

**STATE OF ARIZONA
OFFICE OF THE AUDITOR GENERAL**

REQUEST FOR PROPOSALS FROM QUALIFIED FIRMS

A. PROJECT DESCRIPTION

The Office of the Auditor General for the State of Arizona is requesting proposals from qualified firms (see Section D.) to conduct a performance audit and financial analysis of the Rio Nuevo Multipurpose Facilities District in Tucson, Arizona. This audit must be completed no later than September 30, 2016. The audit's scope includes (1) an evaluation of compliance with Arizona Revised Statutes and the District's intergovernmental agreement with the City of Tucson; (2) an evaluation of the District's policies and procedures for prioritizing and managing construction and financing activities; (3) an evaluation of the District's solvency; (4) an evaluation of the District's capital and operating costs; and (5) an evaluation of the District's multipurpose facility, the Tucson Convention Center, including whether the facility exceeds, meets, or fails to meet nationally recognized design and performance standards.

B. BACKGROUND

The Rio Nuevo Multipurpose Facilities District was created in 1999, pursuant to A.R.S. §48-4202 (B), to develop multipurpose facilities in the downtown Tucson area. Voters approved Proposition 400, which allowed the District to receive a portion of future state sales tax dollars generated within the Rio Nuevo District Site and required that these tax revenues be used to pay the costs of the District's multipurpose facility, the Tucson Convention Center, or to pay the costs for land, infrastructure, or other improvements that are directly related to the Tucson Convention Center or Rio Nuevo District Site. The District's board of directors consists of five members appointed by the Governor, two members appointed by the President of the Senate, and two members appointed by the Speaker of the House of Representatives.

A.R.S. §48-4231.01 requires the Office of the Auditor General to contract with an independent auditor to conduct a performance audit, including a financial audit of the District.

C. WORK STATEMENT

The Statement of Work is intended as a listing of minimum tasks required of the firm. The following tasks must be performed.

1. After receiving formal "Notice to Proceed" from the Office of the Auditor General (Office), make all necessary off-site preparations sufficient for the firm to execute the project with minimal support from the Office.

2. Address the following issues related to compliance:
 - a. Evaluate the District's compliance with significant statutory provisions including A.R.S. §48-4204 subsection B, which prescribes allowable expenditures of district revenues.
 - b. Evaluate the intergovernmental agreement between the District and the City of Tucson and ensure that the agreement is consistent with state statutes and that both parties have complied with the significant provisions of the agreement.
3. Address the following issues related to the District's policies and procedures:
 - a. Evaluate the policies and procedures that have been in place for prioritizing and managing construction projects and financing activities.
 - b. Evaluate the district board of directors' role in prioritizing and managing construction projects and financing activities.
 - c. Make recommendations that will help the District manage its resources more effectively and efficiently.
4. Evaluate the District's solvency, including its ability to pay operating costs, meet its debt obligations, and complete projects that are currently under construction.
5. Address the following issues related to capital and operating costs:
 - a. Evaluate whether the District's construction projects have been successful in supporting and achieving the District's purposes, including an analysis of infrastructure projects.
 - b. Evaluate the District's plans for using unexpended bond proceeds and determine whether these plans provide for the most effective use of the remaining proceeds.
 - c. Evaluate whether the 2015-2016 district expenditures, as reported below in 6(e), were successful in supporting and achieving the District's purposes.
6. Provide schedules that show:
 - a. The District's capital costs as of June 30, 2016, including debt service, of the Tucson Convention Center and other district assets.
 - b. The level of the District's indebtedness, the amount of principal, interest, and other debt service expenses paid in fiscal year 2015-2016, and the remaining term to maturity with respect to each.

- c. The District's projects that are currently under construction and that are included in the District's plans for capital improvements and investments. This schedule should include costs-to-date and estimated costs-to-complete as of June 30, 2016.
 - d. A description of and the amount of municipal payments, pursuant to A.R.S. § 42-5031, subsection D during the fiscal year 2015-2016, the cumulative amount of those payments through the end of fiscal year 2015-2016, and the municipal payments that will be required by the City of Tucson in the future, if any, based on the District's costs as of June 30, 2016. These municipal payments represent the matching required by the City of Tucson.
 - e. Fiscal year 2015-2016 district expenditures that include the level of expenses for administration, planning, travel, and entertainment.
7. The Tucson Convention Center is the District's multipurpose facility, which was purchased from the City of Tucson. The City of Tucson leases the facility from the District and is responsible for operating the facility. The District is currently making improvements to the facility.

