

BEFORE THE METRO COUNCIL

AN ORDINANCE AMENDING THE FY 2001-02)
BUDGET AND APPROPRIATIONS)
SCHEDULE BY TRANSFERRING)
APPROPRIATIONS FROM CONTINGENCY)
TO OPERATING EXPENSES IN THE)
ADMINISTRATIVE SERVICES DEPARTMENT)
WITHIN THE SUPPORT SERVICES FUND TO)
IMPLEMENT GASB 34.)

ORDINANCE NO. 01-921

Introduced by Mike Burton,
Executive Officer

WHEREAS, The Metro Council has reviewed and considered the need to transfer appropriations within the FY 2001-02 Budget; and

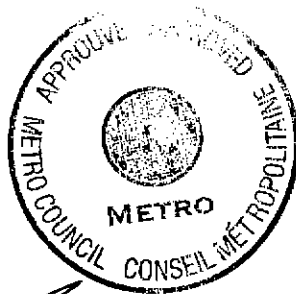
WHEREAS, The need for the transfer of appropriation has been justified; and

WHEREAS, Adequate funds exist for other identified needs; now, therefore,

THE METRO COUNCIL ORDAINS AS FOLLOWS:

1. That the FY 2001-02 Budget and Schedule of Appropriations are hereby amended as shown in the column entitled "Revision" of Exhibit A to this Ordinance for the purpose of transferring funds from contingency to operating expenses in the Administrative Services Department within the Support Services Fund to support the implementation of the Government Accounting Standards Board (GASB) Policy Statement Number 34.

ADOPTED by the Metro Council this 18th day of October, 2001.




David Bragdon, Presiding Officer

ATTEST:


Recording Secretary

Approved as to Form:


Daniel B. Cooper, General Counsel

Exhibit A
Ordinance No. 01-921
FY 2001-02 SCHEDULE OF APPROPRIATIONS

| | <u>Current Appropriation</u> | <u>Revision</u> | <u>Amended Appropriation</u> |
|---|----------------------------------|-----------------|----------------------------------|
| SUPPORT SERVICES FUND | | | |
| Administrative Services/Human Resources | | | |
| Operating Expenses (PS & M&S) | \$4,130,198 | \$35,000 | \$4,165,198 |
| Capital Outlay | 77,000 | 0 | 77,000 |
| Subtotal | 4,207,198 | 35,000 | 4,242,198 |
| Information Technology | | | |
| Operating Expenses (PS & M&S) | 2,069,088 | 0 | 2,069,088 |
| Debt Services | 49,867 | 0 | 49,867 |
| Capital Outlay | 416,500 | 0 | 416,500 |
| Subtotal | 2,535,455 | 0 | 2,535,455 |
| Office of General Counsel | | | |
| Operating Expenses (PS & M&S) | 1,137,827 | 0 | 1,137,827 |
| Subtotal | 1,137,827 | 0 | 1,137,827 |
| Office of Citizen Involvement | | | |
| Operating Expenses (PS & M&S) | 65,226 | 0 | 65,226 |
| Subtotal | 65,226 | 0 | 65,226 |
| Office of the Auditor | | | |
| Operating Expenses (PS & M&S) | 630,411 | 0 | 630,411 |
| Subtotal | 630,411 | 0 | 630,411 |
| General Expenses | | | |
| Interfund Transfers | 2,296,177 | 0 | 2,296,177 |
| Contingency | 404,134 | (35,000) | 369,134 |
| Subtotal | 2,700,311 | (35,000) | 2,665,311 |
| Unappropriated Balance | 333,806 | 0 | 333,806 |
| Total Fund Requirements | \$11,610,234 | \$0 | \$11,610,234 |

All Other Appropriations Remain as Previously Adopted

BUDGET COMMITTEE REPORT

CONSIDERATION OF **ORDINANCE NO. 01-921**, FOR THE PURPOSE OF AMENDING THE FY 2001-02 BUDGET AND APPROPRIATIONS SCHEDULE BY TRANSFERRING APPROPRIATIONS FROM CONTINGENCY TO OPERATING EXPENSES IN THE ADMINISTRATIVE SERVICES DEPARTMENT WITHIN THE SUPPORT SERVICES FUND TO IMPLEMENT GASB 34

Date: October 18, 2001

Presented by: Councilor McLain

Committee Recommendation: At its October 10, 2001, meeting, the Budget Committee voted 5-0 to recommend Council adoption of Ordinance No. 01-921. Voting in favor: Councilors Atherton, Bragdon, Burkholder, McLain, and Monroe. Voting against: None. Absent: Councilors Hosticka and Park.

