



MEMO

To: NCRA Board of Directors
From: Executive Director Mitch Stogner
Date: June 9, 2010
Subject: **Agenda Item E.3 – Discussion and Possible Action Regarding Amendment #2 to Agreement for Accounting Services**

At the February 2010 meeting of the Finance Committee, staff was asked to review ways to minimize expenses and increase revenue. In response to this request, we began working with the Sonoma County Auditor Controller's Office in an attempt to reduce expenses associated with NCRA's contract with Sonoma County for the provision of accounting services.

Accordingly, please see the attached draft Amendment # 2 with Sonoma County Auditor Controller's Office. This amendment would reduce the annual expense associated with the Sonoma County contract from \$39,000 to \$26,004 for fiscal year 2010-11, a reduction of 33%.

Staff Recommendation: Approve Amendment # 2 - Agreement for Accounting Services.

Amendment #2 to
Agreement for Accounting Services

This contract amendment for accounting services is between the North Coast Railroad Authority (NCRA) and the Sonoma County Auditor-Controller-Treasurer-Tax Collector's (ACTTC) Office.

WHEREAS the original agreement for accounting services, made and entered into the 26th day of February 2002 will effectively terminate the 30th day of June 2005; and

WHEREAS the original agreement was amended the 14th day of June 2005 to include a provision for automatic renewal or extension; and

WHEREAS NCRA has stated the intent to continue utilizing the accounting services provided by the Auditor; and

WHEREAS Auditor has agreed to offer continued accounting support at a reduced level.

THEREFORE, It is mutually agreed as follows:

For and in consideration of the covenants and conditions to be kept and performed as set forth in the original agreement, NCRA and ACTTC agree:

- 1) The ACTTC's office will continue to provide accounting and payroll services to the North Coast Railroad Authority.
- 2) The scope of accounting and payroll services to be provided by the ACTTC to NCRA is identified in Attachment A to this amendment.
- 3) This agreement for services will remain valid, and be renewed automatically on an annual basis, unless the intent to terminate the agreement is expressed by either party.
- 4) Either party may cancel this agreement for services by giving written notice of intent to cancel at least 60 days prior to the intended termination date.
- 5) The charges for services to NCRA will continue to be on a cost reimbursement basis, with an annually determined "not to exceed amount".
- 6) Fiscal Services Accounting Support Charges will be automatically billed via a journal voucher on a bi-weekly basis.
- 7) Payroll Support Charges will be automatically billed via a journal voucher for the entire annual amount during the month of June of each fiscal year.

- 8) The annual "not to exceed" charges will be determined, and agreed upon by both parties, during the annual budget process

BE IT FURTHER AGREED that the North Coast Railroad Authority and the Sonoma County Auditor-Controller intend this writing to be the final expression of terms between the parties and no modification of this agreement shall be effective unless and until such modification is evidenced by a writing signed by both parties.

BE IT FURTHER AGREED that this agreement will be reviewed as is deemed necessary.

IN WITNESS WHEREOF the parties hereto have caused this agreement to be executed by their respective officers, duly authorized:

APPROVED:
North Coast Railroad Authority

Mitch Stogner, Executive Director

Date

APPROVED:
Sonoma County Auditor-Controller-Treasurer-Tax Collector's Office

Rod Dole
Auditor-Controller-Treasurer-Tax Collector

Date

- 1) Process Invoices for Payment
- 2) Process deposit authorizations into FAMIS
- 3) Process bi-weekly payroll including quarterly and annual reporting
- 4) CalPERS reporting and payment submission
- 5) Assist NCRA with reports for the annual budget process
- 6) Provide information as necessary for external Auditors
- 7) Insure accurate input of accounting transactions in FAMIS
- 8) Provide NCRA with copies of cancelled checks upon request

Fiscal Year 2010/11 Contracted Service Delivery "Not to Exceed" Amount

Fiscal Services – Accounting Support (1)	\$13,304.00
Payroll Services (2)	2,700.00
Accounting Service Charges (3)	<u>10,000.00</u>
Contracted “not to exceed” amount for FY 2010/11	\$26,004.00

- (1) Fiscal Services - Accounting Support represents all accounting related support provided by the assigned Fiscal Division Accountant and support staff.
- (2) Payroll Services represents generation of bi-weekly paychecks, CalPERS reporting and payment, annual W-2s, and all other payroll related items.
- (3) Accounting Service Charges (ASC) represent costs of utilization of County systems and processes. Items include maintenance & operational costs for FAMIS, generation of 1099s, labor and any other costs from the Accounting Division for processing of documents (JVs, claims, deposits, budgets, etc.).

The actual General Accounting Service Charges (ASC) cost amount is estimated to be \$11,040 for FY 10/11 calculated upon # of documents processed. This amount is based upon the current 50% recovery rate, which is currently on the table to be increased to 70% with the 10/11 budget request. If this increase is adopted the estimated ASC for 10/11 would be \$15,456. Since execution of original agreement for services in 2002, NCRA has paid a static ASC amount of \$6,000 annually. In conjunction with the review of the current service delivery level, and associated costs, the ASC component requires addressing. This “not to exceed” amount includes an increase of \$4,000 in the ASC component to \$10,000 for FY 10/11. Each year thereafter the ASC is to be increased \$1,000 until reaching \$15,000, where they will be capped for a period of 2 years. After the 2 year cap period, the annual determination of the ASC amounts will be re-opened for discussion.