



**CITY OF GUADALUPE**

**REQUEST FOR PROPOSALS FOR  
CITY OF GUADALUPE AUDITING SERVICES**

**Proposal Release Date**

November 21, 2016

**Proposal Submittal Due Date**

December 28, 2016

CITY OF GUADALUPE, CALIFORNIA  
REQUEST FOR PROPOSAL FOR AUDIT SERVICES

Table of Contents

<b>Part 1— Audit Specifications</b>	<b>Page Number</b>
I. Introduction .....	1
II. Description of the City .....	2
III. Scope of Work to be Performed.....	2
A. Services to be Performed by Auditors .....	2
B. Timeline Requirements.....	3
C. Reporting and Communication.....	4
D. Other Considerations .....	4
E. Specific Deliverables to the City of Guadalupe.....	5
IV. City Responsibilities.....	5
A. Finance Department .....	5
B. Report Preparation .....	5
V. Basis for Compensation.....	6
VI. Additional Provisions .....	6
VII. Special Terms and Conditions.....	7
 <b>Part 2 — Proposal Requirements and Information</b>	
I. Proposal Process and Calendar.....	8
A. Distribution of Proposals .....	8
B. Proposal Submission.....	8
C. Proposal Review and Notifications.....	8
D. Final Selection and Notification .....	8
E. Important Dates to Remember .....	9
II. Proposal Requirements .....	9
A. Independence .....	9
B. License to Practice in California.....	9
C. Firm Qualifications and Experience .....	9

D.	Partner, Supervisor, and Staff Qualifications and Experience.....	10
E.	Specific Audit Approach.....	10
F.	Identification of Anticipated Potential Audit Problems.....	11
G.	Total All-Inclusive Maximum Price .....	11
H.	Rates by Partner, Supervisor, and Staff Level .....	11
I.	Ownership of City-Related Documents .....	11
J.	Acceptance of Proposal Contents .....	11
K.	Acceptance or Rejection and Negotiation of Proposals.....	11
III.	Evaluation Process .....	12
IV.	Format and Content of Proposals.....	13
A.	Title Page .....	13
B.	Table of Contents.....	13
C.	Letter of Transmittal .....	13
D.	Audit Team .....	13
E.	Audit Scope and Provisions .....	14
F.	Cost Data.....	14
G.	Additional Data.....	14

Appendices

- A. Format for Schedule of Professional Fees and Expenses to Support the Total All-Inclusive Maximum Price
- B. Format for Schedule of All-Inclusive Maximum Price by Report
- C. Sample Copy of City "Consulting Services Agreement" includes insurance and business license requirements

## PART 1— AUDIT SPECIFICATIONS

### I. INTRODUCTION

The City of Guadalupe (hereinafter referred to as "the City") is requesting proposals from qualified firms of certified public accountants for a three-year contract to audit its financial statements for the fiscal year ending June 30, 2017. The Firm will be asked to audit the City's Annual Financial Statements and complete a Single Audit report if expenditure criteria are met. At the option of the City, the audit engagement may be extended for two subsequent fiscal years by written amendment. These audits are to be performed in accordance with generally accepted auditing standards, the standards set forth for financial and compliance audits in the U.S. General Accounting Office's (GAO) *Standards for Audit of Governmental Organizations, Programs, Activities, and Functions*, the provisions of the Single Audit Act of 1984, as amended in 1996, U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of State and Local Governments* and Governmental Accounting Standards Board (GASB) Pronouncements.

During the evaluation process, the City reserves the right, where it may serve the City of Guadalupe's best interest, to request additional information or clarifications from proposers, or to allow corrections of errors or omissions. Submission of a proposal indicates acceptance by the firm of the conditions contained in this request for proposal, unless clearly and specifically noted in the proposal submitted and confirmed in the contract between the City of Guadalupe and the firm selected.

To be considered, one (1) original and five (5) hard copies of the proposal must be received at the Office of the Finance Director, 918 Obispo Street, Guadalupe, CA 93434 **no later than 3:00 pm December 28, 2016**. It is anticipated that the selected firm will be notified no later than the week of January 16, 2017. Failure to provide the required number of copies may render your proposal as non-compliant.

A copy of this request for proposal and the City's most recent Audited Financials Report can be found on the City's website [www.ci.guadalupe.ca.us](http://www.ci.guadalupe.ca.us). All inquiries relating to this Request for Proposal should be submitted to:

Annette Munoz, Finance Director  
City of Guadalupe  
918 Obispo Street,  
Guadalupe, CA 93434  
(805) 356-3895  
[amunoz@ci.guadalupe.ca.us](mailto:amunoz@ci.guadalupe.ca.us)

## **II. DESCRIPTION OF THE CITY**

The City of Guadalupe was incorporated in 1946 as a general law city and operates under a City Council/City Administrator form of government. It is governed by an elected five-member council with each member also serving as a member of the governing board for the RDA Successor Agency. The City is located in the Northwest corner of Santa Barbara County. The City encompasses approximately 1.3 square miles with a population of 7,205 based on the January 1, 2015 State of California Department of Finance estimate.

The City's fund structure includes: General Fund (1), Special Revenue Funds (16), Debt Service Funds (2), Capital Projects Funds (2), Proprietary Funds - Enterprise (4) and Fiduciary Funds (1).

The estimated budget for FY 2016-2017 is \$9.8 million. The budget of the General Fund is \$3.9 million.

The City's financial statements are prepared in conformance with GASB 34 and have been audited by *Glenn Burdette, Certified Public Accountants* for the last 15 years.

The City uses MOM software for general ledger, budget, accounts payable, payroll and accounts receivable.

## **III. SCOPE OF WORK TO BE PERFORMED**

### **A. Services to be performed by Auditors.**

1. In general, the auditors will perform a financial and compliance audit to determine (a) whether the combined financial statements of the City fairly present the financial position and the results of financial operations in accordance with generally accepted accounting principles, and (b) whether the City has complied with laws and regulations that may have a material effect upon the financial statements.
2. The auditors will examine the City's internal accounting controls and accounting procedures and render written reports of their findings and recommendations to the City Administrator. The examination shall be made and reports rendered in accordance with generally accepted government auditing standards. In addition, the auditors shall communicate to the City Administrator and Finance Director any reportable conditions found during the audit that can be defined as either a significant or material weakness in the design or operation of the internal control structure, which could adversely affect the organization's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statement.

