

Condensed Title:

Request Approval To 1) Reject All Proposals Received Pursuant To Request For Proposals (RFP) No. 188-2013TC For Audits Of Resort Taxes And Other Internal Audits As Needed; And, 2) Authorize The Extension Of Existing Contracts Pursuant To RFP 23-09/10, On A Month-To-Month Basis Until Such Time As A New Contract Is Awarded.

Key Intended Outcome Supported:

Improve the City's Overall Financial Health and Maintain Overall Bond Rating

Supporting Data (Surveys, Environmental Scan, etc.): The City's overall bond rating is Aa2 and AA- according to Moody's and Standard and Poor's respectively.

Issue:

Shall the City Commission Reject the RFP and extend the existing contract on a month-to-month basis until such time as a new contract is awarded?

Item Summary/Recommendation:

The City of Miami Beach charges a resort tax of three percent on revenues generated by the sale of rooms and two percent on revenues from food and beverages earned within the City. Businesses are required to register with the City to collect and remit taxes. It is projected that \$54.2 million in resort taxes will be collected in fiscal year 2012/13. Currently, the City has three field agents and professional service agreements with three contractors (RGL Forensics, BCA Watson and Rice, and Marcum Rachlin) which expire October 21, 2013.

As a result, Request for Proposals (RFP) 188-2013TC was issued on May 10, 2013, with an opening date of June 18, 2013. The pre-bid conference was held on May 23, 2013. Notices were sent to 78 prospective vendors which resulted in the receipt of four (4) proposals. The Administration has completed an initial review of the proposals receive and has determined that an inadequate number of responses and qualifications have been received to perform the services required by the City.

Of the four (4) firms responding to the RFP, one firm responded only to the audit of resort taxes portion of the scope, one firm responded only to the internal audits portion of the scope and the two remaining firms responded to both type of audits. Two of the firms responding to the RFP have existing or prior agreements with the City to conduct the same types of audits. For one of the applicant firms currently providing these services to the City, performance of internal audits has been good; however, City audit staff has experienced some performance issues with their audits of resort taxes, such as delays in responsiveness, not meeting the required number of completed audits, and return of audits after the City's review for lack of quality of work. Another applicant firm, while not having a previous contract with the city, has worked for the City through a previous firm for which the City has experienced similar performance issues in audits of resort taxes. Due to the low number of responses and prior performance issues with some of the applicant firms, the Administration believes that the City would benefit from having additional firms under contract for these audits.

Accordingly, the Administration is recommending rejecting all proposals received and conducting an industry meeting with the intent of discussing any potential inadvertent barriers that may have prevented more firms from participating with the goal of attracting additional prospective vendors to submit proposal for audits services.

Recommendation

After considering the review and recommendation of City staff, the City Manager exercised his due diligence, carefully considered the specifics of this RFP process, and recommends to the Mayor and City Commission to reject all proposals received pursuant to RFP 188-2013TC and extend the current contracts with RGL Forensics, BCA Watson and Rice, and Marcum Rachlin (for internal audits only), pursuant to RFP 23-09/10, on a month-to-month basis until such time as a new contract is awarded.

Advisory Board Recommendation:

N/A

Financial Information:

Source of Funds:	Amount	Account
1	N/A	
Total	N/A	

Financial Impact Summary: N/A

City Clerk's Office Legislative Tracking:

James Sutter, ext. 6174

Sign-Offs:

Department Director	Assistant City Manager	City Manager
JS AD	JW KGB	JLM

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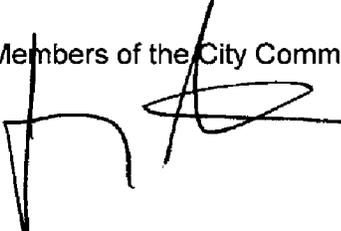




City of Miami Beach, 1700 Convention Center Drive, Miami Beach, Florida 33139, www.miamibeachfl.gov

COMMISSION MEMORANDUM

TO: Mayor Matti Herrera Bower and Members of the City Commission

FROM: Jimmy L. Morales, City Manager 

DATE: September 11, 2013

SUBJECT: **REQUEST APPROVAL TO: 1) REJECT ALL PROPOSALS RECEIVED PURSUANT TO REQUEST FOR PROPOSALS (RFP) NO. 188-2013TC FOR AUDITS OF RESORT TAXES AND OTHER INTERNAL AUDITS AS NEEDED; AND, 2) AUTHORIZE THE EXTENSION OF EXISTING CONTRACTS ON A MONTH-TO-MONTH BASIS UNTIL SUCH TIME AS A NEW CONTRACT IS AWARDED.**

ADMINISTRATION RECOMMENDATION

Reject the RFP and extend the existing contract on a month-to-month basis until such time as a new contract is awarded.

