

## RFP Contact

Inquiries regarding this RFP should be directed in writing to:

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## Timeline

The following timeline will be followed with respect to this RFP:

1. Beginning date: Wednesday, February 27, 2019
2. Response submission deadline: Thursday, March 21, 2019 @ 2:30 PM
3. Evaluation committee review period: March 22-26, 2019
4. Anticipated award of contract: Thursday, March 28, 2019

## Purpose of RFP

The purpose of this RFP is to enter into a contract with a qualified CPA firm to provide auditing services for the District for fiscal year 2019. The District operates on a fiscal year which ends June 30th. The RFP seeks a firm that is responsive to the District's request that all audits and associated reports be completed a week before the final board meeting of the calendar year (typically the 5<sup>th</sup> Thursday of November or the 1<sup>st</sup> Thursday of December) each year. The contract with a firm may be renewable annually for a period of up to five years

This RFP is designed to provide basic information sufficient to solicit proposals from qualified firms, but (except to the extent expressly provided otherwise) is not intended to limit a proposal's content or exclude any relevant, important, or essential information. This RFP is part of a competitive procurement process which is intended to serve the best interests of the District and its citizens. It also provides each qualified firm responding to this RFP with a fair opportunity for its services to be considered.

## Background Information

**What is Weber Basin Water Conservancy District?** Weber Basin Water Conservancy District is a political subdivision of the State of Utah and has the regional water supply responsibilities for Davis, Weber, Morgan, Summit, and Box Elder counties. The District wholesales water to and develops additional supplies for cities, districts, and companies within those counties. Those agencies in turn

distribute and retail to their respective customers. Within the District's boundaries, there are over 670,000 residents and 2,500 square miles of land. The District is unique in that it provides many categories of water including drinking water, agricultural water, urban secondary water, industrial water, and replacement water. Weber Basin delivers approximately 225,000 acre-feet of water annually: 87,000 acre-feet for municipal and industrial uses and 138,000 acre-feet for irrigation, which includes secondary pressure irrigation systems. The District is governed by a nine-member Board of Trustees.

**History.** The United States Bureau of Reclamation began planning for the Weber Basin Project in 1942, and Congressional authorization of the Project was received in 1949. The Weber Basin Water Conservancy District was created on June 26, 1950, by a decree of the Second District Court of Utah, under the guidelines of the Utah Water Conservancy Act. The District was formed to act as the local sponsor of the federal project and to further supply water resources to the population within its boundaries.

The original Weber Basin Project was constructed by the Bureau of Reclamation from 1952 through 1969 and includes canals, power plants, irrigation and drainage systems, and six major reservoirs on the Ogden and Weber rivers. Three of the six reservoirs—Wanship, Lost Creek, and East Canyon along with the non-District Echo Reservoir—regulate the flow of the Weber River before it emerges from its mountain watershed to the Wasatch Front. Causey and Pineview reservoirs regulate the flow of the Ogden River before it emerges from its watershed and joins the Weber River. Willard Bay, the largest reservoir, is an off-stream project that stores water from the lower reaches of both the Ogden and Weber rivers for uses and exchanges on the Wasatch Front. Subsequent to the original Project, the District constructed a seventh dam, Smith and Morehouse, on the upper reach of the Weber River in Summit County.

The complex transmission system that was constructed as part of the Project includes facilities such as Gateway Canal and Tunnel, the Weber and Davis aqueducts, Ogden Valley Canal and Diversion Dam, Slaterville Diversion Dam, and Stoddard Diversion Dam as well as dozens of secondary reservoirs and many miles of canals, pipelines, and other laterals. Hydropower stations located at Causey Dam, Wanship Dam, and Gateway Canal generate power for District consumption and excess power sales.

In order to repay all of the original Project costs and operate and maintain (O&M) all Project facilities, the District entered into several contracts with the United States. Funding for repayment and O&M of the federal project and the development and O&M of other water sources and facilities is generated from water sales and the original ad valorem tax on properties within District boundaries that was approved by voters in 1952 and again in 1961.

**Financials.** The District's revenue sources include water sales, property taxes, impact fees, power sales, state and federal grants, and miscellaneous revenues with a combined budget of around \$35 million a year. The District's has a tiered rate system, meaning that customers pay for the cost of the capital required to develop water sources for their tier plus an O&M fee that is adjusted annually. The District currently has \$149 million in outstanding debt comprised of revenue, revenue refunding, and general obligation bonds. Including federal facilities that the District is responsible to maintain and replace, the District has an estimated \$3.6 billion in capital assets.

**Funds.** The District accounts are organized as one proprietary fund type, specifically as an enterprise fund. For internal accounting purposes, the District splits its proprietary fund into eight subfunds.

- Proprietary Fund
  - Government (Tax) Fund
  - Revenue Fund
    - District Operation & Maintenance Subfund
    - Capital Assets New Subfund
    - Capital Assets Repair & Replacement Subfund
    - Government Sinking Subfund
    - Rehabilitation & Betterment Subfund
    - Bond & Interest Subfund
    - Government Reserve Subfund

The District uses Sage software and in-house developed software that interfaces with Sage for its accounting applications.