Address the following issues related to the Tucson Convention Center:

- a. Evaluate the financing and lease of the Tucson Convention Center. Also evaluate construction and operation and maintenance of each component of the Tucson Convention Center, including whether the facility exceeds, meets, or fails to meet nationally recognized standards.
- b. Provide schedules that show:
 - i) Fiscal year 2015-2016 district revenues derived from each component of the Tucson Convention Center and other district revenues by source.
 - ii) The public use of each component of the Tucson Convention Center and any other district multipurpose facilities.
 - iii) Fiscal year 2015-2016 operation and maintenance costs of the Tucson Convention Center and other district assets.

D. QUALIFICATIONS AND INDEPENDENCE

The firm must have national status with expertise in evaluating public construction, ownership, and management of capital improvements that include hospitality, convention, and sports venue facilities. Also, the firm must have no conflict of interest with regard to any other work performed for the State of Arizona, City of Tucson, or the Rio Nuevo Multipurpose Facility District. The Auditor General is the sole authority in determining whether any conflicts of interest exist.

E. REPORTING

1. The following reports will be required as a part of this audit:
 - a. An initial draft report of the firm's findings and conclusions, to be submitted to the Auditor General on or before August 5, 2016. The draft report should include the information and evidence supporting the firm's findings, conclusions, and recommendations and should address the issues identified in the Statement of Work in this Request for Proposal.
 - b. A revised draft report to be submitted to the Auditor General on or before August 31, 2016. The revised draft report should incorporate any comments, suggestions, or recommendations made by the Office of the Auditor General that resulted from review of the firm's initial draft report.
 - c. The final report of the firm's findings, conclusions, and recommendations to be submitted to the Auditor General on or before September 30, 2016. The firm shall deliver one unbound and 10 bound copies of the final report. This final report shall incorporate a transmittal letter from the Office of the Auditor General. In addition, the firm shall provide an electronic copy of the final report, including any graphics and appendices (on CD or by e-mail). The electronic version of the final report shall be in PDF format and must not be password protected. Further, links and bookmarks set up for each page of the table of contents within the PDF files would be helpful.

The final report shall be responsive to any comments, suggestions, or recommendations made by the Office of the Auditor General that resulted from review of the firm's revised draft report.
 - d. The Office of the Auditor General requires periodic briefings during the course of the project and will require monthly written progress reports for the purposes of monitoring the status, progress, and direction of the firm's work and the substantive issues under review. Representatives from the Rio Nuevo Multipurpose Facilities District will be invited to attend these periodic briefings, as needed.
2. Audit documentation of the selected firm shall be retained for 5 years from the date of the final audit report and should be available at a location specified by the Auditor General, free of charge, for examination by authorized representatives of the Auditor General. If the firm does not desire to retain the documentation for such period, the firm shall give the documentation to the Auditor General for safekeeping.

F. TERM OF AGREEMENT

The term of this Agreement shall provide for a performance audit and financial analysis of the Rio Nuevo Multipurpose Facilities District for the fiscal year ending June 30, 2016, which is due on or before September 30, 2016, and shall continue for the purpose of retaining audit documentation.

G. EXIT CONFERENCE AND HEARING

Prior to completion of the firm's final report, the firm shall be available to participate in one exit conference, approximately 3 hours in length, with responsible officials of the Rio Nuevo Multipurpose Facility District. The exit conference is to discuss the draft report and identify any errors included in the report. Auditor General staff shall participate in the exit conference. The firm should be available to testify at a hearing conducted by the Arizona State Legislature.

H. PROPOSAL DELIVERY

1. Sealed proposals will be received until 5:00 p.m., Mountain Standard Time, on October 30, 2015, at the following location:

Office of the Auditor General
State of Arizona
2910 North 44th Street, Suite 410
Phoenix, Arizona 85018

Timely receipt of proposals will be determined by the date and time the proposal is received at the address specified. No proposals will be accepted after the time indicated. Proposals received after the deadline will be stamped for time and date, and returned unopened.

All material submitted in accordance with this solicitation becomes the property of the State of Arizona and will not be returned.

2. Five copies of the proposal are required. They should be packaged in such a manner that **the outer wrapping clearly indicates** the following information:

PROPOSAL FOR RIO NUEVO
PROPOSAL DEADLINE: October 30, 2015

3. Any questions relating to the Request for Proposals should be directed to Jay Zsorey at jzsorey@azauditor.gov. E-mail inquiries will be acknowledged and responses will be posted on the Auditor General's Web site (www.azauditor.gov) within a reasonable amount of time. E-mail inquiries will be accepted only until October 16, 2015. No responses will be provided for inquiries received after that date.
4. Information provided in the proposal, including cost, will be held confidential and will not be disclosed to competitors prior to selection of the contractor. However, proposals may be disclosed following selection of the contractor.