BACKGROUND

The City of Miami Beach charges a resort tax of three percent on revenues generated by the sale of rooms and two percent on revenues from food and beverages earned within the City. Businesses are required to register with the City to collect and remit taxes. It is projected that \$54.2 million in resort taxes will be collected in fiscal year 2012/13. Currently, the City has three field agents and professional service agreements with three contractors (RGL Forensics, BCA Watson and Rice, and Marcum Rachlin) which expire October 21, 2013. These agreements were awarded for one year with two one-year renewals after a RFP was authorized on February 3, 2010 by the Commission and the ranking of proposals was accepted by the Commission on May 12, 2010.

In addition, the City Administration may determine a need to audit a particular area whereby the Internal Audit Division does not have the resources to audit at a particular time. In the past, the Administration has sought outside assistance from qualified firms to accomplish these assignments.

The Administration is requesting to reject the results of the current RFP and to explore alternative courses of action for soliciting firms to perform these audits. Justifications for rejecting the RFP are as follows:

- A total of four firms responded to the RFP. One firm responded for the audit of resort taxes, one firm response to the other Internal Audits as deemed necessary and the two remaining firms responded to both type of audits. The deadline for receipt of proposals was extended once to allow for more responses. The City would benefit from having additional firms under contract for these audits.

Two of the firms responding to the RFP have existing or prior agreements with the City to conduct the same types of audits. City audit staff has experienced some type performance issues with these firms such as delays in responsiveness, not meeting the required number of completed audits, and return of audits after the City's review for lack of quality of work. For

one of the firms providing these services, performance of internal audits was good however City audit staff has experience some performance issues with their audits of resort taxes such as delays in responsiveness, not meeting the required number of completed audits, and return of audits after the City's review for lack of quality of work. Another applicant, while not having a previous contract with the city, worked for a previous firm having a City contract and experienced similar performance issues in audits of resort taxes.

The Administration is recommending conducting an industry meeting to draw in more prospective vendors to apply for the Request for audits. The possibility of utilizing a Request for Qualification (RFQ) rather than Request for Proposal (RFP) is being explored.

RFP PROCESS

Request for Proposals (RFP) 188-2013TC was issued on May 10, 2013, with an opening date of June 18, 2013. The pre-bid conference was held on May 23, 2013. During the pre-bid conference, prospective bidders were instructed on the procurement process and the information their respective proposals should contain.

The Public Group and Bidnet issued bid notices to 19 and 53 prospective bidders respectively of which 12 and 3 accessed the advertised solicitation respectively. In addition, 6 vendors were notified via email, which resulted in the receipt of the following four (4) proposals:

- Crowe Horwath, LLP
- Kilgour & Associates, LLC
- Marcum, LLP
- RGL, Inc. d/b/a RGL Forensics

CITY MANAGER'S DUE DILIGENCE

After considering the review and recommendation of City staff, the City Manager exercised his due diligence and carefully considered the specifics of this RFP process. As a result, the City Manager recommends to the Mayor and City Commission to reject all proposals received pursuant to RFP 188-2013TC and extend the current contracts with RGL Forensics, BCA Watson and Rice, and Marcum Rachlin, pursuant to RFP 23-09/10, on a month-to-month basis until such time as a new contract is awarded.

CONCLUSION

The Administration recommends that the Mayor and Commission reject all proposals received pursuant to Request for Proposals (RFP) No. 188-2013TC for Audits of Resort Taxes and other Internal Audits as Needed and authorize the extension of existing contracts with RGL Forensics, BCA Watson and Rice, and Marcum Rachlin, pursuant to RFP 23-09/10, on a month-to-month basis until such time as a new contract is awarded.

JLM/KGB/JS/AD

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