The District's Audit report for fiscal year 2018 can be found in Attachment A.

## Scope of Work

A financial audit is requested for the fiscal year ending June 30, 2019. The audit shall be performed in accordance with generally accepted auditing standards, as set forth by the American Institute of Certified Public Accountants (AICPA); the standards set forth in the U.S. General Accounting Office's *Government Auditing Standards*; the provisions of the Single Audit Act of 1984 (as amended in 1996); and the provisions of *Title 2 U.S. Code of Federal Regulations, Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Audits* (Uniform Guidance). The audit must be completed, and the report issued prior to November 29, 2019. The auditor must deliver 15 hard copies and 1 electronic copy of the report to the District. The auditor must present the final audit to the Board of Trustees at the December 5, 2019 Board meeting.

The auditor shall provide an engagement letter at the beginning of each year's audit outlining the scope of work, auditor's responsibilities, expectations, an estimated fee amount that will not be exceeded and the name of the engagement partner.

The auditor shall examine the financial statements and records of the District and shall issue an independent auditor's opinion on the District's financial statements with an in-relation-to opinion combining and supplementary information, if any. Such financial statements shall be prepared in conformity with generally accepted accounting principles.

The auditor shall issue an independent auditor's report on the internal controls over financial reporting and on compliance and other matters based on an audit of the financial statements performed in accordance with *Government Auditing Standards*.

The auditor shall prepare and include a statement expressing positive assurance of compliance with State fiscal laws identified by the State Auditor and other financial issues related to the expenditure of funds received from Federal, State, or local governments.

If applicable, the auditor shall perform a single audit in accordance with the Single Audit Act; OMB Circular A-133 Audits of States, Local Governments, and Non-Profit Organizations and related OMB A-133 Compliance Supplement.

The auditor shall provide, in a timely matter, the information necessary for the District to complete its management discussion and analysis.

If any, the auditor shall include the written responses from the District for each recommendation included in the state compliance letter and the management letter required by the *State of Utah Legal Compliance Audit Guide*.

## Contents of Proposal

The District requires all proposals to be submitted in **two clearly marked, separately sealed envelopes**. The first document shall be submitted in an envelope clearly marked "Proposal for Audit Services" and will include responder information and requested qualification criteria as outlined in items B and C below and shall be no more than ten (10) 8 ½ x 11-inch pages in length. Resumes of key team members may be attached to the proposal and will not count toward the page limit specified. Copies of the firm's standard agreement will not count toward the page limit. The second document shall be submitted in an envelope clearly marked "Cost Information for Audit Services Proposal" and will be the Cost Proposal, described in item D below, and shall be no more than two (2) 8 ½ x 11-inch pages in length. The font size shall not be smaller than size 11 on both documents.

Proposals shall be submitted following these guidelines:

### A. Submission Time, Place and Manner

5 printed copies and an electronic copy in PDF format (sent via email or submitted on a thumb drive in the sealed document) of the Proposal Documents and Cost Proposal, must be received on or before Thursday, March 21, 2019 @ 2:30 PM (MDT). Documents may be hand submitted or mailed/emailed to the following address:

Brittney Bateman  
Weber Basin Water Conservancy District  
2837 E Hwy 193  
Layton, UT 84040  
bbateman@weberbasin.com

Late Submission: Proposals received after Thursday, March 21, 2019 @ 2:30 PM (MDT) will not be considered. Any mailed proposal received after that date and time will not be considered, irrespective of the date of mailing or any other factor.

## B. Responder Information

The first page of the proposal should include:

Title: "Proposal to Provide Audit Services"  
Responder information: Firm Name / RFP Contact Person  
Address  
Telephone  
E-mail

## C. Response Criteria

The proposal should address the following:

### 1. Qualifications and ability to provide audit services:

Qualifications and expertise:

- Provide a brief description of your firm including ownership, volume of business, number of employees, and number of years in business. Also include whether the firm is local, regional, national, or international in operations.
- A statement on the firm's staff capability to audit computerized systems.
- Explain how your firm meets the District's requirement for a firm with the following auditing experience and certifications:
  - GASB reporting
  - Project accounting
  - Utah State compliance
  - Single audit
- Describe your firm's strengths in the marketplace.
- What distinguishes your firm and the services you offer from other firms, in relation to the criteria listed above?

Audit team:

- What is your firm's target size client, and how will the addition of the District affect your staffing requirements?
- Describe the team that would service the District relationship, specifying the individual who will be the lead partner.
- Describe the expertise, experience, and education of each team member.
- Describe how the team will meet the deadline to have all audit reports completed by the final calendar year Board meeting. Include timing of when audit field work will begin and finish.

