



NORFOLK AIRPORT AUTHORITY

PART I

**REQUEST FOR PROPOSALS
INDEPENDENT AUDITING SERVICES**

March 28, 2019

1.0 Introduction

The Norfolk Airport Authority (the “Authority”) is seeking proposals from qualified independent accounting firms (“Firms” or “Respondents”) licensed in the Commonwealth of Virginia to provide independent auditing services (“Service”).

2.0 Background

2.1 The Authority

The Authority was established on July 1, 1948 as a political subdivision of the Commonwealth of Virginia pursuant to Chapter 463 of the 1948 Acts of the General Assembly. The Authority is governed by a Board of Commissioners of at least seven but not more than nine members appointed for four-year terms by the City Council of the City of Norfolk (the “City”). The Authority is managed by a staff headed by the Executive Director who is appointed by the Board of Commissioners and serves at the pleasure of the Board of Commissioners. The Authority owns and operates the Norfolk International Airport (the “Airport”).

The Airport provides air transportation services for the Hampton Roads region and northeastern North Carolina. Hampton Roads includes the cities of Norfolk, Chesapeake, Virginia Beach, Portsmouth, Suffolk, Hampton and Newport News, such region comprising the second-largest metropolitan area in Virginia and the 37th largest metropolitan area in the United States.

The Authority has no taxing power and its operations and debt service are financed from current and retained earnings. The Authority pays no taxes and files no tax returns (other than payroll returns). The Authority utilizes Airport Revenue Bonds from time to time to finance larger capital improvement projects. The Authority participates in and receives grant funds from the Federal Aviation Administration and the Virginia Department of Aviation. The Authority is currently authorized to collect a Passenger Facility Charge (PFC). The Authority operates on a fiscal year ending June 30.

In the Fiscal Year ended June 30, 2018, the Airport served approximately 3.484 million passengers, an increase of approximately 6.74% over Fiscal Year 2017. The Airport is served by six airlines, offering non-stop service to 30 airports. The Airport is approximately six miles from downtown Norfolk and occupies approximately 1,300 acres of land in Norfolk and Virginia Beach.

Financial statements for the Authority are available at <http://www.norfolkairport.com/> under Annual Report.

2.2 Scope of Auditing Service

The scope of required Service includes financial and compliance examinations along with issuance of appropriate audit reports for the following:

- An examination of the Authority’s basic financial statements, conducted in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the

Comptroller General of the United States. The auditor's report for each fiscal period must be completed and presented to the Authority within 120 days after the end of the fiscal period in both hardcopy and electronic PDF form.

- A Single Audit of Federal funding sources conducted in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). The entitlements and grants received by the Authority for fiscal year 2018 are included in the basic financial statements. The programs and amounts may vary from year to year, however, the overall volume and scope is not expected to change significantly.
- Report on compliance with requirements applicable to the Passenger Facility Charge Program in compliance with the *Passenger Facility Charge Audit Guide for Public Agencies*, issued by the Federal Aviation Administration
- An examination of the Authority's elements of census data reported to the Virginia Retirement System (VRS), conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants.
- A negative assurance certificate regarding Events of Default (as necessary) for debt obligations so long as compliance is required.
- Respondent's working papers shall be retained for no less than five (5) years. In the final year audit services are provided, working papers will be made available to the successor auditor in accordance with the industry's customary practice.

3.0 Proposals

3.1 Interpretation or Clarification of this RFP

It is the Respondent's responsibility to inquire about and clarify the requirements of this RFP that are not understood. NO ORAL INTERPRETATION OR CLARIFICATION OF THIS RFP WILL BE MADE TO ANY RESPONDENT. If discrepancies or omissions are found by any Respondent, or there is doubt as to the meaning of any part of the RFP, a written request for a clarification or interpretation must be submitted by email to **Jarred Roenker**, *Director of Finance*, Email: jroenker@norfolkairport.com.

It is the responsibility of the Respondent to verify that the Authority timely receives the request. All interpretations and any supplemental instructions and information will be in the form of a written addendum or clarification via e-mail. The Authority will make a diligent attempt to review and respond to written requests as quickly as possible after they are received. To be given consideration, final requests for clarification must be received by 3:00 p.m. in the Norfolk, Virginia time zone on April 12, 2019. No addendum will be distributed less than 72 hours prior to the deadline for submitting proposals.

Except for the requests for clarification or interpretation described above, Respondents and any consultants or lobbyists retained by Respondents, whether paid or not, are expressly prohibited from any contact with the Authority and its Commissioners relating to this selection process. Violations of this policy may disqualify Respondent from consideration in the selection process.

Respondents intending to respond to this RFP are encouraged to send an email to Jarred Roenker at jroenker@norfolkairport.com confirming the intent to submit a proposal and providing the contact information for the person preparing the proposal in order to assure that the Authority sends any additional information to the correct person and address within the organization.