3. Auditors shall be required to make an immediate, written report of all irregularities and illegal acts or indications of illegal acts of which they become aware to the City Administrator.
4. Auditors shall include all funds of the City and any component unit(s).
5. Auditors shall submit a report of their examination of the component units' financial statements for each such fiscal year, which shall include such component unit, general purpose and supplementary financial statements, notes to the financial statements and an opinion as to the fairness of their presentation in conformity with generally accepted accounting principles, applicable to the various funds or state the reasons for any exceptions to said principles.
6. Under the requirements of the Federal Government's program covering a single audit for all federal grant funds, auditors shall conduct an audit in accordance with the Single Audit Act Amendments of 1996 and in generally accepted auditing standards as well as generally accepted governmental auditing standards.
7. Auditors shall submit a management letter setting forth their findings and/or recommendations on those matters noted and observed during the conduct of the examination of the financial records and developed within the scope usually associated with such an examination relating to, but not limited to, a) improvement in systems of internal control, b) improvement in accounting system, c) apparent noncompliance with laws, rules, and regulations, and d) any other material matter coming to the attention of the firm during the conduct of the examination.

**B. Timeline Requirements**

1. Auditors shall schedule with the Finance Director for the Fiscal Year 2016-2017 Audit.
2. All City books must be closed and ready for audit by the mutually agreed upon start date. City staff shall prepare detailed lead sheets and account reconciliations for the auditors.
3. Field work shall be completed no later than October 31, 2016 and a draft Audited Financial Statements Report, presented according to the timetable listed under "Specific Deliverables to the City of Guadalupe" shall be prepared and delivered to the City Administrator.
4. The Entrance Conference, Progress Reporting, and Exit Conference should be held within the time frames indicated on the schedule shown below:

i.	Entrance Conference with Finance Director to discuss work to be performed, establish overall liaison for audit and arrangements for space and other needs of the auditor.	Prior to start of audit field work
ii.	Progress conference with Finance Director to discuss the year-end work to be performed.	Midway through audit field work
iii.	Exit conference with City Administrator and Finance Director, to summarize the results of the field work and to review significant findings.	At the conclusion of the year-end audit field work
iv	Meeting prior to presentation to Council with two-person City Council Sub-Committee to review financials and discuss significant findings.	Before the presentation to Council

**C. Reporting and Communication**

1. The auditors will meet continuously during the on-site field work process with the Finance Director to discuss preliminary audit findings and management recommendations.
2. Prior to issuing their final reports, the auditors will meet with the City Administrator with all audit reports to be addressed to the City Council.
3. The auditors may be consulted occasionally throughout the year as an information resource. Auditors may be asked to provide guidance on implementation of Government Account Standards Board (GASB) requirements and specifics of federal and state regulations as they may affect local government accounting. In addition, the auditors may be asked to assist with the implementation of new pronouncements.

**D. Other Considerations**

1. All working papers and reports must be retained, at the auditor's expense, for a minimum of three (3) years, unless the firm is notified in writing by the City of Guadalupe of the need to extend the retention period.
2. The auditors will be required to make working papers available upon request to the appropriate parties. In addition, the firm shall respond to the reasonable inquiries of success auditors and allow review of working papers relating to matters of continuing accounting significance.
3. Throughout the year, the auditor will provide financial advice and counsel on matters occurring that would affect the annual report.
4. The audit partner/manager will be required to attend a City Council meeting to present the audit and explain or clarify financial statements or accounting requirements.

**E. Specific Deliverables to the City of Guadalupe**

<b>Reports</b>	<b>Due Date</b>	<b>Qty.</b>
Audit of the general purpose financial statements and draft of the Audited Financial Statements	No later than November 17, 2017	1 Electronic
Final Audited Financial Statements document	No later than December 8, 2017	1 Electronic 15 Bound
Single Audit Report	No later than January 5, 2018	1 Electronic 7 Bound
Management Report	No later than December 8, 2017	1 Electronic 7 Bound

**IV. CITY RESPONSIBILITIES**

**A. Finance Division**

1. Finance Division staff will prepare the final closing of the books including any auditor adjusting entries or changes to the financial statements as well as providing balance sheets for all funds and groups, statements of revenue and expenditures for all funds including detailed subsidiary ledgers.
2. Finance Division staff will produce the transmittal letter and MD & A.
3. Finance Division staff will produce the confirmation letters that are mailed by the auditors.
4. Finance Division staff will be available to assist the auditors in locating records or preparing audit schedules. All requests from the auditors will be directed to the City Administrator.
5. Finance Division staff will provide the auditors with reasonable workspace to include desks and chairs as well as access to telephones, facsimile machines, and photocopying machines.

**B. Report Preparation**

1. The auditors will prepare a draft copy of the Audited Financial Statements for review.
2. Final preparation and printing of the Audited Financial Statements will be the responsibility of the auditors.
3. Preparation, editing, and printing of all other reports as indicated in Part I, Section III (E) Specific Deliverables to the City of Guadalupe, will be the responsibility of the auditors.
4. Finance Division staff will produce the confirmation letters that are mailed by the auditors.

## V. BASIS FOR COMPENSATION

- A. The City will pay the auditors for the services described in Part I, Section III (Scope of Work to be Performed) that do not exceed the amount contained within a signed agreement between the City and the Audit Firm. For additional services required after the inception of the agreement, written approval by the City shall be required in advance of such services being rendered. The fee for such services shall be paid based on the auditor's quoted hourly rates.
- B. The City shall receive all final opinions and reports for the City of Guadalupe financial statements no later than the December 8 of each year as outlined in Section III (E) "Specific Deliverables to the City of Guadalupe" barring any unforeseen City delays. If delay of deliverables is a result of the audit firm/consultant, a 1% reduction in fees for every day beyond the applicable deadline shall be taken. Final reports for Grants and Agency programs shall be completed in time to meet required submission dates.

