

City of Sebastopol



REQUEST FOR PROPOSALS FOR PROFESSIONAL AUDITING SERVICES

Issued: January 2, 2017

Responses Due: February 2, 2017

All responses must be sent to:

Ana Kwong
Finance Department
7120 Bodega Ave
Sebastopol, CA 95472

CITY OF SEBASTOPOL, CALIFORNIA
REQUEST FOR PROPOSAL FOR AUDIT SERVICES

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PART 1 – AUDIT SPECIFICATIONS

I. INTRODUCTION

The City of Sebastopol (hereinafter referred to as “the City”) is requesting proposals from qualified firms of certified public accountants (hereinafter referred to as “the Firm”) for a three (3) year contract to prepare and audit its financial statements for the fiscal years ending June 30, 2017, 2018 and 2019. An option to extend the contract for fiscal years ending June 30, 2020 and 2021 may be exercised by the City through a written amendment. The Firm will be asked to prepare the City’s Report of Financial Transactions for the State Controller’s Office and the Annual Streets Report, prepare and audit the City’s financial statements, and complete a Single Audit Report if expenditure criteria are met. The 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’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 Sebastopol and the Firm selected.

To be considered, three (3) original copies and one (1) electronic copy provided on CD or flash drive must be received at the City of Sebastopol, Finance Department, 7120 Bodega Ave, Sebastopol, CA 95472, no **later than 5:00 pm February 2, 2017**. Failure to provide the required number of copies in the requested format may render your proposal as non-compliant. It is anticipated that the selected firm will be notified no later than the week of **February 27, 2017**. A copy of this request for proposal and the City’s most recent audited financial statements can be found on the City’s website: www.cityofsebastopol.org.

All questions relating to this Request for Proposal should be submitted in writing by Thursday, February 2, 2017 to:

Ana Kwong
Finance Director
City of Sebastopol
7120 Bodega Ave
Sebastopol, CA 95472
akwong@cityofsebastopol.org

All responses to questions and RFP revisions will be available on the City's website: www.cityofsebastopol.org.

II. DESCRIPTION OF THE CITY

The name of Sebastopol first came into use in the late 1850s as a result of a prolonged and lively fistfight in the newly formed town, which was likened to the long British siege of the Russian seaport of Sebastopol during the then-raging Crimean War. Britain, France, Sardinia and Turkey fought Russia in this war, one of the first wars to be directly reported by journalists and photographers. The Crimean War was also the origin of improved medical care of the wounded, primarily due to the efforts of Florence Nightingale, who formed a nursing corps to care for wounded British soldiers. Evidently, many Americans in the west sympathized more for the Russian than for the British cause as there were at one time four other Sebastopol's in California; one in Napa County, renamed Yountville, one each in Tulare, Sacramento, and Nevada counties. The apple industry brought a steady rural prosperity to the town and Sebastopol was incorporated in 1902 with schools, churches, hotels, canneries, mills, wineries, and an opera house to its credit. The 1906 earthquake reduced most of these early buildings to rubble, but as elsewhere in the county, the town was rebuilt.

In the 21st Century, Sebastopol continues to be a vibrant, creative community. In addition to being the arts and creative hub of West Sonoma County, Sebastopol is a leader in local efforts to address climate change. The City itself, and the community as a whole are leaders in energy and water conservation efforts as well as policy initiatives to address this critical issue. Sebastopol's special qualities and unique geographical setting attract visitors and residents alike, as well as new commercial and industrial businesses, some with global reach. The community continues to work together towards creation of a sustainable local economy.

The City operates under a council-manager form of government. Policy making and legislative authority are vested in the City Council consisting of the Mayor and four other elected Council members. The City Council is responsible, among other matters for passing ordinances, adopting the City budget, appointing committees, and hiring the City Manager. The City Manager is responsible for carrying out the policies and ordinances of the City Council, for managing the daily operations of the City, and for appointing other employees. The Council is elected to four year staggered terms, with two members elected every two years. The Mayor is elected to serve a one year term.

