all documentation reviewed, any conflict of interest exists with regard to any expenses paid by CCDC, compensation or otherwise.

9470-09-Z-RFP - Professional Performance Audit of the Centre City Development Corporation

Source Selection and Milestone Plan

The Source Selection and Milestone Plan (SSMP) is the document that sets the stage for high dollar and complex purchases of goods or services and the development of the Request for Proposal (RFP), pro-forma contract.

The SSMP identifies the funding source, background, statement of work (SOW), objectives, specifications, and criteria for evaluation, contract term and pricing, summary of activities and acquisition strategy including key completion dates or milestones, identification of the Subject Expert, the Technical Evaluation Committee (TEC) and Chairperson and Contract Administrator. The SSMP also includes the acquisition strategy and explains how proposals will be solicited and evaluated, evaluation factors, weighting of factors, and the methodology to be used by the TEC.

The SSMP is prepared by the Procurement Specialist with the assistance from the Subject Expert. The Department or Division Director, Procurement Specialist, Principal Procurement Specialist and Purchasing Agent must approve the SSMP before the RFP is issued. All persons on the Technical Evaluation Committee including the chairperson and advisors must be approved by the Purchasing Agent and are required to sign a Confidentiality Agreement. See attached. The purpose of the Confidentiality Agreement is to keep information relative to the evaluation confidential in order to protect the integrity of the process and to eliminate any potential for conflict of interest.

Identification of the Funding Source

The funding source must be identified and verified prior to issuance of the RFP.

Development of the Background, Statement of Work (SOW), Objectives, Specifications and Criteria for Evaluation

The key elements of a RFP are the development of the background, SOW, objectives, specifications and criteria for evaluation. The background tells the story, what is the current situation, what are the problems and challenges, what needs to be fixed and why, who is involved, who are the players. The SOW is a summary of what the Proposer is to accomplish and the requirements. Specifications are based on the required result and not the method or solutions for achieving the result. Specifications include deliverables with timelines, which are practical, realistic, attainable and measurable. The criteria for evaluation include technical, price and business factors by importance and weight, which can be traded-off in order to achieve best value.

Establishment of the Contract Term and Pricing

The Procurement Specialist and the end using Department must identify what the contract term will be and the pricing structure, generally firm fixed pricing.

Summary of Activities

The RFP must be drafted by the Procurement Specialist using a standard RFP model (generally the trade-off process) customized to fit the needs of the acquisition. See Exhibit A. The Procurement Specialist will develop the RFP Process, Specific Provisions and Pricing Pages. The Subject Expert will develop the Background, Scope of Work, Objective and Specifications. The Procurement Specialist will provide instruction and guidance through this process and will critique the final RFP before obtaining approval to proceed from the Purchasing Agent.

The Procurement Specialist will include, in narrative form a summary of key completion dates, milestones as delineated below. A complete project schedule should be created with timelines. See attached.

- Advertising and release of the RFP
- Pre-proposal conference
- Deadline for questions
- Due date and time for proposals
- Evaluation of proposals
- Contract negotiations
- Approvals
- Award

NOTE: The estimated award date may require additional days depending on the time needed for solicitation development, clarifications, evaluation, discussion, best and final offers, negotiation, debriefings and approvals.

Acquisition Strategy

- RFP will be solicited to vendors provided by the Subject Expert, Purchasing & Contracting vendor lists, certified DEVO firms and any other sources available in the marketplace.
- The RFP will be advertised in the City's official advertising publication (currently the San Diego Daily Transcript) or linked to a special page on the City's website.
- Technical criteria for evaluation shall be established in order of importance. Technical factors may include approach to scope of work and requirements, past performance as indicated by references, qualifications and experience, rapport, site visits and demonstrations.
- Proposals will be evaluated trading off technical merit and price in order to achieve best value. The importance of technical merit and price shall be established. The TEC will evaluate the technical proposal using adjectival ratings providing a final ranking of Proposers with supporting rationale including strengths, weaknesses and deficiencies. The Procurement Specialist will provide forms, instruction and guidance through this process. See Exhibit B. Concurrently, the Procurement Specialist will be evaluating the price proposals and may use other internal or outside assistance in cost/price analysis. During the evaluation process clarifications, oral presentations or discussions, establishment of a competitive range, best and final offer (BAFO) and negotiation may be considered. The Procurement Specialist will combine the technical evaluation with the price evaluation for a composite ranking and recommendation for award to the Purchasing Agent.
- Award(s) will be made to the responsible Contractor(s) whose proposal is determined to provide the overall best value to the City, considering the technical evaluation factors in the RFP and price.