## VI. ADDITIONAL PROVISIONS

- A. Upon notice of intent to award contract, the successful contractor shall enter into a Consulting Services Agreement with the City of Guadalupe.
- B. No officer, agent, or employee of the City and no member of its governing bodies shall have any financial interest, direct or indirect, in this agreement or the proceeds thereof. No officer, agent, or employee of the auditors shall serve on a City committee or hold any such position which is incompatible with such person's duties or obligations or other relationship to this agreement.
- C. Time is of the essence in each and all provisions of this agreement.
- D. Pursuant to the Single Audit Act of 1984, as amended in 1996, any state or federal agency shall have access to the auditor's work papers for purposes of review. All working papers and reports must be retained, at the auditor's expense, for a minimum of three (3) years, unless the firm is notified in writing by the City of Guadalupe of the need to extend the retention period. The auditors shall make their working papers available to successors. The auditor will also be required to make working papers available, upon request, to the following parties or their designees:
  - 1. City of Guadalupe
  - 2. Department of Housing and Urban Development
  - 3. U.S. General Accounting Office (GAO)
  - 4. Parties designated by the federal or state governments or by the City of Guadalupe as part of an audit quality review process.
  - 5. Auditor of entities of which the City of Guadalupe is a sub-recipient of grant funds.

6. Auditor of entities of which the City of Guadalupe is a component unit.

In addition, the audit firm shall respond to the reasonable inquiries of successor auditors and allow successor auditors to review working papers relating to matters of continuing accounting significance.

## VII. SPECIAL TERMS AND CONDITIONS

- A. Invoices received from the vendor will be processed no sooner than thirty (30) days from receipt.
- B. The City is not liable for any pre-contractual expenses incurred by any bidder. In addition, no bidder shall include any such expenses as part of the price proposed to conduct the operation.
- C. The City reserves the right to withdraw the RFP at any time without prior notice. Further, the City makes no representations that any agreement will be awarded to any bidder responding to this RFP. The City expressly reserves the right to postpone action regarding this RFP for its own convenience and to reject any and all proposals in response to this RFP without indicating reasons for such rejection.
- D. The City is not responsible for oral statements made by any of its employees or agents concerning this RFP. If the bidder requires specific information, the bidder must make the request in writing as instructed in the RFP.
- E. All responses to the RFP shall become the property of the City and a matter of public record. Responders must identify all copyrighted material, trade secrets or other proprietary information that the responder claims are exempt from disclosure by the California Public Records Act. In the event a responder claims such exemption, the responder must state in the response that:

"The responder will indemnify the City and hold it harmless from any claim or liability and defend any action brought against the City for its refusal to disclose copyrighted material, trade secrets, or other proprietary information to any person making a request thereof"

Failure to include such a statement shall constitute waiver of the responder's right to exemption from disclosure and authority for the City to provide a copy of the proposal or any part thereof to the requestor.
- F. The individual(s) preparing and submitting the proposal must state they possess the authority to bind the firm to the terms of the RFP.
- G. All questions regarding this RFP should be made in writing and emailed to: [amunoz@ci.guadalupe.ca.us](mailto:amunoz@ci.guadalupe.ca.us)

## **PART 2 — PROPOSAL REQUIREMENTS AND INFORMATION**

### **I. PROPOSAL PROCESS AND CALENDAR**

#### **A. Distribution of Proposals**

Request for Proposals shall be available on the City of Guadalupe website, [www.ci.guadalupe.ca.us](http://www.ci.guadalupe.ca.us) on November 21, 2016.

#### **B. Proposal Submission**

Proposals for the City of Guadalupe audit must be received **no later than 3:00 pm December 28, 2016**. Proposals submitted via facsimile or by electronic mail will not be accepted. A total of one (1) original and five (5) copies must be submitted to the following:

City of Guadalupe  
Annette Munoz, Finance Director  
918 Obispo Street  
Guadalupe, CA 93434  
(805) 356-3895  
[amunoz@ci.guadalupe.ca.us](mailto:amunoz@ci.guadalupe.ca.us)

Proposals must be sealed and show the following information on the outside of the package in the lower left corner: audit firm's name, address, and RFP Title. Late or incomplete proposals will not be considered.

#### **C. Proposal Review and Notification**

The City Administrator and Finance Director will review and evaluate each proposal submitted. It is anticipated that the proposal review process will be completed the week of January 9, 2017.

#### **D. Final Selection and Notification**

The City anticipates sending written notification to the selected firm by the week of January 16, 2017.

**E. Important Dates to Remember**

<b>November 21, 2016</b>	<b>RFP Available</b>
<b>December 28, 2016</b>	<b>Deadline for Proposal Submittal</b>
<b>January 16, 2017 (tentative)</b>	<b>Selection Notification</b>
<b>January 24, 2017 (tentative)</b>	<b>Report to City Council</b>
<b>After June 1, 2017 but not later than October 31, 2017</b>	<b>Commence Field Work</b>

**PROPOSAL REQUIREMENTS**

**A. Independence**

The audit firm should provide an affirmative statement that it is independent of the City of Guadalupe as defined by generally accepted auditing standards. Moreover, the firm must have no conflict of interest with regard to any other work performed for the entity being audited. It is understood that the services performed by the auditors are in the capacity of independent contractors and not as an officer, agent, or employee of the City of Guadalupe.

**B. License to Practice in California**

The audit firm should provide an affirmative statement indicating that the firm and all assigned key professional staff are properly licensed to practice in California. The audit firm will also be required to obtain a business license with the City.