The City provides a full range of municipal services including fire and police protection; construction and maintenance of City streets, storm drains, bridges, and similar infrastructure type assets; park maintenance; community recreation activities; building inspections; licenses and permits; and facilities. In terms of business-type activities, the City provides water and wastewater services through the operation of its utility enterprises.

The City's fiscal year is July 1 through June 30. The City's fund structure currently includes: General Fund, Special Revenue Funds, Capital Funds, and Proprietary

(Enterprise) Funds.

The City's adopted budget for FY 2016/17 is \$14.1 million, excluding capital and transfers. The General Fund budget is \$8.1 million, not including transfers.

The City's financial statements are prepared in compliance with GASB. The financial audit has been completed by Terry Krieg, CPA for the past 15 years. The City uses MOM financial software and transitioning to Accela-Springbrook software for general ledger, accounts receivable, accounts payable, payroll, purchasing, project management and budgeting.

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 presents 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 Finance Director. The examination shall be made and reports rendered in accordance with generally accepted government auditing standards. In addition, the auditors shall communicate to the 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 Finance Director and City Manager.
4. Auditors shall include all funds of the City and any component unit(s).
5. 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, OMB Circular A-133 and related government auditing standards.

6. 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.
7. Auditors shall prepare for the City and required component units the Annual Streets Report and the Annual Financial Transactions Report to the State Controller's Office and file the reports electronically with the State Controller's Office before the January due date each fiscal year.

B. Timeline Requirements

1. Auditors shall schedule field work and agreed upon deadlines with the Finance Director for the Fiscal Year 2016/17 audit, and each audit year thereafter.
2. The City's books shall be closed and ready for audit by the mutually agreed upon start date for final field work.
3. Field work shall be completed no later than October 31 and draft financial statements, presented according to the timetable listed under "Specific Deliverables to the City of Sebastopol" shall be prepared and delivered to the Finance Director.
4. The entrance conference, progress reporting, and exit conference should be held within the time frames indicated on the schedule shown below:

a.	Entrance Conference with Finance Director and key Finance Department staff to discuss work to be performed, establish overall liaison for audit and arrangements for work space and other needs of the auditor	Prior to start of audit field work
b.	Progress conference with Finance Director and key Finance staff to discuss the year-end work to be performed	Midway through audit fieldwork
c.	Exit Conference with Finance Director, key Finance staff, and City Manager to summarize the results of the field work and to review significant findings	At the conclusion of the year-end audit field work

C. Reporting and Communication

1. The auditors will meet continuously during the on-site field work process with the Finance Director to discuss issues, concerns, preliminary audit findings and management recommendations.
2. Prior to issuing their final reports, the auditors will meet with the Finance Director with all draft 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 Accounting 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 (e.g. GASB 68).

D. Other Considerations

1. All working papers, reports, and records relating to the work performed under the Professional Services Agreement must be retained, at the auditor's expense, for a minimum of five (5) years, unless the Firm is notified in writing by the City of Sebastopol 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 successor 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 may affect the audit process or impact the financial statements.
4. The audit partner/manager will be required to attend a City Council meeting to present the audited financial statements and answer any questions the Council may have regarding the audit report or accounting requirements.

E. Specific Deliverables to the City of Sebastopol

Reports	Due Date	Quantity
Annual Streets Report and City Financial Transactions Report to the State Controller	No later than October 1 and 15	1 Electronic 1 Hard Copy

	<i>(or deadline established by SCO)</i>	
Draft of City's Financial Statements	No later than November 15	1 Electronic
Final City's Financial Statements and Auditor's Reports	No later than December 1	1 Electronic
Single Audit Report	No later than December 15	1 Electronic
Management Report	No later than December 15	1 Electronic

IV. CITY RESPONSIBILITIES

A. Finance Staff

1. Finance staff will be responsible for closing the books and will provide trial balances, budget and actual revenue and expense reports, project expense reports, and detail transaction reports as needed from the financial system for each fiscal year.
2. Finance staff will produce the confirmation letters based on a comprehensive list prepared by the auditor. The letters will be mailed by the auditors.
3. Finance staff will produce the transmittal letter, MD&A, and statistical section of the financial statement.
4. Finance 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 Finance Director.
5. Finance staff will provide the auditors with reasonable workspace to include desks and chairs as well as access to internet and photocopying and fax machines.