3.2 Submission of Proposals

Six printed copies of proposals and a PDF copy via email must be submitted to the Authority by 3:00 p.m. in the Norfolk, Virginia time zone on April 26, 2019 (the “Due Date”) to the following person and address:

Jarred Roenker
Director of Finance
Norfolk Airport Authority
2200 Norview Avenue
Norfolk, Virginia 23518
Email: jroenker@norfolkairport.com

All written proposals shall be in sealed packages, labeled as follows:

SEALED PROPOSAL
Independent Auditing Services
Attention: Jarred Roenker

All costs associated with preparing and delivering a proposal must be borne by the Respondent. The Authority will not compensate Respondents for any expenses incurred as a result of this RFP process.

Proposals will be given a time/date receipt by the Authority’s staff. The Authority’s offices are open from 8:30 a.m. until 5:00 p.m. Monday through Friday, excluding major holidays.

LATE PROPOSALS WILL NOT BE CONSIDERED. The delivery of the proposal to the Authority prior to the Due Date is solely and strictly the responsibility of the Respondent. Proposals must be delivered to the physical location listed above. The Authority will in no way be responsible for delays caused by delivery services or for delays caused by any other occurrence. If you have any questions concerning the delivery of a proposal, contact Sheri Watts at swatts@norfolkairport.com.

3.3 Proposal Requirements

Proposals must contain a total firm price (inclusive of out-of-pocket expenses) for each audit to cover the five annual fiscal periods ending June 30, 2019 through June 30, 2023, with Authority options for three one-year terms thereafter. Proposals must contain a summary of the Respondent’s qualifications. Among other things, the summary should include the number of audit employees in the local office and a description of the range of services provided. The summary should also

include relevant experience of the firm both nationally and locally and specifically identify prior experience at airports.

Proposals must identify the local partner, manager and senior staff to be initially assigned to the audit and a description of their education, relevant experience and office location.

Proposals must be valid for a period of ninety (90) days following their opening.

To be considered, Respondent must submit a complete response to this RFP. Proposals shall be prepared simply and economically, providing a straightforward, concise description of the firm's capabilities to satisfy the requirements of the RFP. Emphasis should be on completeness and clarity of content. Elaborate brochures and other representations beyond that sufficient to present a complete and effective proposal are neither required nor desired.

All pages are to be 8 ½ x 11" and printed on one side, with single-spaced type no smaller than 11 point font. Proposal contents shall be arranged in the same order and identified with section numbers as presented herein. Proposals should not exceed 25 pages, excluding exhibits and forms.

The Authority reserves the right to waive any irregularities and technical defects and reserves the right to modify, amend or waive any provision of this RFP prior to the issuance of a contract for these services.

3.4 Proprietary Information

Ownership of all data, materials and documentation originated and prepared for the Authority pursuant to the RFP shall belong exclusively to the Authority and be subject to public inspection in accordance with the Virginia Freedom of Information Act (FOIA). Trade secrets or proprietary information submitted by a Respondent shall not be subject to public disclosure under FOIA; however, the Respondent must, in writing, specifically identify the data or materials to be protected and state the reasons why protection is necessary. The proprietary or trade secret material submitted must be identified by some distinct method such as highlighting or underlining and must indicate only the specific words, figures, or paragraphs that constitute trade secret or proprietary information. The classification of an entire proposal document, line item prices and/or total proposal prices as proprietary or trade secrets is not acceptable and will result in rejection of the proposal.

3.5 Oral Presentation

Respondents who submit proposals in response to this RFP may be required to give an oral presentation of their proposal. This provides an opportunity for the Respondent to clarify or elaborate on the proposal. The Authority will schedule the time and location in the event such presentations are requested, however, oral presentations are only an option that may or may not be used.

3.6 Specific Proposal Requirements

The Proposal must be submitted with a Transmittal Letter in the form attached as Section II and the Proposal Form attached as Section III. The Transmittal Letter should summarize the key points of the Proposal, and include the contact information for Respondent’s lead representative. The Proposal shall include these items in the following order:

A. Qualifications of the Respondent

1. State the name of your firm, address, telephone and the name and title of the person who will serve as the key contact on behalf of Respondent with respect the Proposal.
2. Provide a brief introduction to your firm. Describe any relevant airport independent audit services Respondent has performed since January 1, 2016.
3. Confirm if your firm does or does not have any independence issues in relation to the services described in this RFP. Disclose any governmental investigations or litigation instituted by any governmental body against your firm. This includes but is not limited to: (i) pending investigations or completed investigations within the past five years by the SEC or any other regulatory body regarding the conduct of your firm or the firm’s management, (ii) any litigation between your firm and the Commonwealth of Virginia or any of its political subdivisions, including the Authority.
5. Using the format shown below, please provide Respondent’s experience as an independent auditor for at least three entities similar to the Authority and which report under GASB standards.

Entity	Years Served	Contact Name	Contact Phone	Contact Email

B. Qualifications of Individuals Assigned to the Engagement

Identify the individuals who will be the partner, manager and senior staff assigned to the initial year of this RFP along with any other technical specialist who will assist with the audits. Provide a brief description of the experience each of these named individuals has in providing services similar to the Service in this RFP.

As an appendix to the Proposal, include a one page résumé for each of the individuals identified.

C. Fees

Please present the firm fixed cost fees you propose to charge for the audits of each year individually. Fees should include all work under this RFP and include all expenses (all-in cost).