**C. Firm Qualifications and Experience**

1. The proposal should state the size of the firm, the size of the firm's governmental audit staff, the location of the office from which the work on this engagement is to be performed, and the number and nature of the staff to be so employed on a part-time basis. Please indicate whether any members of the audit team assigned to the City are reviewers in the California Society of Municipal Finance Officers Certificate of Achievement for Excellence in Financial Reporting program.
2. The audit firm shall submit a copy of the report on its most recent external quality control review, with a statement whether that quality control review included a review of specific government engagements.
3. The audit firm shall provide information on the results of any federal or state desk reviews or field reviews of its audits during the past three (3) years. In addition, the audit firm shall provide information on the circumstances and status of any disciplinary action taken or pending

against the firm during the past three (3) years with state regulatory bodies or professional organizations.

4. For the audit firm's office assigned responsibility for the audit, list the most significant engagements (maximum of 5) performed in the last five years that are similar to the engagement described in this request for proposal. These engagements should be ranked on the basis of total staff hours. The audit firm shall state experience with clients issuing Financial Statements under GASB 34. Indicate the scope of work, date engagement partners, total hours, and the name and telephone number of the principal client contact.

**D. Partner, Supervisory, and Staff Qualifications and Experience**

The audit firm shall identify the principal supervisory and management staff, including engagement partners, managers, other supervisors and specialists, who would be assigned to the engagement and indicate whether each such person is licensed to practice as a certified public accountant in California. The audit firm should also provide information on the governmental auditing experience, including the scope of audit services requested by the City, of each person, and information on relevant continuing professional education for the past three (3) years and membership in professional organizations relevant to the performance of this audit.

The audit firm should provide as much information as possible, including resumes, regarding the number, qualifications, experience and training of the specific staff to be assigned to this agreement. The audit firm should also indicate how the quality of staff over the term of the agreement will be assured.

Engagement partners, managers, other supervisory staff, and specialists may be changed if those personnel leave the firm, are promoted, or are assigned to another office. These personnel may also be changed for other reasons with the express prior written permission of the City of Guadalupe. However, in either case, the City of Guadalupe reserves the right to approve or reject replacements. This shall also apply to consultants and firm specialists mentioned in response to this request for proposal.

Other audit personnel may be changed at the discretion of the proposer provided that replacements have substantially the same or better qualifications or experience.

**E. Specific Audit Approach**

The proposal should set forth a work plan, including an explanation of the audit methodology to be followed, to perform the services required in Part I, Section III of this request for proposal.

**F. Identification of Anticipated Potential Audit Problems**

The proposal should identify and describe any anticipated potential audit problems and the adoption of new laws or accounting audit principles that might effect the audit and the firm's approach to addressing these problems and any special assistance that will be requested from the City of Guadalupe.

**G. Total All-Inclusive Maximum Price**

The proposal should contain all pricing information relative to performing the audit engagement as described in this request for proposal. The total all-inclusive maximum price to be proposed is to contain all direct and indirect costs including all out-of-pocket expenses.

**H. Rates by Partner, Supervisor, and Staff Level Times Hours Anticipated for Each**

The proposal should include a schedule of professional fees and expenses, as presented in the format shown in Appendix A, which supports the total all-inclusive maximum price in the format shown in Appendix B.

**I. Ownership of City-Related Documents**

All property rights, including publication rights of all reports produced by proposer in connection with services performed under this agreement shall be vested in the City of Guadalupe. The proposer selected shall not publish or release any of the results of its examinations without the express written permission of the City of Guadalupe City Administrator.

**J. Acceptance of Proposal Contents**

After an audit firm is selected by the City, the contents of the submitted proposal shall become a contractual obligation. The successful proposer will be required to execute a standard consultant agreement with the City as exemplified in Appendix C. Failure of the audit firm to agree to include the proposal as part of the contractual agreement may result in cancellation of the award. The City reserves the right to reject those parts that do not meet with the approval of the City.

**K. Acceptance or Rejection and Negotiation of Proposals**

The City reserves the right to reject any or all proposals, to waive non-material irregularities or information in the request for proposal, and to accept or reject any item or combination of items. By requesting proposals, the City is in no way obligated to award a contract or to pay expenses of the proposing firms in

connection with the preparation or submission of a proposal. Furthermore, the City reserves the right to reject any and all proposals prior to the execution of the contract(s), with no penalty to the City of Guadalupe. In addition, if the City elects to reject all of the proposals, it reserves the right to select one at random to negotiate a contract for services. All requests for proposals received by the City will remain open, valid and subject to acceptance for a period of six months.

### **III. EVALUATION PROCESS**

The proposals for the City's audit will be evaluated by the City Administrator and Finance Director. Evaluation considerations will include the following:

- A. Responsiveness of the proposal in clearly stating the understanding of the work to be performed and in demonstrating the intention and ability to perform the work.
- B. Cost. Although a significant factor, cost will not be the only factor in the selection of an audit firm.
- C. Auditors' experience in conducting audits of cities of similar nature, size, and complexity, and the auditors' commitment to maintaining technical expertise in the municipal financial environment.
- D. Technical experience and professional qualifications of the audit team. The number of key and supervisory personnel who will directly participate in the audit will be a consideration.
- E. Size, structure and location of the firm's office from which the audit work is to be done. The City is looking for a highly qualified team that is able to meet the due dates specified in this document, and it expects that same team (wherever possible) to complete any successive year's engagements.
- F. Auditors' experience in complying with applicable federal and state regulations relating to non-discrimination of an affirmative action program for equal employment opportunity.
- G. Ability of the firm in providing optional services such as special studies, system review and other services. Examples of such services performed for other client cities will be helpful.

#### **IV. FORMAT AND CONTENT OF PROPOSAL**

##### **A. Title Page**

The title page should include the request for proposal subject and number, the name of the proposer's firm, local address, telephone number, name of contact person, and date.

##### **B. Table of Contents**

Include a clear identification of the material by section and by page number.

##### **C. Letter of Transmittal**

1. State whether the firm is local, national, or international.
2. Give the location of the office from which the work is to be done and the number of partners, managers, supervisors, seniors, and other professional staff employed at that office.
3. Describe the range of activities performed by the local office such as audit, accounting, or management services.
4. Describe the local office's recent auditing experiences similar to the type of audits requested and give the names and telephone numbers of client officials responsible for five of the audits listed.