B. Report Preparation

1. The auditors will prepare the draft and final versions of the financial statements, including notes and supplemental schedules, for the City.
2. Final preparation and printing of the City's Comprehensive Annual Financial Report will be completed by 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 Sebastopol, will be the responsibility of 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 an executed Professional Services 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 Sebastopol financial statements no later than the December 1st of each year as outlined in Section III (E) "Specific Deliverables to the City of Sebastopol" barring any unforeseen City delays. If delay of deliverables is a result of the audit firm, a 1% reduction in fees for every day beyond the applicable deadline shall be taken. Final reports for federal and state 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 Professional Services Agreement with the City of Sebastopol.
- 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 the 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, reports, and records relating to performance under the Agreement must be retained, at the auditor's expense, for a minimum of five (5) years, unless the Firm is notified in writing by the City of Sebastopol the need to extend the retention period. The auditors shall make their working papers available to successor auditors. The auditor will also be required to make working papers available, upon request, to the following parties or their designees:

- a. City of Sebastopol management
- b. Department of Housing and Urban Development
- c. U.S. General Accounting Office (GAO)
- d. Parties designated by the federal or state governments or by the City of Sebastopol as part of an audit quality review process.
- e. Auditor of entities of which the City of Sebastopol is a sub-recipient of grant funds.

VII. SPECIAL TERMS AND CONDITIONS

- A. Invoices received from the audit Firm will be approved by the Finance Director and processed within 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 work.
- 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: akwong@cityofsebastopol.org.

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 Sebastopol website: www.cityofsebastopol.org on January 2, 2017.

B. Proposal Submission

Proposals for the City of Sebastopol audit must be received **no later than 5:00 p.m. February 2, 2017**. Proposals submitted via facsimile or by electronic mail will not be accepted. A total of three (3) original and one (1) electronic copy provided on CD or flash drive must be submitted to the following:

City of Sebastopol
Ana Kwong
Finance Department
7120 Bodega Ave
Sebastopol, CA 95472

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 Finance Director and a selection panel will review and evaluate each proposal submitted. It is anticipated that the proposal review process will be completed by March 15, 2017. Written notification will be sent only to those firms that were selected for an interview.

D. Interviews

The City will schedule interviews with finalists, if applicable, for the week of April 3, 2017. Firms selected for interviews may be requested to prepare a short presentation for the interview committee.

E. Final Selection and Notification

The City anticipates sending written notification of status to the finalists April 17, 2017.

II. PROPOSAL REQUIREMENTS

A. Independence

The audit Firm should provide an affirmative statement that it is independent of the City of Sebastopol 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 Sebastopol.

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.

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 Government Finance Officers' Association (GFOA) 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 (5) years that are similar in organizational type, size and complexity to the engagement described in this request for proposal. These engagements should show experience with local governments preparing a CAFR and be ranked on the basis of total staff hours. Indicate the scope of work, date engagement partners, total hours, and the name and telephone number of the principal client contact and, if available, a link to the final published audit report.

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 Sebastopol. However, in either case, the City of Sebastopol 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 and there is continuity of key staff to ensure an efficient audit process.

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 affect the audit and the Firm's approach to addressing these problems and any special assistance that will be requested from the City of Sebastopol.

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 Sebastopol. The proposer selected shall not publish or release any of the results of its examinations without the express written permission of the City of Sebastopol Finance Director.

J. Acceptance of Proposal Contents

After an audit Firm is selected by the City, the contents of the submitted proposal shall become part of the resulting Professional Services Agreement. The successful bidder will be required to execute a standard Professional Services Agreement with the City, an example of which is attached as 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 of the proposal 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. All requests for proposals received by the City will remain open, valid and subject to acceptance for a period of three months.