### 2. Work plan:

Submit a general audit work plan of your assessment of the work to be performed, your firm's ability and approach, and the resources necessary to fulfill the requirements. The plan should detail the expected number of audit hours by staff level (**do not include any pricing**). Include discussion of the following, and any other role of the auditor:

- Describe work performed for water conservancy districts, government entities, or other local or special districts.
- Experience dealing with clients that have Uniform Guidance requirements.
- Industry experience, specialized training or any other qualities that may be pertinent to this engagement.
- Ability to assist the District with areas of potential risk in internal controls, compliance with laws and regulations or client responsibilities.

3. Past performance:

- List references (including a contact person and that person's contact information and title) of 3 public sector entities for which audit services have been provided, and who can render an opinion regarding the ability of the responder to provide those service.
- If possible, provide references from past performance with similar water conservancy districts, government entities, other similar local or special service districts. If applicable, include your firm's local auditing experience similar to the type of audit in this request.

4. Standard Agreement:

Provide a standard contract, including terms and conditions, which your firm uses for audit service agreements. To be in accordance with District policies, the agreement must allow for the District to cancel the contract at any time.

5. Conflicts of interest:

Indicate whether there are any potential conflicts of interest that would affect the ability of your firm to fairly represent the District. For each potential conflict of interest state:

- The names of the individuals and entities involved;
- The nature of the conflict, and
- The steps that responder will take to mitigate the impact of the conflict

**D. Cost Proposal (Separate Document)**

In a separate document entitled "Cost Proposal", include all information on cost for audit services and any related items for which the responder may charge. A proposal may be deemed to be nonresponsive if any cost information is included in any portion of the proposal response other than in the "Cost Proposal" document. Please include the following:

1. Cost of audit services for the District for fiscal year 2019 with estimates for an additional four fiscal years. List cost separately for each year for a total of five years.
2. Estimated number of billable hours and their billing rates.
3. List other anticipated costs that will require reimbursement, either on an actual cost basis or any other basis, if any. List cost separately for each year for a total of five years.
4. Any other information relevant to cost

## Minimum Qualifications

For responsive proposals to be considered, at a minimum, the lead auditor must be a certified public accountant and be experienced or certified in GASB reporting, Utah State compliance, and Single audits.

## Evaluation

An evaluation and selection committee will meet to consider all responsive proposals submitted and rank the proposals based on the criteria stated below. If a responder is eliminated during the evaluation process, the firm will be notified in writing.

Evaluation categories are assigned a maximum number of points for evaluation purposes, with a maximum cumulative total of 100 points. Cost proposals will be retained by the District and will be evaluated only after the basic proposals have been evaluated and ranked. The proposals will be evaluated based on the following factors:

	Criteria	Score (0 - 5) *	Weight	Maximum Points
1	Demonstrated qualifications and ability to provide audit services:			
	Qualifications and expertise	5	x 3	15
	Audit team	5	x 4	20
2	Responsiveness of work plan			
	Clearly written proposal which indicates an understanding of the key issues, clearly defines deliverables, and the responder's ability to meet the demands of audit services, as they arise.	5	x 6	30
3	Past Performance			
	Demonstrated experience (i.e. proven track record). Positive references indicating successful past performance for districts or other similar local or special service districts.	5	x 4	20
4	Cost Proposal - based on formula below.	5	x 3	15
Total Maximum Score Available				100

The proposal with the lowest cost will receive the maximum points available. All other proposals will receive points determined by the ratio for the lowest proposal's cost to each other proposal's cost with the points being rounded down to the nearest whole number. The ratio is calculated as follows: the maximum points available for the cost category, multiplied by lowest proposed price/proposal price.

## Contract

A contract will be awarded (pending successful contract negotiations) to the responder whose proposal is the most advantageous to the District, taking into consideration price and other evaluation factors described in this RFP.

In accordance with Utah Procurement Code, the District reserves the right to award the contract to a technically qualified lower-cost responder that scored lower than the highest scoring responder if, based on a cost benefit analysis required by the Utah Procurement Code, the highest scoring responder will not provide the best value offered to the District.

In accordance with District policies, the contract awarded may be renewed each year for a total contract award of five (5) years, subject to frequent reviews by the District, and terminable at any time by the District.

## Best and Final Offers

In accordance with Utah Code Ann. § 63G-6a-707.5, the evaluation committee may request best and final offers from responsible offerors who have submitted responsive proposals that meet the minimum qualifications, evaluation criteria, or applicable score thresholds identified in this RFP, if:

1. no single proposal addresses all the specifications stated in the request for proposals;
2. all or a significant number of the proposals are ambiguous on a material point and the evaluation committee requires further clarification in order to conduct a fair evaluation of proposals;
3. the evaluation committee needs additional information from all offerors to complete the evaluation of proposals;
4. the differences between proposals in one or more material aspects are too slight to allow the evaluation committee to distinguish between proposals;
5. all cost proposals are too high or over budget; or
6. another reason exists supporting a request for best and final offers, as provided in established rules.

Best and final offers will then be evaluated and scored by the evaluation committee in accordance with the evaluation criteria and procedures stated in this RFP.