

Allen Park Belleville Brownstown Twp. Dearborn Heights Ecorse Lincoln Park	Downriver Utility Wastewater Authority 25605 Northline Road • Taylor, Michigan 48180	River Rouge Riverview Romulus Southgate Taylor Van Buren Twp. Wyandotte
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Request For Proposal For Accounting Services

July 23, 2018

The Downriver Utility Wastewater Authority (the Authority) is accepting proposals from qualified candidates that have experience in governmental accounting for Accounting Services.

Submission Date, Page Limit and Method: Candidates will submit their proposal electronically by 4 pm on Monday, August 3, 2018 to the following email address: info@duwauthority.org. Please limit proposals to no more than 10 pages.

Proposals received after the above cited time will be considered a late quote and are not acceptable unless waived by the Authority Board.

Questions: Please direct questions regarding this RFP to Lambrina Tercala at info@duwauthority.org. Questions will be accepted through Thursday, July 26, 2018.

Thank you for your interest.

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I. NATURE OF SERVICES REQUIRED

A. General Scope and Duration

The Authority is requesting proposals from qualified persons to perform ongoing accounting services. The initial term of the engagement is one year, subject to the satisfactory negotiation of terms (including a price acceptable to both the Authority and the accountant, and the concurrence of the Board). Extensions may be granted for one year periods.

B. Scope of Work to be Performed

The Authority desires an accountant to complete the scope of work that will include tasks consistent with those of a typical finance department of a governmental Enterprise Fund operation. The Enterprise Fund will have a budget of approximately \$27 million, with operations and administrative costs of approximately \$18 million (the largest costs of which will be the monthly payments to the contract operator and the system manager) and periodic debt service payments of \$9 million.

The tasks may include, but are not limited to:

- Maintenance of the general ledger, including periodic reconciliations of various account balances
- Preparation of bank reconciliations
- Maintenance of accounts payable, accounts receivable, revenue, expenditures and other subsidiary ledgers
- Preparation of billings to communities for scheduled debt service payments for State Revolving Fund (SRF) debt
- Accounting for monthly sewage usage and excess flow billings to communities

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- Payment of debt payments to Michigan Finance Authority for SRF debt and system transfer debt Analysis of invoices, including analysis of Contract Operator’s additional billings for items not covered by their contract (electricity costs, unit cost increases for certain utilities, etc)
- Payment of invoices
- Preparation of bank deposits
- Maintenance of fixed asset records and accumulated depreciation accounts
- Creation of the Authority’s annual budget document, including facilitation of the budget process. That facilitation is likely to include solicitation of information from the System Manager and Contract Operator, meetings with members of the Finance Committee, and attendance at the Board meeting(s)
- Monitor revenues and expenses in comparison with budget
- Creation of budget amendments
- Preparation of a Rate Package based on the Authority’s budget and scheduled debt service payments
- Preparation of quarterly financial update reports for the Board and presentation at Board meetings
- Annual closing the Authority’s general ledger and other accounting records for the purpose of the annual audit
- Facilitating the annual audit process/working with the Authority’s appointed auditors, including preparation of Management’s Discussion and Analysis portion of the audited financial statements
- Respond to financial questions and requests from DUWA Board or DUWA consultants, as appropriate
- Preparing external reporting as necessary to the County or State

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II. DESCRIPTION OF THE DOWNRIVER UTILITY WASTEWATER AUTHORITY

A. Background Information

The Downriver Sewage Disposal System (the “System”) is the second largest sewer system in Michigan, serving 13 Wayne County communities with a service area population of 350,000. The System is currently operated by Wayne County.

The Authority was incorporated by the Cities of Allen Park, Belleville, Dearborn Heights, Ecorse, Lincoln Park, River Rouge, Riverview, Romulus, Southgate, Taylor and Wyandotte; and the Charter Townships of Brownstown and Van Buren (the “Communities”) with the intent of transferring the System from Wayne County to the Authority so that the local communities could exercise more control over the operations and rates of the System.

On May 11, 2016, the Authority issued a Letter Of Intent to purchase the System from the County subject to certain terms and conditions. The County subsequently accepted the purchase offer, and the two parties began work on a number of items that need to be finalized in order to transfer the System to the Authority. The transfer of the system is currently expected to be finalized on September 27, 2018.

NOTE - IF THE SYSTEM TRANSFER DOES NOT TAKE PLACE BY SEPTEMBER 30, 2018, DUWA RESERVES THE RIGHT TO TERMINATE THE ACCOUNTING SERVICES CONTRACT THAT WILL BE EXECUTED AS A RESULT OF THIS RFP.

The purchase of the System will involve the issuance of bonds for the transfer payment of \$54,000,000. In addition, the System has existing outstanding SRF debt which will be exchanged through the Michigan Finance Authority and renamed from the County to the Authority.