##### **D. Audit Team**

1. Describe the composition of the audit team, including staff from other than the local office, and consultants. Describe the commitment of the firm to providing the same audit team on subsequent audits. Include resumes of each person so identified.

2. Identify the supervisors and consultants who will work on the audit and include resumes of each person so identified.
3. Identify any members of the audit team who are certified CAFR reviewers in the GFOA or California Society of Municipal Finance Officers (CSMFO) Certificate of Excellence in Financial Reporting programs.

**E. Audit Scope and Provisions**

Describe the scope of the required services to be provided and outline a plan on how such services will be provided. Please include depth of work, staffing, and time estimates. Proposers should list all reports including management letters that are to be issued, the points to be addressed by reports, and the estimated completion dates.

**F. Cost Data**

Indicate the total hours and hourly rates by staff classification and the resulting all-inclusive maximum fee (not to exceed total) for which the requested work will be done for each of the specific deliverables identified in this Request for Proposal. Fees must include all anticipated costs including travel, per diem, and out-of-pocket expenses.

**G. Additional Data**

Data not specifically requested should not appear in the foregoing sections, but any additional information considered essential to the proposal may be presented at this section.

**APPENDIX A**

<b>Schedule of Professional Fees and Expenses to Support the Total All-Inclusive Maximum Price</b>	<b>Hours</b>	<b>Standard Hourly Rate</b>	<b>Quoted Hourly Rates</b>	<b>Total</b>
<b>Partner</b>		\$	\$	
<b>Manager</b>		\$	\$	
<b>Supervisory Staff</b>		\$	\$	
<b>Other (Specify)</b>		\$	\$	
<b>Sub-Total</b>				
<b>Out-of- Pocket Expenses</b>				
<b>Total</b>				

**APPENDIX B**

<b>All-Inclusive Maximum Price by Report</b>	<b>Optional Years</b>				
	<b>FY 2016-17</b>	<b>FY 2017-18</b>	<b>FY 2018-19</b>	<b>FY 2019-20</b>	<b>FY 2020-21</b>
<b>City</b>	\$	\$	\$	\$	\$
<b>Single Audit</b>	\$	\$	\$	\$	\$
<b>Total</b>	\$	\$	\$	\$	\$

**APPENDIX C**  
**SAMPLE**

**AGREEMENT FOR CONSULTANT SERVICES  
BETWEEN  
THE CITY OF GUADALUPE  
AND**

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THIS AGREEMENT FOR CONSULTANT SERVICES (the "**Agreement**") is made and entered into this \_\_\_\_\_ day of \_\_\_\_\_ 2017, by and between the CITY OF GUADALUPE, a municipal corporation ("**City**") and \_\_\_\_\_, a California ("**Consultant**").

In consideration of the mutual covenants and conditions set forth herein, the parties agree as follows:

Section 1. Term of Agreement. Subject to the provisions of Section 19 (Termination of Agreement) of this Agreement, the term of this Agreement shall be for a period of one (1) year from the date of execution of this Agreement, as first shown above. Such term may be extended upon written agreement of both parties to this Agreement.

Section 2. Scope of Services. Consultant agrees to perform the services set forth in Exhibit A (Scope of Services) and made a part of this Agreement.

Section 3. Additional Services. Consultant shall not be compensated for any services rendered in connection with its performance of this Agreement which are in addition to or outside of those set forth in this Agreement or listed in Exhibit A, unless such additional services are authorized in advance and in writing by the City Council or City Administrator of City. Consultant shall be compensated for any such additional services in the amounts and in the manner agreed to by the City Council or City Administrator.

Section 4. Compensation and Method of Payment.

(a) Subject to any limitations set forth in this Agreement, City agrees to pay Consultant the amounts specified in Exhibit B (Compensation) and made a part of this Agreement.

(b) Each month Consultant shall furnish to City an original invoice for all work performed and expenses incurred during the preceding month. The invoice shall detail charges by the following categories: labor (by subcategory), travel, materials, equipment, supplies, sub-consultant contracts and miscellaneous expenses. City shall independently review each invoice submitted by Consultant to determine whether the work performed and expenses incurred are in compliance with the provisions of this Agreement and Scope of

Services. In the event that no charges or expenses are disputed, the invoice shall be approved and paid according to the terms set forth in subsection (c). In the event City disputes any charges or expenses, City shall return the original invoice to Consultant with specific items in dispute identified for correction and re-submission. All undisputed charges shall be paid in accordance with this Agreement and Scope of Services.

(c) Except as to any charges for work performed or expenses incurred by Consultant, which are disputed by City, City will cause Consultant to be paid within forty-five (45) days of receipt of Consultant's invoice.

(d) Payment to Consultant for work performed pursuant to this Agreement shall not be deemed to waive any defects in work performed by Consultant.

(e) Consultant shall have the right to suspend services if not paid in accordance with this Agreement.

Section 5. Inspection and Final Acceptance. City may inspect and accept or reject any of Consultant's work under this Agreement, either during performance or when completed, if the work is found to be defective or not in compliance with the defined Scope of Services. Acceptance of any of the Consultant's work by City shall not constitute a waiver of any of the provisions of this Agreement, including but not limited to, Sections 15 and 16, pertaining to indemnification and insurance, respectively. Consultant agrees to cooperate in any such inspection.

Section 6. Ownership of Documents. All original maps, models, designs, drawings, photographs, studies, surveys, reports, data, notes, computer files, files and other documents prepared, developed or discovered by Consultant in the course of providing any services pursuant to this Agreement shall become the sole property of City and may be used, reused or otherwise disposed of by City without the permission of the Consultant. Reuse of any materials outside the scope of this Agreement shall be at the sole risk of the City.

Section 7. Consultant's Books and Records.