Background: Don Cox, Accounting Manager, presented the staff report. He stated that the Governmental Accounting Standards Board (GASB) has issued policy statement #34, with which Metro, as a government agency, is expected to comply. Because a large amount of work will be required to implement these standards prior to June 30, 2002, the proposed ordinance moves estimated expenditures of \$35,000 from contingency to operating expenses in the Administrative Services Department to accomplish this task.

Committee Issues/Discussion: There was none.

Key Public Testimony: There was none.

STAFF REPORT

CONSIDERATION OF ORDINANCE NO. 01-921 AMENDING THE FY 2001-02 BUDGET AND APPROPRIATIONS SCHEDULE BY TRANSFERRING APPROPRIATIONS FROM CONTINGENCY TO OPERATING EXPENSES IN THE ADMINISTRATIVE SERVICES DEPARTMENT WITHIN THE SUPPORT SERVICES FUND TO IMPLEMENT GASB 34.

Date: September 18, 2001

Presented by: Jennifer Sims

DESCRIPTION

The proposed amendment calls for transferring appropriations between budget classifications in the Administrative Services Department within the Support Services Fund. This is being done to provide funding for implementation of Governmental Accounting Standards Board (GASB) Policy Statement #34.

EXISTING LAW

ORS 294.450 provides for transfers of appropriations within a fund if such transfers are authorized by official resolution or ordinance of the governing body for the local jurisdiction.

BACKGROUND AND DISCUSSION

Metro is subject to the requirements and procedures of the Governmental Accounting Standards Board (GASB). GASB has issued a policy statement, #34, which significantly changes the way governments are required to present their financial statements. An overview of this standard was presented to the Council Budget & Finance Committee on September 12, 2001 and additional informational materials have previously been provided to Council. Metro is required to have all elements of this new standard implemented for the current fiscal year's report for the fiscal year ended June 30, 2002.

There is a significant amount of work required to implement this standard, which must be completed in addition to the Accounting Services Division's existing responsibilities and priorities. Metro Accounting staff has completed a readiness assessment and prepared written documentation of the requirements and issues to be addressed in this standard as it may apply to Metro. The next step is to prepare a detailed work plan to meet the GASB 34 requirements, which will require outside professional accounting services. The work plan will include determination of the specific tasks necessary to implement the standard, the order of most efficient and effective completion, the expected time of completion, and an estimate of the time and staff required to complete the work. Accounting Services has drafted, and plans to issue, a request for proposals to contract for the needed professional services. This work plan and project schedule should be completed by November 30, 2001. A copy of the draft Request for Proposal, shown as "Attachment A" is included with this staff report for reference.

Concurrently with this outside assistance, Metro staff will be completing the audit and Comprehensive Annual Financial Report (CAFR) work for the fiscal year ended June 30, 2001. Staff will also be working on GASB 34 requirements related to definitional issues required to be in place by the time the remaining schedule is available.

Project Goal The goal of this work effort is to develop systems and procedures needed to provide the information required to comply with these standards prior to June 30, 2002, and to prepare the CAFR for the fiscal year then ended in accordance with this standard by October 15, 2002. Metro's intent is to receive an unqualified audit report on these financial statements and to continue to receive the Government Finance Officer Association's (GFOA) Award for Excellence in Financial Reporting.

BUDGET IMPACT

The proposed amendment moves \$35,000 from contingency to operating expenses in the Administrative Services Department portion of the Support Services Fund. This amendment would reduce the fund contingency from \$404,134 to \$369,134 leaving sufficient appropriations available to other departments within the Support Services Fund.

OUTSTANDING QUESTIONS

Through this amendment all questions are resolved regarding funding this implementation.