CONFIDENTIALITY AGREEMENT

I, _____, have been appointed by the City of San Diego Purchasing Division to serve as an evaluator of proposals for the procurement of Request for Proposal No. _____ (RFP) for _____. I understand that my appointment is governed by and agree to comply with the following conditions and representations regarding the use of any and all information I receive during the procurement process.

1. I understand that all information I receive during the procurement process, including but not limited to the contents of specific proposals, my evaluations and those of other evaluators, rankings and discussions regarding proposals, constitutes "Confidential Information."
2. I understand that any unauthorized disclosure of Confidential Information will compromise the fairness of the procurement process.

I agree

- a. to hold all Confidential Information in strictest confidence; and
- b. not to disclose Confidential Information to any person other than evaluators and Purchasing representatives unless I have prior written permission from the Purchasing Agent to make a disclosure; and
- c. not to have any direct or indirect contact or discussions (outside of meetings that Purchasing may schedule) with any party who submits a proposal; and
- d. to notify the Purchasing Agent immediately if:
 - i. any person who is not a member of the evaluation team or Purchasing representative or officer contacts or attempts to contact me about this procurement.
 - ii. if a conflict of interest occurs.

A conflict of interest occurs when a City employee, member of the employee's immediate family, or elected or appointed member of City government participates directly or indirectly in the procurement process pertaining to a an RFP particularly if they:

a. have a financial interest or other personal interest which is incompatible with the proper discharge of his or her official duties in the public interest or would tend to impair his or her independence, judgment or action in the performance of official duties.

b. are negotiating for or have an arrangement concerning prospective employment with the bidder.

- iii. I obtain information outside of this procurement process that could impair or could create the appearance of impairing my ability to evaluate proposals submitted in response to this RFP fairly and impartially.

3. I understand that if I violate this agreement I may be subject to disciplinary action.
Read and accepted by:

Signature of evaluator

Printed name of evaluator and date

RFP PROJECT SCHEDULE

The schedule is intended to assist the City in the coordination of the project. Updated schedules may be provided.

Action	Day and/or Date or Month	Comment
1. Solicit Proposals	08/14/08	Purchasing & Contracting mails a notice of RFP invitation to Proposers and posts the RFP on a website.
2. Pre-Proposal Conference	N/A	Not mandatory, and telephone access will be provided to Proposers. Date may be adjusted by Addendum based on availability of facility.
3. Questions due from Proposers	08/25/08	Due to Purchasing & Contracting.
4. Addendum/Answers	08/29/08	Provided by Purchasing & Contracting to Proposers.
5. Closing Date – Responses to RFP due	09/03/08	Purchasing & Contracting.
6. Acceptability of proposals and delivery of technical proposals to the TEC	09/10/08	Purchasing & Contracting.
7. Evaluation of technical proposal begins	09/10/08	TEC.
8. Reference checks via telephone initiated	09/11/08	TEC.
9. Clarification questions to Proposers transmitted	09/17/08	TEC and Purchasing & Contracting.
10. Determination of those Proposers not reasonably susceptible for award, if any	09/22/08	
11. Site visits, if any.	N/A	Designated City Representatives.
12. Determination of those Proposers not reasonably susceptible for award, if any, based on site visits	N/A	TEC and Purchasing & Contracting.

Action	Day and/or Date or Month	Comment
13. Invitations, agenda, and script for demonstrations	N/A	Demonstration scripts sent four (4) weeks before demos, however not before those Proposers determined to be not susceptible for award have been notified.
14. Oral Presentation and/or Demonstration	09/25/08	
15. Recommendation – technical ranking	10/01/08	TEC.
16. Price proposal evaluation and composite rank (technical and price)	10/06/08	Purchasing & Contracting and others.
17. Accept best proposal or consider competitive range and hold discussions	10/08/08	Purchasing & Contracting and TEC.
18. Best and Final Offer	10/10/08	Purchasing & Contracting.
19. Negotiate Contract	10/14/08	Purchasing & Contracting and Department.
20. Notice of Intent to Award – 10 calendar day protest period from date of the notice.	10/17/08	Purchasing & Contracting.
21. Debriefings (protest period ends)	10/27/08	Purchasing & Contracting and Departments.
22. City Council Approval	November, 2008	Department.
23. Memorandum of Understanding	November, 2008	Purchasing & Contracting.
24. Contract Award and kick-off	November, 2008	Purchasing & Contracting and Departments.