The Authority anticipates that it will enter into a contract with Veolia Water North America – Central, LLC for operation, repair and maintenance of the System. In addition, OHM Advisors has been retained as System Manager for the administration of the System and oversight of the operations handled by Veolia.

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The Authority is not anticipated to have any employees. As a result, to fulfill the accounting function, the intent is to hire either an individual acting as an individual contractor, a firm acting as an independent contractor or to enter into an agreement with one of the owner communities to have their finance director or finance department provide the accounting services to the Authority under a contractual arrangement with the community.

As a result of the pending sale of the System to the Authority, there will be some initial tasks expected of the person or firm hired to perform the Accounting Services function. These tasks for the initial transfer of the accounting function from Wayne County include, but are not limited to:

- Meetings with County to understand account structure
- Meetings to coordinate transfer of assets and liabilities
- Initial setup of general ledger for DUWA, including compliance with accounts required to be maintained under the Master Bond Ordinance

B. Budgetary Basis of Accounting

The Authority will prepare its budget on a basis consistent with generally accepted accounting principles.

C. Federal Financial Assistance

It is anticipated that the Authority will receive federal funds by virtue of its participation in the State Revolving Fund Program. Experience with tracking SRF-funded capital assets as well as familiarity with the Single Audit grant compliance requirements is not essential, but is preferred.

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D. Computer Systems/Technology – the Authority anticipates that the Accounting Services professional will either provide an acceptable general ledger system or recommend a system to the Authority as part of their proposal. If recommending a system for the Authority to purchase, please provide anticipated costs. Overall, the Authority seeks a reliable general ledger system with appropriate backups, security provisions, etc. Please set forth your plan to accomplish this goal within the work plan section of the response.

E. Work Space and Record Retention – the Authority anticipates that the Accounting Services professional will provide their own work space. The records should be digitally stored to the extent possible. The Authority may have some space available for long-term storage of records.

F. Availability of Prior Audit Reports

Interested proposers who wish to review the prior year's audit report can visit https://treas-secure.state.mi.us/LAFDocSearch/tl41R01.aspx?&lu_id=5973&doc_yr=2017&doc_code=AUD. Please keep in mind that the debt structure will change and the operations may be presented in a more summarized form in the future given the contract operator model.

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III. TIME REQUIREMENTS

Proposal Calendar

The following is a list of key dates up to and including the date proposals are due to be submitted:

Request for Proposal Issued	July 23, 2018
Question Submission Deadline	July 26, 2018 – 4:00 p.m.
Proposals Due	August 3, 2018 - 4:00 p.m.
Oral Presentations (if required)	TBD
Preferred Professional Notified	By September 7, 2018
Contract Commencement	By September 14, 2018

IV. PROPOSAL REQUIREMENTS

A. Costs of Preparing the Proposal

The Authority will not be responsible for expenses incurred in preparing and submitting the proposal. Such costs should not be included in the proposal.

B. Submission of Proposal

The Authority reserves the right to retain all proposals submitted and to use any ideas in a proposal regardless of whether that proposal is selected. Submission of a proposal indicates acceptance by the individual or firm of the conditions contained in this request for proposals, unless clearly and specifically noted in the proposal submitted and confirmed in the contract between the Authority and the individual or firm selected.

The proposal must be received by 4:00 p.m. on August 3, 2018. Electronic submission is required.

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1. Transmittal Letter

A signed letter of transmittal shall be included briefly stating:

- a. the proposer's understanding of the work to be done
- b. the commitment to perform the work
- c. a statement why the proposer believes itself to be best qualified to perform the services

2. Detailed Proposal

a. **Proposed Arrangement**

Please address the structure of the arrangement that is being proposed to satisfy the accounting requirements. The Authority anticipates considering existing finance directors or other finance personnel currently employed by an owner community (either as individuals operating as independent contractors or through a contractual arrangement with the community to share that person's time), individuals interested in performing the services as an independent contractor as well as firms that would be contracted. Other arrangements that are proposed may also be considered.

Please also describe where the accounting function will physically be performed.

b. **Qualifications and Experience**

The proposal should demonstrate the qualifications, competency and capacity of the individual/firm and of the particular staff to be assigned to this engagement.

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Please set forth the following:

1. Educational qualifications
2. Certifications such as CPA
3. Work history
4. Current or past accounting positions held
5. Familiarity with governmental fund accounting, including enterprise fund accounting
6. Budgeting experience
7. Rate-setting experience
8. Experience working with boards
9. Presentation skills
10. Statement that the individual responsible for handling funds can be bonded, if desired by DUWA

c. **Approach**

The proposal should set forth a work plan, including an explanation of the methodology to be followed to perform the services. Please describe the accounting system that would be used (including backup and security procedures), use of checklists, methods for tracking debt payments, etc.

d. **References**

Please provide a minimum of 2 references from current or former employers/clients for similar services. Include name, address, telephone number and email address.

