

**NOTICE OF REQUEST FOR
PROPOSALS**

FOR

INDEPENDENT AUDITING SERVICES

FOR

THE CITY OF SANTA MARIA



**For questions regarding this Request for Proposal (RFP),
please contact: Heather Zacker, Finance Department
City of Santa Maria**

Email:

hzacker@cityofsantamaria.org

INTRODUCTION

The City of Santa Maria ("City") is soliciting proposals from certified public accounting firms to audit its financial statements for the three fiscal years beginning with the fiscal year ending June 30, 2019, with the option of auditing its financial statements for each of the two (2) subsequent fiscal years. These audits are to be performed in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Governmental Auditing Standards issued by the Comptroller General of the United States, the provisions of the Federal Single Audit Act as amended in 1996, and U.S. Office of Management and Budget (OMB) Circular A-133 Audits of State and Local Governments and Non-Profit Organizations.

There is no expressed or implied obligation for the City to reimburse responding firms for any expenses incurred in preparing proposals in response to this request.

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, to allow corrections of errors or omissions, and to amend this RFP as necessary.

All materials submitted to the City in response to this RFP shall remain the property of the City. Submission of a proposal indicates acceptance by a 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 and the selected firm.

To be considered, a proposal must be received by 5:00 PM, April 11, 2019. The proposals will be evaluated and ranked according to the criteria provided in the "Evaluation Process" in this RFP. This RFP is not an offer by the City to contract with a selected auditing firm responding to this RFP. The City reserves the right to reject any and all bids, to waive minor irregularities in any proposal, to negotiate with qualified sources, or cancel this request in total or in part. Please see the Proposal Requirements in this document for further information.

CITY PROFILE

The City of Santa Maria was incorporated on September 12, 1905. The City is located in Santa Barbara County on the west coast of California in what is known as the Central Coast. Santa Maria is the largest City by population and geographic area in the County. The City provides a full range of municipal services including police and fire services, engineering and planning, street maintenance, parks and recreation services, water and wastewater utilities, solid waste collection and disposal, and general administrative activities. For the 2018-19 fiscal year, the City has 517 authorized full time positions, an adopted General Fund Budget of approximately \$80.1 million, and a total adopted budget of approximately \$220.2 million.

The City is organized into 10 departments. The accounting and financial reporting functions of the City are centralized.

Funds: The City uses the following fund types in its financial reporting:

Governmental Funds:

General Fund (several funds are rolled into the General Fund)

Special Revenue Funds (23 funds)

Debt Service Funds (1 fund)

Capital Projects Funds (2 funds)

Proprietary Funds:

Enterprise Funds (3 types of enterprises, several funds roll into these 3)

Internal Service Funds (3 funds reported, several funds toll into these 3)

Fiduciary Funds

Agency Funds (3 funds)

Component Units: The City is defined, for financial reporting purposes, in conformity with the Governmental Accounting Standards Board's Codification Governmental Accounting and Financial Reporting Standards, Section 2100. Using these criteria, component units are included in the City's financial statements.

The management of the City identified the following component units (with fiscal year ending June 30) for inclusion in the City's financial statements:

Santa Maria Public Financing Authority.

This component unit is to be audited as part of the audit of the City's financial statements. The contact person and record location is the same as the primary unit.

Joint Ventures: The City participates in joint ventures with other governments:

Local Government Finance Joint Powers Authority; and

Central Coast Water Authority.

Finance Department Structure: The Finance Department is managed by Mary Harvey, Finance Director, and consists of 17 employees. The principal functions performed and the number of employees assigned to each are as follows:

	Full-Time
Administration	2
Accounting	4
Accounts Payable	1
Payroll	2
Utility Billing	8

The City is a long time recipient of GFOA's Certificate of Achievement for Excellence in Financial Reporting. The City desires to continue preparing reports which will merit receipt of these awards each year.

More detailed information on the government and its finances can be found in budget documents, official statements, annual financial reports, and policies and procedures manuals. These documents are available on the City's website: www.cityofsantamaria.org.

Availability of Prior Reports and Work Papers

Moss, Levy, Hartzheim, CPA's (ML&H) in Santa Maria, CA conducted the City's most recent audit. The work papers of the previous audits are the property of the previous auditor and can be reviewed by the successful Proposer. The following financial statements were prepared or audited by ML&H.