III. EVALUATION PROCESS

The proposals for the City's audit will be evaluated by a committee selected by the Finance Director. Proposers may be required to make oral presentations as a supplement to their proposals. These presentations would only be held subsequent to the receipt of the proposals and will be part of the evaluation/interview process to determine qualifications of the audit firm. The Finance Director will schedule a time and location in the City of Sebastopol for each oral presentation that it requests. Should a proposer refuse to honor the request for an oral presentation or interview, it may result in the rejection of the proposal by the City.

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. Auditors' experience in conducting audits of cities and City's of similar nature, size, and complexity, and the auditors' commitment to maintaining technical expertise in the municipal financial environment.
- C. 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.
- D. Experience in working with government finance software and ability to accept electronic reports and review transactions and documents in electronic format.
- E. Size and structure of the Firm's office from which the audit work is to be done and continuity in staff. 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 to complete any successive year's engagements.
- F. Ability of the Firm in providing technical support to finance staff as it relates to implementation of new accounting standards and recording and reporting of complex transactions.
- G. Cost. Although a significant factor, cost will not be the primary factor in the selection of an audit firm.
- H. Auditors' experience in complying with applicable federal and state regulations relating to non-discrimination and equal employment opportunity.

IV. FORMAT AND CONTENT OF PROPOSAL

A. Title Page

The title page should include the request for proposal subject, 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 information technology (IT) audit capabilities, including the number and classifications of personnel skilled in IT auditing who will work on the audit, and describe the local office staff experience and familiarity with local government finance software.
5. Describe the local office's recent auditing experiences of small local government agencies which prepare a CAFR and give the names and telephone numbers of client officials responsible for five of the audits listed. If available, provide a link to the final published audit report.
6. Describe the document publication technology and staff formatting and proofreading expertise.

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 Government Finance Officers' Association (GFOA) Certificate of Excellence in Financial Reporting program.

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

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

APPENDIX B

All-Inclusive Maximum Price by Report	Optional Years				
	FY 2016/17	FY 2017/18	FY 2018/19	FY 2019/20	FY 2020/21
State Controller's Reports:					
City Annual Report of Financial Transactions & Streets Report	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____
City Audit/CAFR	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____
Single Audit	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____
Total	<u>\$ _____</u>	<u>\$ _____</u>	<u>\$ _____</u>	<u>\$ _____</u>	<u>\$ _____</u>

APPENDIX C

AGREEMENT FOR CONSULTANT SERVICES

THIS AGREEMENT, made and entered into on [REDACTED], 2017 by and between the City of Sebastopol, located in the County of Sonoma, State of California (City), and [REDACTED] (Consultant).

RECITALS:

- A. City desires to employ Consultant to furnish professional services in connection with the project described as [REDACTED].
- B. Consultant has represented that Consultant has the necessary expertise, experience, and qualifications to perform the required duties.

NOW, THEREFORE, in consideration of the mutual premises, covenants, and conditions herein contained, the parties agree as follows:

SECTION 1 – BASIC SERVICES

Consultant agrees to perform the services set forth in **Exhibit A, “Scope of Services”** and made part of this Agreement.

SECTION 2 – 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 **Exhibit A, “Scope of Services”**, unless such additional services and compensation are authorized in advance and in writing by the City Council or City Manager of the City.

SECTION 3 – TIME FOR COMPLETION

The time for completion of services shall be as identified in **Exhibit A, “Scope of Services”**.

SECTION 4 – COMPENSATION AND METHOD OF PAYMENT

A. Subject to any limitations set forth in this Agreement, City agrees to pay consultant the amount specified in Exhibit B, “Compensation”, attached hereto and made a part hereof. Total compensation shall not exceed \$ [REDACTED], unless additional compensation is approved in accordance with Section 2.