I. PROPOSAL CONTENT

1. The technical portion of the proposal should not exceed 20 pages and shall include as a minimum:
 - a. A brief statement of the firm's understanding of the work to be done.
 - b. A work plan detailing the approach the firm intends to follow.
 - c. A plan for organizing and staffing the project with an estimate of time each project staff member will devote to the project.
2. The cost portion of the proposal should include as a minimum:
 - a. Costs of personal services broken down by hourly direct salaries and estimated hours to be spent on each area of the project, including the exit conference.
 - b. Other direct costs such as travel, lodging, meals, report production, etc.
 - c. Overhead costs, if any.
 - d. Total cost.
 - e. The hourly cost for attending and testifying at a legislative hearing (to be billed after such hearing, if any).
3. Other items to be included in the proposal are:
 - a. A description of the firm's expertise in evaluating public construction, ownership, and management of capital improvements that include hospitality, convention and sports venue facilities, and events held at convention facilities.
 - b. A description of prior experience with projects or studies of a similar nature, including references. Firms must include at least three references. Please include the following information for each client reference:
 - Name of the organization
 - Dates of service
 - List of services provided
 - Responsible official or contact person
 - Address, telephone and fax numbers, e-mail address
 - c. Identification of personnel who will be conducting the work, including the project manager, a resume for each, the role each individual will perform, and the person-hours to be spent by each individual on the tasks identified in this work plan. Personnel may not be substituted without written permission of the Auditor General.

- d. Identification of any proposed subcontractors to be used for the project, a description of the subcontractor's experience, and resumes for each of the subcontractor's personnel.
- e. Description of any past, current, or planned work with the Rio Nuevo Multipurpose Facilities District or the City of Tucson.
- f. Prior to commencement of the work described herein, the firm shall furnish certificates showing insurance in force as follows:
 - Public Liability and Property Damage insurance in an amount not less than one million dollars (\$1,000,000).
 - Professional Liability insurance in an amount not less than one million dollars (\$1,000,000).
 - Valuable Papers insurance in an amount sufficient to assure the restoration of any working papers, documents, memoranda, reports, or other similar data relating to the work or reports of the firm used in the completion of this contract.

Excepting the Professional Liability coverage, insurance certificates shall name the State of Arizona AUDITOR GENERAL as an additional insured.

The proposal shall be signed by a representative or officer authorized to bind the firm. Individuals authorized to negotiate a contract for and on behalf of the firm should be identified by name, title, address, and telephone number.

J. PROPOSAL EVALUATION AND SELECTION

1. Proposals will be evaluated by a selection committee. During the evaluation process we may be contacting you to answer questions by telephone. As part of the final selection process, the Auditor General reserves the right to
 - a. contact a reasonable number of references from among those provided by the firms as requested in the Proposal Content, and
 - b. request oral presentations or discussions with the firms.
2. The Office of the Auditor General shall select the proposal judged most likely to meet the needs and objectives of the project. Emphasis will be placed on:
 - a. Responsiveness to the objectives and issues described in the Request for Proposals.
 - b. Firm's related past experience and reputation.
 - c. Qualifications of staff assigned to the project.

- d. Proposed work plan.
 - e. Project hourly and total costs.
3. A recommendation for contract award will be made to the Auditor General; her decision will be final. An award will be made to the responsible firm whose proposal is determined to be the most advantageous to the State.
 4. A successful bidder will be notified by telephone with a confirmation letter and contract to follow. A sample contract is included herein.
 5. The Auditor General reserves the right to:
 - a. Cancel this solicitation,
 - b. Reject any and all proposals,
 - c. Select for contract negotiation the firm's proposal that, in the Auditor General's judgment, best meets the Office's needs, regardless of any differences in estimated project costs between the firm and all others.
 - d. Negotiate a contract that covers selected parts of this proposal.

TIME FRAME FOR PROPOSAL PROCESS
AND SUBMISSION OF REPORTS

The following dates will apply unless waived in writing by the Auditor General.

Event	Date
Deadline for Submission of Proposals	October 30, 2015
Work May Begin	January 11, 2016
Deadline for Submission of Preliminary Draft	August 5, 2016
Deadline for Draft Exit Conference	August 31, 2016
Deadline for Submission of Final Report	September 30, 2016