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e. **Hours Estimate**

Please provide an estimate of the number of hours projected on a monthly basis to perform the accounting function, along with an estimate of additional time preparing for quarterly reporting as well as time for the year-end close and audit coordination.

f. **Professional or Personal Relationships with the Communities**

The individual/firm should list and describe any professional relationships involving any of the 13 owner communities, Veolia or OHM Advisors for the past five years. Such relationships will not preclude a candidate from being considered; in fact, current or past finance directors will be considered. The goal of this disclosure is for full transparency.

V. Cost Portion of Proposal - Fees and Rates

This section should include a discussion of the proposed fee arrangement. The Authority is open to a variety of billing methods including:

- Hourly rates (please specify estimated hours to complete the tasks per Section IV, 2e above)
- Fixed fee (please specify estimated hours covered by the fixed fee per Section IV, 2e above). The fixed fee will not fluctuate and no additional fees are permitted to be billed unless the Board pre-approves and acknowledges that work is out-of-scope.

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- Retainer with additional fees (please specify)

Provide a schedule for hourly rates or other proposed compensation arrangements as noted above. Fees will be considered in DUWA's decision, but it is not the sole consideration. While we are open to a variety of arrangements, please be very clear in what you are proposing the compensation arrangement to be. Also specify your requirements regarding reimbursable costs, including travel.

VI. EVALUATION PROCESS

A. Review of Proposals

Proposals submitted will be evaluated by the System Manager, Legal Counsel, Financial Advisor and others as may be deemed appropriate.

During the proposal evaluation process, DUWA reserves the right to request additional information or clarifications from proposers, or to allow corrections of errors or omissions.

DUWA reserves the right to accept or reject any portion of a proposal, to select based on price and qualification and to negotiate contract terms with a selected party.

B. Evaluation Criteria

Proposals will be evaluated using several criteria. The following represent the principal selection criteria which may be considered during the evaluation process. The final selection will be based on the written Proposal, oral and written responses of references and a potential interview with the candidate. The Proposal Evaluation Worksheet is included as Appendix A.

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1. Qualifications and Experience (Maximum Points -55)

- I. The proposer's past experience and performance on comparable government engagements (15 points).
- II. Familiarity with the Downriver Sewage Disposal System (5 points)
- III. The educational qualifications of the proposer (5 points)
- IV. Certifications such as CPA (5 points)
- V. Familiarity with governmental fund accounting, including enterprise fund accounting (5 points)
- VI. Budgeting experience (5 points)
- VII. Rate-setting experience (10 points)
- VIII. Experience working with boards (5 points)

2. Approach/Work Plan (Maximum Points -25)

Adequacy of proposed work plan for various tasks (Maximum Points -20)

3. Cost/Value: (Maximum Points -20)

Cost is obviously an important component of any service procurement; however, we do not want to unduly base our decision on price. Therefore, after scoring for qualifications, experience and approach, only those proposers with a score of 60 will be considered.

Of the remaining proposers, the maximum score for price will be given to the proposer concluded to be the best value for the estimated cost. The proposer determined to be the best value for the cost will be awarded 20 points. The remaining proposers will be awarded an amount less than 20 points.

This will be a partially subjective measurement. As we are willing to accept a variety of fee arrangements and service delivery models, each of which come with risk, there may not be an "apples to apples" comparison that can be made between the proposed cost/value by different proposers.

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C. Oral Presentations

During the evaluation process, the Proposal Committee may, at its discretion, request any or all proposers to make oral presentations. Such presentations will provide proposers with an opportunity to answer any questions the Committee may have on a proposal.

Based on the proposer's performance at the oral presentations, a bonus of 5 additional points or a penalty resulting in the subtraction of 5 points from the scores received based on the written proposal may be assessed by the Proposal Committee.

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ATTACHMENT A: PROPOSAL EVALUATION WORKSHEET

QUALIFICATIONS AND EXPERIENCE: (MAXIMUM POINTS – 55)

1. The proposer’s past experience and performance on comparable government engagements (max 15 points)	
2. Familiarity with the Downriver Sewage Disposal System (max 5 points)	
3. The educational qualifications of the proposer (max 5 points)	
4. Certifications such as CPA (max 5 points)	
5. Familiarity with governmental fund accounting, including enterprise fund accounting (max 5 points)	
6. Budgeting experience (max 5 points)	
7. Rate-setting experience (max 10 points)	
8. Experience working with boards (max 5 points)	

APPROACH: (MAXIMUM POINTS – 25)

Adequacy of proposed work plan for various tasks (max 25 points)	
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TOTAL QUALIFICATIONS AND EXPERIENCE POINTS (MAXIMUM 80)	
TOTAL COST EVALUATION POINTS (MAXIMUM 20)	
PLUS ORAL PRESENTATION BONUS POINTS (MAXIMUM OF 5)	
MINUS ORAL PRESENTATION PENALTY (MAXIMUM OF (-5))	
QUALIFICATIONS + COST EVALUATION + BONUS - PENALTY = TOTAL POINTS (MAXIMUM 105 points)	