B. 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 if applicable: labor (by sub-category), travel, materials, equipment, supplies, subconsultant

contracts, and miscellaneous expenses. City shall independently review each invoice submitted to determine whether the work performed and expenses incurred are in compliance with the provisions of this Agreement. If no charges or expenses are disputed, the invoice shall be approved and City will use its best efforts to cause Consultant to be paid within 30 days of receipt of invoice. If any charges or expenses are disputed by City, the original invoice shall be returned by City to Consultant for correction and resubmission. If the City reasonably determines, in its sole judgment, that the invoiced charges and expenses exceed the value of the services performed to date and that it is probable that the Agreement will not be completed satisfactorily within the contract price, City may retain all or a portion of the invoiced charges and expenses. Within thirty (30) days of satisfactory completion of the project, City shall pay the retained amount, if any, to Consultant.

C. Payment to the Consultant for work performed pursuant to this Agreement shall not be deemed to waive any defects in work performed by Consultant.

SECTION 5 – 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 6 – 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. City shall reject or finally accept Consultant's work within sixty (60) days after submitted to City, unless the parties mutually agree to extend such deadline. City shall reject work by a timely written explanation, otherwise Consultant's work shall be deemed to have been accepted. City's acceptance shall be conclusive as to such work except with respect to latent defects and fraud. Acceptance of any of Consultant's work by City shall not constitute a waiver of any of the provisions of this Agreement including, but not limited to, the sections pertaining to indemnification and insurance.

SECTION 7 – INSURANCE REQUIRED

Consultant shall procure and maintain for the duration of the contract insurance against claims for injuries to persons or damages to property which may arise from or in connection with the performance of the work hereunder by the Consultant, its agents, representatives, or employees, as indicated:

- A. Minimum Scope of Insurance. Coverage shall be at least as broad as:
1. Insurance Services Office Commercial General Liability coverage (occurrence form CG 0001).

2. Insurance Services Office form number CA 0001 (Ed. 1/87) covering Automobile Liability, code 1 (any auto).
3. Workers' Compensation insurance as required by the State of California and Employer's Liability Insurance.

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

1. General Liability: \$2,000,000 per occurrence for bodily injury, personal injury and property damage including operations, products and completed operations, as applicable. If Commercial General Liability Insurance or other form with a General Liability Insurance or other form with a general aggregate limit is used, either the general aggregate limit shall apply separately to this project/location or the general aggregate limit shall be twice the required occurrence limit.
2. Automobile Liability: \$2,000,000 per accident for bodily injury and property damage.
3. Employer's Liability: \$2,000,000 per accident for bodily injury or disease.

C. Deductibles and Self-Insured Retentions. Any deductibles or self-insured retentions of \$25,000 or greater must be declared to and approved by the City.

D. Other Insurance Provisions. The commercial general liability and automobile liability policies are to contain, or be endorsed to contain, the following provisions:

1. The City, its agent, officers, officials, employees, and volunteers are to be covered as additional insured as respects: liability arising out of work or operations performed by the Consultant or Consultant's subconsultants; or automobile owned, leased, hired or borrowed by the Consultant.
2. For any claims related to Consultant's conduct while performing the work of this project, the Consultant's insurance coverage shall be primary insurance as respects the City, its agents, officers, officials, employees and volunteers. Any insurance or self-insurance maintained by the City, its agents, officers, officials, employees or volunteers shall be excess of the Consultant's insurance and shall not contribute with it.
3. Each insurance policy required by this clause shall be endorsed to state that coverage shall not be cancelled by either party, except after thirty (30) days prior written notice by certified mail, return receipt requested, has been given to the City.
4. Coverage shall not extend to any indemnity coverage for the active negligence of the additional insured in any case where an agreement to indemnify the additional insured would be invalid under Subsection (b) of Section 2782 of the Civil Code.

E. Waiver of Subrogation. The workers compensation policy is to be endorsed with a waiver of subrogation. The insurance company, in its endorsement, agrees to waive all rights of subrogation against the City, its agents, officers, officials, employees and volunteers for losses paid under the terms of this policy which arises from the work performed by the named insured for the City.

F. The Acceptability of Insurers. Insurance is to be placed with insurers with a current A.M. Best's rating of no less than A: VII, unless otherwise acceptable to the City.