EXECUTIVE OFFICER'S RECOMMENDATION

The Executive Officer recommends adoption of Ordinance No. 01-921

Attachment A

Request for Proposals To Provide Professional Services for Metro's GASB Statement 34 Implementation Project

I. Introduction

Metro is a regional government that serves 1.4 million people who live in Clackamas, Multnomah and Washington counties and the 24 cities in the Portland metropolitan area. Metro's Accounting Services Division, within the Administrative Services Department provides financial reporting, payroll, accounts payable, accounts receivable and investment services to all Metro departments. These departments include operations for regional solid waste disposal and recycling, transportation and growth management planning, operation of the Oregon Zoo, Oregon Convention Center, Expo Center, Portland Center for the Performing Arts, and regional parks.

This Request for Proposals seeks to contract for professional accounting services to help Metro prepare a GASB 34 implementation schedule and checklist (a plan), including estimated resource (time and staff) requirements. Metro professional staff have completed a readiness assessment and documented in written form the requirements and issues to be addressed in this standard as it may apply to Metro (but not the resolution of those issues or the methods to resolve them). Metro seeks to obtain services to assist in taking this information to the next step, and detailing in written form – the order of most efficient and effective completion and expected time of completion, the specific tasks necessary to implement the standard. Metro is required to prepare its financial statements under these provisions for the current fiscal year – ending June 30, 2002. Metro desires to complete the development of a project schedule by October 31, 2001.

II. Background

Metro annually prepares a Comprehensive Annual Financial Report (CAFR) which includes the financial statements required for fair presentation in accordance with generally accepted accounting principles (GAAP) as issued by the Governmental Accounting Standards Board (GASB). GASB has issued Statement 34 (and its companion Statement 36 and 37), which implements the new financial reporting model for state and local governments. Metro is required to prepare its financial statements in accordance with these standards for the fiscal year ended June 30, 2002. Metro Accounting Services professional staff have reviewed the applicable standards and prepared a GASB Statement 34 Issues worksheet, to be used as a basis for further work.

Project Goal The goal of this project is to design the systems and procedures to obtain the information required to comply with these standards prior to June 30, 2002, and to prepare

the CAFR for the fiscal year then ended in accordance with this standard by October 15, 2002. Metro's intent is to receive an unqualified audit report on these financial statements and to continue to receive the Government Finance Officer Association's (GFOA) Certificate of Achievement for Excellence in Financial Reporting for the CAFR for the year ended June 30, 2002.

III. Purpose of This Solicitation

Metro staff finds that it needs additional resources to develop a detailed schedule of implementation, so that simultaneous progress can be achieved on the current fiscal year's CAFR and audit completion, as well as initial GASB 34 related policy formulation. The scope of work, for which we intend to contract with a qualified professional accounting services firm, is described in the following section. Metro may desire additional assistance beyond this primary scope, should there be funds remaining – which is described below and should be proposed separately from the primary task.

IV. Scope of Services Requested

Listed below are the professional accounting services for which Metro seeks to contract.

- 1. Review Metro prepared documents regarding GASB 34 issues.**
- 2. Review professional literature, as appropriate, to assist in identifying scheduled implementation tasks to complete for fair presentation of Metro's financial statements in accordance with GAAP.**
- 3. Interview Metro accounting and finance staff, as needed, to determine current information retrieval capabilities and staff resources to support GASB 34 requirements.**
- 4. Prepare a detailed implementation plan and schedule that will enable Metro to implement all GASB 34 and related requirements by June 30, 2002, including:**
 - a) Statement of each task to be completed**
 - b) Reference to GASB literature as the source of each task and confirmation of applicability or non-applicability of key provisions to Metro**
 - c) Targeted date of completion for each task**
 - d) Estimated hours to complete each task**
 - e) Metro staff assigned to complete each task**
 - f) Identification of policy areas needing higher levels of approval**
 - g) The plan must be presented in the order of logical completion (i.e. critical path tasks), so that prerequisites are completed at appropriate times to enable other tasks to move forward as efficiently as possible.**
 - h) The plan will be also formatted to serve as a checklist of tasks to complete, in critical path order, for full compliance with the standards.**

Other potential work elements to be proposed separately:

- 1) Should additional funds be available, upon completion of the above project tasks, assistance in determining the appropriate procedures to use in allocating internal service fund elements to the respective funds and activities for government-wide presentation (as defined in GASB Statement 34) is desirable.
- 2) Determination of ongoing workload impact to comply with GASB Statement 34, based upon knowledge gained from the above project.