(a) Consultant shall maintain any and all documents and records demonstrating or relating to Consultant's performance of services pursuant to this Agreement. Consultant shall maintain any and all ledgers, books of account, invoices, vouchers, canceled checks, or other documents or records evidencing or relating to work, services, expenditures and disbursements charged to City pursuant to this Agreement. Any and all such documents or records shall be maintained in accordance with generally accepted accounting principles and shall be sufficiently completed and detailed so as to permit an accurate evaluation of the services provided by Consultant pursuant to this Agreement. Any and all such documents or records shall be maintained for three (3) years from the date of execution of this Agreement and to the extent required by laws relating to the audits of public agencies and their expenditures.

(b) Any and all records or documents required to be maintained pursuant to this section shall be made available for inspection, audit and copying, upon reasonable notice during regular business hours, upon written request by City or its designated representative. Copies of such documents or records shall be provided directly to the City for inspection,

audit and copying when it is practical to do so; otherwise, unless an alternative is mutually agreed upon, such documents and records shall be made available at Consultant's address indicated for receipt of notices in this Agreement. The City shall compensate the Consultant for all costs associated with providing these materials to the City.

(c) Where City has reason to believe that any of the documents or records required to be maintained pursuant to this section may be lost or destroyed due to dissolution or termination of Consultant's business, City may, by written request, require that custody of such documents or records be given to the requesting party and that such documents and records be maintained by the requesting party. Access to such documents and records shall be granted to City, as well as to its successors-in-interest and authorized representatives.

#### Section 8. Status of Consultant.

(a) Consultant is and shall at all times during the terms of this Agreement remain a wholly independent Consultant and not an officer, employee or agent of City. Consultant shall have no authority to bind City in any manner, nor to incur any obligation, debt or liability of any kind on behalf of or against City, whether by contract or otherwise, unless such authority is expressly conferred under this Agreement or is otherwise expressly conferred in writing by City.

(b) The personnel performing the services under this Agreement on behalf of Consultant shall at all times be under Consultant's exclusive direction and control. Neither City nor any elected or appointed boards, officers, officials, employees or agents of City, shall have control over the conduct of Consultant or any of Consultant's officers, employees or agents, except as set forth in this Agreement. Consultant shall not at any time or in any manner represent that Consultant or any of Consultant's officers, employees or agents are in any manner officials, employees or agents of City.

(c) Neither Consultant nor any of Consultant's officers, employees or agents shall obtain any rights to retirement, health care or any other benefits which may otherwise accrue to City's employees. Consultant expressly waives any claim Consultant may have to any such rights.

Section 9. Standard of Performance. Consultant represents and warrants that it has the qualifications, experience and facilities necessary to properly perform the services required under this Agreement in a thorough, competent and professional manner. Consultant shall at all times faithfully, competently and to the best of its ability, experience and talent, perform all services described herein. In meeting its obligations under this Agreement, Consultant shall employ, at a minimum, generally accepted standards and practices utilized by persons engaged in providing services similar to those required of Consultant under this Agreement.

Section 10. Compliance With Applicable Laws, Permits and Licenses. Consultant shall keep itself informed of and comply with all applicable federal, state and local laws, statutes, codes, ordinances, regulations and rules in effect during the term of this Agreement applicable to Consultant. Consultant shall obtain any and all licenses, permits and authorizations necessary to perform the services set forth in this Agreement. Neither City, nor any elected or

appointed boards, officers, officials, employees or agents of City, shall be liable at law or in equity as a result of any failure of Consultant to comply with this section.

Section 11. Nondiscrimination. Consultant shall not discriminate, in any way, against any person on the basis of race, color, religious creed, national origin, ancestry, sex, age, disability, marital status or sexual orientation in connection with or related to the performance of this Agreement.

Section 12. Unauthorized Aliens. Consultant hereby promises and agrees to comply with all of the provisions of the Federal Immigration and Nationality Act, 8 U.S.C.A. sections 1101, et seq., as amended, and in connection therewith, shall not employ unauthorized aliens for the performance of work and/or services covered by this Agreement, and should any liability or sanctions be imposed against City for such use of unauthorized aliens, Consultant hereby agrees to and shall reimburse City for the cost of all such liabilities or sanctions imposed, together with any and all costs, including attorney's fees, incurred by City.

Section 13. Conflicts of Interest. Consultant agrees to at all times avoid conflicts of interest with the interests of the City in the performance of this Agreement.

Section 14. Confidential Information; Release of Information.

(a) All information gained or work product produced by Consultant in performance of this Agreement shall be considered confidential, unless such information is in the public domain or already known to Consultant. Consultant shall not release or disclose any such information or work product to persons or entities other than City without prior written authorization from the City Administrator, except as may be required by law.

(b) Consultant, its officers, employees, agents or subconsultants, shall not, without prior written authorization from the City Administrator or unless requested by the City Attorney of City, voluntarily provide declarations, letters of support, testimony at depositions, responses to interrogatories or other information concerning the work performed under this Agreement. A response to a subpoena or court order shall not be considered "voluntary" provided Consultant gives City notice of such court order or subpoena.

(c) If Consultant, or any officer, employee, agent or subconsultant of Consultant, provides any information or work product in violation of this section, then City shall have the right to reimbursement and indemnity from Consultant for any damages, costs and fees, including attorney's fees, caused by or incurred as a result of Consultant's conduct.

(d) Consultant shall promptly notify City should Consultant, its officers, employees, agents or sub consultants be served with any summons, complaint, subpoena, notice of deposition, request for documents, interrogatories, request for admissions or other discovery request, court order or subpoena from any party regarding this Agreement and the work performed thereunder. City retains the right, but has no obligation, to represent Consultant or be present at any deposition, hearing or similar proceeding. Consultant agrees to cooperate fully with City and to provide City with the opportunity to review any

response to discovery requests provided by Consultant. However, this right to review any such response does not imply or mean the right by City to control, direct, or rewrite said response. Consultant shall be compensated for all costs associated with complying with this section.

Section 15. Indemnification.