G. Verification of Coverage. Consultant shall furnish the City with original certificates and amendatory endorsements effecting coverage required by this clause. The endorsements should be on forms provided by the City or on forms that conform to City requirements. All certificates and endorsements are to be received and approved by the City before work commences. The City reserves the right to require complete, certified copies of all required insurance policies, including endorsements effecting the coverage required by these specifications at any time.

SECTION 8 – INDEMNIFICATION

Consultant shall indemnify and hold harmless City, its agents, officers, officials, employees, and volunteers from any and all claims, demands, suits, loss, damages, injury, and/or liability (including any and all costs and expenses in connection therewith), incurred by reason of any negligent or otherwise wrongful act or omission of Consultant, its officers, agents, employees and subcontractors, or any of them, under or in connection with this Agreement; and Consultant agrees at its own cost, expense and risk to defend any and all claims, actions, suits, or other legal proceedings brought or instituted against City, its agents, officers, officials, employees and volunteers, or any of them, arising out of such negligent or otherwise wrongful act or omission, and to pay and satisfy any resulting judgments.

When Consultant under this Agreement is duly licensed under California Business and Professions Code as an architect, landscape architect, professional engineer, or land surveyor (“design professional”), the provisions of this section regarding Consultant’s duty to defend and indemnify apply only to claims that arise out of or relate to the negligence, recklessness, or willful misconduct of the design professional.

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 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.

The provisions of this section do not apply to claims to the extent occurring as a result of the City’s sole negligence or willful acts or misconduct.

SECTION 9 – INDEPENDENT CONTRACTOR STATUS

A. Consultant is and shall at all times remain a wholly independent contractor and not an officer, employee or agent of City. Consultant shall have no authority to bind City in any manner, nor to incur an 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, officers, 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 10 – CONFLICTS OF INTEREST

A. Consultant covenants that neither it, nor any officer or principal of its firm, has or shall acquire any interest, directly or indirectly, which would conflict in any manner with the interests of City or which would in any way hinder Consultant's performance of services under this Agreement. Consultant further covenants that in the performance of this Agreement, no person having any such interest shall be employed by it as an officer, employee, agent, or subcontractor without the express written consent of the City Manager. Consultant agrees to at all times avoid conflicts with the interests of City in the performance of this Agreement.

B. City understands and acknowledges that Consultant is, as of the date of execution of this Agreement, independently involved in the performance of non-related services for other governmental agencies and private parties. Consultant is aware of any stated position of City relative to such projects. Any future position of City on such projects shall not be considered a conflict of interest for purposes of this section.

SECTION 11 – OWNERSHIP OF DOCUMENTS

A. 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. When requested by City, but no later than three years after project completion, Consultant shall deliver to City all such original maps, models, designs, drawings, photographs, studies, surveys, reports, data, notes, computer files, files and other documents.

B. All copyrights, patents, trade secrets, or other intellectual property rights associated with any ideas, concepts, techniques, inventions, processes, improvements, developments, works of authorship, or other products developed or created by Consultant during the course of providing services (collectively the "Work Product") shall belong exclusively to City. The Work Product shall be considered a "work made for hire" within the meaning of Title 17 of the United States Code. Without reservation, limitation, or condition, Consultant hereby assigns, at the time of creation of the Work Products, without any requirement of further consideration, exclusively and perpetually, any and all right, title, and interest Consultant may have in the Work Product

throughout the world, including without limitation any copyrights, patents, trade secrets, or other intellectual property rights, all rights of reproduction, all rights to create derivative works, and the right to secure registrations, renewals, reissues, and extensions thereof.

SECTION 12–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 Manager, except as may be required by law.

B. Consultant, its officers, employees, agents or subcontractors, shall not, without prior written authorization from the City Manager or unless requested by the City Attorney of City, voluntarily provide declarations, letters of support, testimony at depositions, response to interrogatories or other information concerning the work performed under this Agreement. 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 subcontractor of Consultant, provides any information or work product in violation of this Agreement, then City shall have the right to reimbursement and indemnity from Consultant for any damages, costs and fees, including attorneys 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 subcontractors 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 such response.