V. Proposal Contents

In the written proposal, please provide or describe the following:

- A. **Submittal letter** that summarizes the proposal briefly and provides the name, title and contact information for the person with authority to negotiate and manage the contract.
- B. **Proposal Narrative**
 1. **Work plan and methodology.** How will you perform each of the tasks identified in the scope of work. Describe the process you will follow to complete each task and how you will determine what GASB standard element will be applicable to Metro and in estimating its time of completion. You shall describe the start and completion dates of your services for this scope of work. If you desire to propose on the potential additional services of recommending an approach for allocation of internal service fund activity in the government-wide statements, please identify and provide this work plan separate from the primary scope of work.
 2. **Finished Product.** Describe the finished product of your work effort. Include examples as appropriate. Also, please describe the quality control and review procedures used to assure a complete, timely and quality end product.
 3. **Staffing and management.** Provide names, qualifications and hourly billing rates for staff assigned to do this work—task by task where appropriate. Proposals also should identify one person to manage the work and who will serve as the primary contact for Metro. The narrative must describe the experience of the firm and the staff assigned to the engagement, specifically in implementation of GASB 34 requirements in local government. Please provide references for this work that include the staff assigned to this effort, and the staff's role in previous GASB 34 projects.
 4. **Cost.** Please provide the following cost elements:
 - How will you charge for each task
 - The basis on which fees are charged
 - The hours you estimate for each task to be completed
 - Amount of reimbursable expenses you anticipate (travel, lodging, etc.).
 - Provide a table that identifies, for each task, the person(s) performing the work, their hourly billing rate, expected expenses and, if possible, a likely range of hours required for each task.
 - The total sum proposed to complete this work inclusive of all costs.

- Separate from the above costs, provide additional cost proposal for the optional work on allocation of internal service funds in the government-wide statements.
5. **Technical assistance.** Describe in detail the experience the firm and specific staff to be assigned to Metro's engagement had in implementing GASB 34 and its related standards in local government. Include training courses attended or led to demonstrate applicable knowledge and expertise.
 6. **Schedule.** Provide a schedule that details the work to be completed, include the proposed start date, significant milestone dates and proposed completion date.
 7. **Exceptions and Comments.** Firms wishing to take exception to, or comment on, any specified requirements within this RFP, or in Metro's Standard Contract, are encouraged to document their concerns in this part of their proposal. Exceptions or comments should be succinct, thorough and organized.

VI. Proposal Instructions

- A. **Intention to propose.** If you are interested in proposing to provide any or all of the services Metro requires, or if you have questions or comments, please contact Don Cox at 503.797.1632 or at cox@metro.dst.or.us. If requested, interested parties may receive a copy of the current draft staff document, "GASB Statement 34 Implementation Issues," which represents Metro staff's reading of GASB 34 and identification of overall issues. This document may serve as an element for the development of the work product called for in this proposal. Due to the limited number of copies available, you are invited to review Metro's CAFR on site in the Accounting Division, Metro Regional Center, 600 NE Grand Avenue, Portland, OR. If you so desire, please schedule your visit with Karla Lenox (503-797-1821) or Don Cox (503-797-1632) prior to arrival.
- B. **Due date.** Proposals are due XXXXXXXXXX, 2001 by 3 p.m., to the attention of Don Cox, Metro Accounting Services Division. Four hard copies should be delivered to the Accounting Services Division front desk at 600 NE Grand Avenue, Portland OR 97232. Proposals shall not be considered if received after 3:00 p.m., XXXXXXXXXX, 2001. Mail that arrives after that time and date is not acceptable.
- C. **Proposal presentation.** Professional accounting services proposals should not exceed ten (10) pages, exclusive of resumes. DO NOT submit proposals in electronic format (e.g., please do ***not*** submit via e-mail, diskette or CD).

Proposals must be printed double-sided on recycled-content paper (30% post-consumer), with no non-reusable or non-recyclable components such as wire bindings or plastic covers or dividers.
- D. **Requests for further information.** This Request for Proposals, along with draft application guidelines and standard Metro contract, represent the most definitive

statements Metro will make concerning the information upon which proposals are to be based. In evaluating proposals, Metro will not consider any verbal information it gives or receives, if that information is not addressed in this RFP, in other formal, written communications or in the proposal. All questions relating to this RFP should be addressed to Don Cox at 503.797.1632 or at cox@metro.dst.or.us. (If you do not receive a response to your e-mail within 48 hours, please call.) Any questions that in the opinion of Metro warrant a written reply or RFP amendment will be furnished to all parties receiving this RFP. Questions and comments must be received by Metro no later than seven working days prior to the proposal submittal date. Questions and requests will not be addressed after 3 p.m., XXXXXXXXXX, 2001.