(a) City and its respective elected and appointed boards, officials, officers, agents, employees and volunteers (individually and collectively, "**Indemnitees**") shall have no liability to Consultant or any other person for, and Consultant shall indemnify, defend, protect and hold harmless Indemnitees from and against, any and all liabilities, claims, actions, causes of action, proceedings, suits, damages, judgments, liens, levies, costs and expenses of whatever nature, including reasonable attorney's fees and disbursements (collectively, "**Claims**") which Indemnitees may suffer or incur or to which Indemnitees may become subject by reason of or arising out of any injury to or death of any person(s), damage to property, loss of use of property, economic loss or otherwise occurring as a result of or allegedly caused by Consultant's performance of or failure to perform any services under this Agreement or by the negligent or willfully wrongful acts or omissions of Consultant, its agents, officers, directors, sub consultants or employees, committed in performing any of the services under this Agreement.

(b) If any action or proceeding is brought against Indemnitees by reason of any of the matters against which Consultant has agreed to indemnify Indemnitees as provided above, Consultant, upon notice from City, shall defend Indemnitees at Consultant's expense by counsel acceptable to City, such acceptance not to be unreasonably withheld. Indemnitees need not have first paid for any of the matters to which Indemnitees are entitled to indemnification in order to be so indemnified. The insurance required to be maintained by Consultant under Section 16 shall ensure Consultant's obligations under this section, but the limits of such insurance shall not limit the liability of Consultant hereunder. The provisions of this section shall survive the expiration or earlier termination of this Agreement.

(c) The provisions of this section do not apply to Claims occurring as a result of the City's sole negligence or willfully wrongful acts or omissions.

(d) City agrees to indemnify Consultant for any such neglect or willfully wrongful acts committed by City or its officers, agents or employees.

Section 16. Insurance. Consultant agrees to obtain and maintain in full force and effect during the term of this Agreement, insurance against claims for injuries to persons or damages to property which may arise from or in connection with the performance of the work provided by Consultant, its agents, representatives or employees in performance of this Agreement. Insurance is to be placed with insurers with a current A.M. Best's rating of no less than A:VII. All insurance policies shall be subject to approval by City as to form and content. These requirements are subject to amendment or waiver, if so approved in writing by City Administrator. Consultant agrees to provide City with copies of required policies upon request.

Consultant shall provide the following scope and limits of insurance:

A. Minimum Scope of Insurance: Coverage shall be at least as broad as:

(1) Insurance Services Office Form Commercial General liability coverage (Occurrence Form CG 0001).

(2) Insurance Services Office Form No. CA 0001 covering Automobile Liability, including code 1"any auto" and endorsement CA 0025, or equivalent forms subject to written approval of City.

(3) Workers' Compensation insurance as required by the Labor Code of the State of California and Employers' Liability insurance and covering all persons providing services on behalf of the Consultant and all risks to such persons under this Agreement.

(4) Errors and omission liability insurance appropriate to the Consultant's profession.

B. Minimum Limits of Insurance: Consultant shall maintain limits of insurance no less than:

(1) General Liability: \$1,000,000 general aggregate for bodily injury, personal injury and property damage.

(2) Automobile Liability: \$1,000,000 per accident for bodily injury and property damage.

(3) Workers' Compensation and Employer's Liability: Workers' Compensation as required by the Labor Code of the State of California and Employer's Liability limits of \$1,000,000 per accident.

(4) Errors and Omissions Liability \$1,000,000 per claim.

C. Other Provisions: Insurance policies required by this Agreement shall contain the following provisions:

(1) All Policies: Each insurance policy required by this Agreement shall be endorsed and state the coverage shall not be suspended, voided, canceled by the insurer or other party to this Agreement, reduced in coverage or in limits except after thirty (30) days' prior written notice by certified mail, return receipt requested has been given to City.

(2) General Liability and Automobile Liability Coverages.

(a) City and its respective elected and appointed officers, officials, employees and volunteers are to be covered as additional insureds as respects: liability arising out of activities Consultant performs; products and completed operations of Consultant; premises owned, occupied or used by Consultant; or automobiles owned, leased, hired or borrowed by Consultant. The coverage shall contain no special limitations on the scope of protection afforded to City, and its respective elected and appointed officers, officials or employees.

(b) Consultant's insurance coverage shall be primary insurance with respect to City, and its respective elected and appointed officers, officials, employees and volunteers. Any insurance or self insurance maintained by City, and its respective elected and appointed officers, officials, employees or volunteers, shall apply in excess of, and not contribute with, Consultant's insurance.

(c) Consultant's insurance shall apply separately to each insured against whom claim is made or suit is brought, except with respect to the limits of the insurer's liability.

(d) Any failure to comply with the reporting or other provisions of the policies including breaches of warranties shall not affect coverage provided to City, and its respective elected and appointed officers, officials, employees or volunteers.

(3) Workers' Compensation and Employer's Liability Coverage. Unless the City Administrator otherwise agrees in writing, the insurer shall agree to waive all rights of subrogation against City, and its respective elected and appointed officers, officials, employees and agents for losses arising from work performed by Consultant.

D. Other Requirements: Consultant agrees to deposit with City, at or before the effective date of this Agreement, certificates of insurance necessary to satisfy City that the insurance provisions of this Agreement have been met. The City Attorney may require that Consultant furnish City with copies of original endorsements effecting coverage required by this section. The certificates and endorsements are to be signed by a person authorized by that insurer to bind coverage on its behalf. City reserves the right to inspect complete, certified copies of all required insurance policies at any time.

(1) Consultant shall furnish certificates and endorsements from each subconsultant identical to those Consultant provides.

(2) Any deductibles or self-insured retentions must be declared to and approved by City. At the option of City, either the insurer shall reduce or eliminate such deductibles or self-insured retentions as respects City or its respective elected or appointed officers, officials, employees and volunteers or the Consultant shall procure a bond guaranteeing payment of losses and related investigations, claim administration, defense expenses and claims.

(3) The procuring of such required policy or policies of insurance shall not be construed to limit Consultant's liability hereunder nor to fulfill the indemnification provisions and requirements of this Agreement.