SECTION 13 – SUSPENSION OF WORK

City may, at any time, by ten (10) days written notice suspend further performance by Consultant. All suspensions shall extend the time schedule for performance in a mutually satisfactory manner and Consultant shall be paid for services performed and reimbursable expenses incurred prior to the suspension date.

SECTION 14 – COMPLIANCE WITH LAW

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. 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 15 – COMPLIANCE WITH CIVIL RIGHTS

During the performance of this contract, Consultant agrees as follows:

A. Equal Employment Opportunity. In connection with the execution of this Agreement, Consultant shall not discriminate against any employee or applicant for employment because of race, religion, color, ancestry, age, sexual orientation, physical handicap, medical condition, marital status, sex, or national origin. Such actions shall include, but not be limited to, the following: employment, promotion, upgrading, demotion, or transfer; recruitment or recruitment advertising; layoff or termination; rate of pay or other forms of compensation; and selection for training including apprenticeship.

B. Nondiscrimination Civil Rights Act of 1964. Consultant will comply with all federal regulations relative to nondiscrimination to federally-assisted programs.

C. Solicitations for Subcontractors including Procurement of Materials and Equipment. In all solicitations, either by competitive bidding or negotiations, made by Consultant for work to be performed under a subcontract, including procurement of materials or leases of equipment, each potential subcontractor, supplier, or lessor shall be notified by Consultant of Consultant's obligations under this Agreement and the regulations relative to nondiscrimination.

SECTION 16 – RECORDS

A. Records of Consultant's direct labor costs, payroll costs, and reimbursable expenses pertaining to this project covered by this Agreement will be kept on a generally recognized accounting basis and made available to City if and when required for a period of up to 3 years from the date of Consultant's final invoice.

B. Consultant's records and design calculations will be available for examination and audit if and as required. The cost of any reproductions shall be paid by City.

SECTION 17 – COOPERATION BY CITY

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

SECTION 18 – NOTICES

All notices required or permitted to be given under this Agreement shall be in writing and shall be personally delivered, or sent by facsimile or first class mail, addressed as follows:

To City: City Manager
7120 Bodega Ave
Sebastopol, California 95472

To Consultant:

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

SECTION 19 – TERMINATION

City may terminate this Agreement, with or without cause, at any time by giving ten (10) days written notice of termination to Consultant. If such notice is given, Consultant shall cease immediately all work in progress.

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.

Upon termination of this Agreement by either Consultant or City, all property belonging to City which is in Consultant’s possession shall be delivered to City. Consultant shall furnish to City a final invoice for work performed and expenses incurred by Consultant, prepared as set forth in this Agreement.

SECTION 20 – ATTORNEY FEES

If 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 an award of reasonable attorneys’ fees, costs and expenses, in addition to any other relief to which it may be entitled. In addition, any legal fees, costs and expenses incurred to enforce the provisions of this Agreement shall be reimbursed to the prevailing party.

SECTION 21 – 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 unless in writing duly executed by the parties or their authorized representatives.

SECTION 22 – SUCCESSORS AND ASSIGNS

This Agreement shall be binding on the heirs, executors, administrators, successors and assigns of the parties. However, this Agreement shall not be assigned by Consultant without written consent of the City.

SECTION 23 – 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 24 – 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 25 – 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 of the provisions of this Agreement.

SECTION 26 – 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 Napa. In the event of litigation in a U.S. District Court, venue shall lie exclusively in the Northern District of California, in San Francisco.

SECTION 27 – SEVERABILITY

If any 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 28 – SPECIAL PROVISIONS

This Agreement is subject to the following special provisions: none.

IN WITNESS WHEREOF, the parties hereto have accepted, made, and executed this Agreement upon the terms, conditions, and provisions above stated, the day and year first above written.

Consultant:

City:

By: _____

By: _____

Name: _____

Name: Larry McLaughlin

Title: _____

Title: City Manager

Approved as to Form:

By: _____

Name: Larry McLaughlin

Title: City Attorney