- E. Background check waiver.** All vendors are hereby advised that Metro may solicit and secure background information based upon the information, including references, provided in response to this RFP. By submission of a proposal all vendors agree to such activity and release Metro from all claims arising from such activity.
- F. Subcontractors.** In the event that any subcontracts are to be utilized in the performance of this agreement, the vendor's attention is directed to Metro Code provisions 2.04.100. Copies of that document are available from the Risk and Contracts Management Division of Administrative Services, Metro, Metro Center, 600 NE Grand Avenue, Portland OR 97232, or call 503.797.1816.

VII. Evaluation of Proposals

Proposal evaluations will be based on the following criteria, and will take into consideration the clarity and usefulness of any exceptions expressed by the vendor:

- ◆ **Work plan and methodology (30 percent)**
Vendor provides a thorough, reliable method and timeline for accomplishing project objectives in cooperation with Metro's staff. Work plan is clear and is responsive to the Request for Proposals and to Metro's needs.
- ◆ **Staffing and management (40 percent)**
Resumes of staff committed to Metro's project demonstrate skills and experience likely to produce competent, complete and high quality work.
- ◆ **Cost (30 percent)**
Proposed cost of services, including hourly rates, expenses, and estimated costs per task, fall within an acceptable, competitive range on the proposed work.

VIII. General Proposal/Contract Provisions

- A. Contract budget and timeline.** The amount available in this initial contract is \$35,000. Initial term of the contract will be three months. Metro and the vendor can agree to extend the contract.

- B. Contract type.** Successful vendors will be required to sign Metro's standard Personal Services contract. Vendors shall include in their proposals any exceptions they will take to the language therein. Any proposed exceptions shall be considered in evaluating proposals.
- C. Limitation and award.** This RFP does not commit Metro to the award of a contract, nor to pay any costs incurred in the preparation and submission of proposals in anticipation of a contract. Metro reserves the right to waive minor irregularities, accept or reject any or all proposals received as the result of this request, negotiate with all qualified sources, or to cancel all or part of this RFP.
- D. Billing procedures.** Vendors are informed that the billing procedures of the selected firm are subject to the review and prior approval of Metro before reimbursement of services can occur. Contractor's invoices shall include an itemized statement of the work done during the billing period, staff performing tasks, hourly rates or other basis, and loans/applications involved. Invoices will not be submitted more frequently than once a month. Metro will pay Contractor within 30 days of an approved invoice.
- E. Validity period and authority.** The proposal shall be considered valid for a period of at least sixty (60) days and shall contain a statement to that effect. The proposal shall contain the name, title, address and telephone number of an individual or individuals with authority to bind any company contacted during the period in which Metro is evaluating the proposal.
- F. Conflict of interest.** A vendor filing a proposal thereby certifies that no officer, agent or employee of Metro or Metro has a pecuniary interest in this proposal or has participated in contract negotiations on behalf of Metro; that the proposal is made in good faith without fraud, collusion or connection of any kind with any other vendor for the same call for proposals; the vendor is competing solely in its own behalf without connection with, or obligation to, any undisclosed person or firm.



METRO

SEP 27 2001

September 24, 2001

The Honorable David Bragdon
Presiding Officer
Metro Council
600 N.E. Grand Avenue
Portland, OR 97232-2736

Dear Presiding Officer Bragdon and Council Members:

I am forwarding the attached budget amendment to provide limited resources for implementing GASB Statement No. 34 because we have no other choice. I object to this because it is an unfunded mandate imposed by a board that is not directly accountable to an elected body.

GASB Statement No. 34 compliance is required in order to receive a clean audit opinion and in order to maintain a good bond rating. Therefore, I recommend passage of this ordinance.

Sincerely,

A handwritten signature in black ink, appearing to read "Mike Burton". The signature is fluid and cursive.

Mike Burton
Executive Officer

Cc: Pete Sandrock, Chief Operating Officer
Jennifer Sims, CFO/Director of Administrative Services