3.7 Evaluation and Selection

Proposals will be evaluated primarily based on the evaluation criteria stated below and such other factors as the Authority might deem appropriate. The general criteria (not listed in order of preference) to be used by the Authority in evaluating responses are:

1. Qualifications and experience of firm, including (a) past performance on similar undertakings, (b) experience with airport clients, (c) experience and strength of the proposed audit team, and (d) resources committed to the Authority
2. Total cost of the services, including all fees and expenses;
3. General quality of submission, including (a) an understanding of the Authority's requirements under this RFP, and (b) responsiveness to terms and conditions.

The Authority reserves the right to request additional information from any and all Respondent(s) to assist it in its evaluation and selection process. The Authority reserves the right to negotiate the terms and conditions of any contract with the selected Respondent.

Proposals will be reviewed by the Authority's staff, and others the Authority may deem qualified to review the proposals. Such review and evaluation will consider cost, financial and legal matters and the review will focus on a Respondent's ability to deliver the Service with a high degree of professional competence, at the least cost, on the most advantageous terms to the Authority on a basis that complies with applicable law. The Authority is not required to furnish a statement of the reason why a particular proposal was not deemed to be the most advantageous. The Authority specifically may choose other than the lowest cost proposal in order to provide the requisite services under terms and conditions which, in its sole judgment, are deemed to be in the best interest of the Authority.

Based on the written proposals received and the applicable evaluation criteria set forth above, two or more of the highest-ranking Respondents deemed fully qualified, responsible and suitable to provide the requested services may be selected for an interview. The Authority will notify Respondents of its decision to shortlist or interview. The Authority may schedule and proceed with formal interviews with the selected short list of Respondents. The Authority will not reimburse costs of oral presentation or any other costs of any Respondent.

Alternatively, based on the written proposals received and the applicable evaluation criteria set forth above, the Authority may determine to request best and final offers from a selected shortlist.

After completion of any interview process, the Authority shall re-evaluate the short-listed Respondents for the most responsive and responsible firm. The Authority reserves the right to request a best and final offer to determine the successful Respondent. At the conclusion of negotiations, the Respondent(s) may be asked to submit in writing, a best and final offer. The Authority's decision to award will be based on its final evaluation including any best and final offer.

Should the Authority determine that only one Respondent is fully qualified, or that one Respondent is clearly more highly qualified than the others under consideration, it may proceed to select that Respondent.

The Authority may cancel this RFP or reject proposals at any time prior to an award. The Authority reserves the right to reject any or all proposals and to waive any irregularity in any proposal or the process.

In the process of evaluation, the Authority may acquire and use, to the extent deemed necessary, information obtained from the Respondent, other information available in publications, including trade and financial journals or reports, and any other information as may be available to the Authority. The Authority reserves the right to consider, in its evaluation and selection process, information obtained from Respondent or as the Authority may obtain from its independent investigation of Respondent.

The selection of a proposal will be by written Notice of Intent to Award, specifically indicating a selected Respondent and signed by an authorized representative of the Authority. No other act of the Authority shall constitute the selection of a proposal. The selection of a proposal shall be deemed to constitute an agreement of the selected Respondent to execute a written agreement in the form and substance satisfactory to the Authority on the terms set forth in the proposal as may be modified by any negotiations. The selection of a proposal shall not be effective and binding upon the Authority until the written agreement in form and substance satisfactory to the Authority has been formally executed by both parties.

4.0 SCHEDULE

The table below contains the Authority’s overall anticipated schedule for this RFP and selection process (all times are Norfolk, VA local time):

<u>Item</u>	<u>Date</u>
Deadline for submitting questions related to RFP	April 12, 2019 at 3:00 p.m.
Responses to questions related to RFP to be distributed to Respondents	April 19, 2019
Deadline for submission of Proposal to the Authority	April 26, 2019 at 3:00 P.M.
Technical evaluation; identification of shortlisted Respondents based on terms of Proposal	May 3, 2019
Shortlist interviews, if necessary	May 14, 2019
Identification of recommended Proposal	May 17, 2019
Board approval of Proposal	May 23, 2019

5.0 ACCEPTANCE AND REJECTION

Any proposal submitted by a Respondent will be accepted or rejected within a period of ninety (90) days following the Due Date. The Authority reserves the right to waive any informality or irregularity in any proposal, to negotiate for the modification of any proposal(s), to accept the proposal that in the Authority’s sole judgment is deemed the most desirable and advantageous to the Authority, to reject any and all proposals, or to re-advertise for proposals, to such extent as the Authority, in its sole opinion, deems necessary or desirable. Any proposal that is incomplete, conditional, ambiguous, and obscure or contains additions or alterations not called for, or irregularities of any kind, may be rejected for such reason or reasons.

All material submitted in response to this RFP becomes the property of the Authority upon its submission. The Authority may choose to retain, return (at the Respondent’s expense) or dispose of these materials.

6.0 GENERAL TERMS AND CONDITIONS.

The General Terms and Conditions attached hereto as Exhibit A and incorporated herein are a part of this RFP as if set forth in full.