



One Water and Adaptation Committee

Authorize Increase in the Richardson Contract Maximum Amount Payable & Extend Term

Item 8-1

March 10, 2025

Item 8-1
Authorize
on contract
with
Richardson
& Company

Subject

To increase the maximum amount payable under the contract with Richardson & Company, LLP for auditing services related to State Water Project charges from \$5.1 million to an amount not to exceed \$8.9 million and extend the term by three years to March 31, 2028

Purpose

Request authorization to increase the maximum amount payable and extend the Richardson contract term for the State Water Project auditing services

Recommendation

Authorize an amount payable of \$3.8 million for a three-year contract extension with Richardson

Fiscal and Budget Impact

Cost of up to \$3,775,000 over a three -year period. These annual expenditures have been included in the approved budgets for FY 2024/25 and FY 2025/26

Background
Richardson
& Company
LLP



Richardson Contract Audits the Accuracy of our State Water Project Charges

- Audits annual charges for over 30 years
 - Specialized contractual audit
 - Summary and detailed audit reports
 - Substantial cost savings over time
 - Provides expert technical support
- Current five-year contract ends March 31, 2025

Alternatives Considered

New Request for Proposal

- 2009, 2012, and 2019: Richardson was the final respondent
- New RFP: 4-6 months
- Steep learning curve

MWD General Auditor

- 6 to 8 full-time staff for ~ 7-9 months
- Steep learning curve

Extend Existing Contract

- Selected through the 2019 RFP process
- Industry experience
- Cost effective

Proposed Extension and Amount

- Three-year contract extension
 - April 1, 2025 to March 31, 2028
 - Increase of approximately \$3.8 million
 - Cost includes inflationary rate increase
- Additional scope:
 - Resolution of Water System Revenue Bond Surcharge claim
 - Settlement of other claims



THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA

FIRST AMENDMENT TO AGREEMENT NO. 195314

REVIEW OF THE ANNUAL STATE WATER PROJECT WATER SUPPLY CONTRACT CHARGES

This amendment to Agreement No. 195314, hereinafter referred to as First Amendment, is between THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA, a public agency of the State of California, organized and existing under the Metropolitan Water District Act of the State of California, hereinafter referred to as Metropolitan, and RICHARDSON AND COMPANY LLP, hereinafter referred to as Consultant.

Summary



- Request amending existing contract to increase the maximum amount payable and extend the agreement for three years
- Richardson is highly experienced, cost-effective, and an acknowledged industry expert
- The General Auditor concurs with the extension

Board Options

Option #1:

Authorize an increase in the maximum amount payable under a contract with Richardson & Company LLP for auditing services related to the State Water Project charges from \$5,125,000 to an amount not to exceed \$8,900,000 and extend the term by three years to March 31, 2028.

Board Options

Option #2:

Do not authorize the contract increase with Richardson & Company LLP and instead direct staff to issue a Request for Proposals (RFP) for State Water Project charges audit services and return to the Board for authorization.

Board Options

Staff Recommendation Option #1