Section 17. Assignment. The expertise and experience of Consultant are material considerations for this Agreement. City has an interest in the qualifications of and capability of the persons and entities who will fulfill the duties and obligations imposed upon Consultant under the Agreement. In recognition of that interest, Consultant shall not assign or transfer this Agreement or any portion of this Agreement or the performance of any of Consultant's duties or obligations under this Agreement without the prior written consent of the

City Council. Any attempted assignment shall be ineffective, null and void, and shall constitute a material breach of this Agreement, entitling City to any and all remedies at law or in equity, including summary termination of this Agreement. City acknowledges, however, that Consultant, in the performance of its duties pursuant to this Agreement, may utilize sub consultants.

Section 18. Continuity of Personnel. Consultant shall make every reasonable effort to maintain the stability and continuity of Consultant's staff assigned to perform the services required under this Agreement. Consultant shall notify City of any changes in Consultant's staff assigned to perform the services required under this Agreement, prior to any such performance.

Section 19. Termination of Agreement.

(a) City may terminate this Agreement, with or without cause, at any time by giving thirty (30) days' written notice of termination to Consultant. In the event such notice is given, Consultant shall cease immediately all work in progress.

(b) Consultant may terminate this Agreement at any time upon thirty (30) days' written notice of termination to City.

(c) If either Consultant or City fail to perform any material obligation under this Agreement, then, in addition to any other remedies, either Consultant or City may terminate this Agreement immediately upon written notice.

(d) Upon termination of this Agreement by either Consultant or City, all property belonging exclusively to City which is in Consultant's possession shall be returned to City. Consultant shall furnish to City a final invoice for work performed and expenses incurred by Consultant, prepared as set forth in Section 4 of this Agreement. This final invoice shall be reviewed and paid in the same manner as set forth in Section 4 of this Agreement.

Section 20. Default. In the event that Consultant is in default under the terms of this Agreement, the City shall not have any obligation or duty to continue compensating Consultant for any work performed after the date of default and may terminate this Agreement immediately by written notice to Consultant.

Section 21. Excusable Delays. Consultant shall not be liable for damages, including liquidated damages, if any, caused by delay in performance or failure to perform due to causes beyond the control of Consultant. Such causes include, but are not limited to, acts of God, acts of the public enemy, acts of federal, state or local governments, acts of the City, court orders, fires, floods, epidemics, strikes, embargoes, and unusually severe weather. The term and price of this Agreement shall be equitably adjusted for any delays due to such causes.

Section 22. Cooperation by City. All public information, data, reports and maps as are existing and available to City as public records, and which are necessary for carrying out the work as outlined in Exhibit A, shall be furnished to Consultant in every reasonable way to facilitate, without undue delay, the work to be performed under this Agreement.

Section 23. Notices. All notices required or permitted to be given under this Agreement shall be in writing and shall be personally delivered, or sent by telecopier or United States mail, postage prepaid, addressed as follows:

To City:                      City Administrator  
   City of Guadalupe  
   918 Obispo Street  
   Guadalupe, CA 93434

To Consultant:

Notice shall be deemed effective on the date personally delivered or transmitted by facsimile or, if mailed, three (3) days after deposit of the same in the custody of the United States Postal Service.

Section 24. Authority to Execute. The person or persons executing this Agreement on behalf of the Consultant represents and warrants that they have the authority to so execute this Agreement and to bind Consultant to the performance of its obligations hereunder.

Section 25. Binding Effect. This Agreement shall be binding upon the heirs, executors, administrators, successors and assigns of the parties.

Section 26. Modification of Agreement. No amendment to or modification of this Agreement shall be valid unless made in writing and approved by the Consultant and by the City Council. The parties agree that this requirement for written modifications cannot be waived and that any attempted waiver shall be void.

Section 27. Waiver. Waiver by any party to this Agreement of any term, condition or covenant of this Agreement shall not constitute a waiver of any other term, condition or covenant. Waiver by any party of any breach of the provisions of this Agreement shall not constitute a waiver of any other provision, nor a waiver of any subsequent breach or violation of any provision of this Agreement. Acceptance by City of any work or services by Consultant shall not constitute a waiver of any provisions of this Agreement.

Section 28. Law to Govern; Venue. This Agreement shall be interpreted, construed and governed according to the laws of the State of California. In the event of litigation between the parties, venue in state trial courts shall lie exclusively in the County of Santa Barbara. In the event of litigation in a U.S. District Court, venue shall lie exclusively in the Central District of California, in Los Angeles.

Section 29. Attorney's Fees, Costs and Expenses. In the event litigation or other proceeding is required to enforce or interpret any provision of this Agreement, the prevailing party in such litigation or other proceeding shall be entitled to any award of reasonable attorney's fees, costs and expenses, in addition to any other relief to which it may be entitled.

Section 30. Entire Agreement. This Agreement, including the attached exhibits, is the entire, complete, final and exclusive expression of the parties with respect to the matters

addressed therein and supersedes all other agreements or understandings, whether oral or written, or entered into between Consultant and City prior to the execution of this Agreement. No statements, representations or other agreements, whether oral or written, made by any party which are not embodied herein shall be valid and binding. No amendment to this Agreement shall be valid and binding unless in writing duly executed by the parties or their authorized representatives.

Section 31. Severability. If a term, condition or covenant of this Agreement is declared or determined by any court of competent jurisdiction to be invalid, void or unenforceable, the remaining provisions of this Agreement shall not be affected thereby, and the Agreement shall be read and construed without the invalid, void or unenforceable provision(s).

Section 32. Preparation of Agreement. This Agreement is the product of negotiation and preparation by and among the parties and their respective attorneys. The parties, therefore, expressly acknowledge and agree that this Agreement shall not be deemed prepared or drafted by one party or another, or any party's attorney, and will be construed accordingly.

CITY:

CONSULTANT:

CITY OF GUADALUPE

By: \_\_\_\_\_  
John Lizalde, Mayor

By: \_\_\_\_\_

Title: \_\_\_\_\_

APPROVED AS TO FORM:

By: \_\_\_\_\_

\_\_\_\_\_  
Dave Fleishman, City Attorney

Title: \_\_\_\_\_