1. City of Santa Maria Comprehensive Annual Financial Report;
2. A Single Audit Report; and

3. City of Santa Maria Measure U Financial Statements

SCOPE OF SERVICES

The City's goal is to provide the public and its constituents with a comprehensive annual financial statement that provides complete, accurate, and understandable information about the City's financial condition. The selected independent auditor will be required to perform the following tasks:

1. Audit of the Basic Financial Statements of the City in conformity with generally accepted accounting principles and issue an opinion thereon. The auditor is not required to audit the combining and individual fund financial statements and supporting schedules. However, the auditor is to provide an "in-relation-to" report on the combining and individual fund financial statements and supporting schedules based on the auditing procedures applied during the audit of the government-wide financial statements. The auditor is not required to audit the statistical section of the report.
2. Perform certain limited procedures involving management's discussion and analysis (MD&A) and required supplementary information (RSI) required by the Governmental Accounting Standards Board as mandated by generally accepted auditing standards.
3. Audit of the financial statements of the Measure U Fund of the City of Santa Maria in accordance with the generally accepted accounting principles and issue an opinion thereon.
4. Test compliance with the Single Audit Act as amended in 1996, and applicable laws and regulations. It is expected that the auditor will prepare, publish, and submit an audit report to federal and state agencies as required.
5. Prepare a Memorandum on Internal Control Structure and Management Letter.
6. Test compliance with Proposition 111, Article XIII.B – Review of Appropriations Limit Calculations.
7. Examine other reports or perform other services as required.

The firm shall comply with all insurance requirements of the City of Santa Maria, included in the Professional Services Agreement, attached as Attachment A.

AUDITING STANDARDS TO BE FOLLOWED

To meet the requirements of this request for proposal, the audit shall be performed in accordance with:

1. Generally accepted auditing standards as set forth by the American Institute of Certified Public Accountants;
2. The standards applicable to financial audits contained in Government Auditing Standards (2018 Revision), issued by the Comptroller General of the United States;
3. The provisions of the Single Audit Act as amended in 1996; and
4. The provisions of U. S. Office of Management and Budget (OMB) Circular A-133, Audits of State and Local Governments and Non-Profit Organizations.
5. The independence standard promulgated in the General Accounting Offices Government Auditing Standards.

REPORTS TO BE ISSUED

Following completion of the audit and preparation of the fiscal year's comprehensive financial and special purpose audits, the auditor shall issue:

1. Reports on the fair presentation of the financial statements in conformity with generally accepted accounting principles as listed below: (Do they do anything with the Transit report?)
 - a. Basic Financial Statements for the City;
 - b. Financial Statements for the City's Measure U Fund;
 - c. Audit Report for the City of Santa Maria Single Audit Act.
2. A report based on the auditor's understanding of the internal control structure and assessment of control risk. In this report, the auditor will communicate any reportable conditions found during the audit and indicate whether those conditions are material weaknesses.
3. A separate report on the auditor's analysis of the internal control structure used in the administration of federal financial assistance program.
4. A report on the City's compliance with laws and regulations related to "major" federal awards including an opinion on compliance with specific requirements applicable to "major" federal programs. The report on compliance shall include instances of non-compliance.
5. A Management Letter addressed to the City Council of the City of Santa Maria setting forth recommendations (as applicable) for improvements in the City's accounting systems.
6. A letter to the City Manager and Director of Finance including any reportable conditions found during the audit. A reportable condition shall be defined as a significant deficiency 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 statements. "Non-reportable conditions" discovered by the auditor shall be communicated in the "Management Letter."
7. A report on the City's compliance with Proposition 111, Article XIII.B of the California State Constitution and Government Code 7900 (et seq.) in its calculation of the "Gann Limit".

In addition, the auditors shall be required to make an immediate, written notification of all irregularities and illegal acts or indications of illegal acts of which they become aware to the following parties:

- a. The City Council of the City of Santa Maria;
- b. The City Manager of the City of Santa Maria; and
- c. The Director of Finance of the City of Santa Maria.

The Finance Department shall prepare draft financial statements, notes and all required supplementary schedules and statistical data by November 15th of each year. The auditor shall provide all recommendations, revisions, and suggestions for improvements to the Finance Director by November 30th.

The Finance Director will complete their review of the draft report as expeditiously possible. This process is not expected to exceed one week. During that period, the auditor should be available for any meetings that may be necessary to discuss the audit reports. Once all issues of discussion are resolved, the final signed audit opinion shall be delivered to the Finance Director within seven (7) working days for inclusion in the CAFR. It is anticipated that this process will be completed and the final report delivered by December 15th annually.

SPECIAL CONSIDERATIONS

The City will send its Comprehensive Annual Financial Report (CAFR) to the Government Finance Officers' Association (GFOA) of the United States and Canada each year for review in GFOA's Certificate of Achievement for Excellence in Financial Reporting program. It is anticipated that the auditor may be required to provide special assistance to the City to meet the requirements of that program and the auditing standards as set forth in this RFP.

Currently, the City does not anticipate having to prepare one or more official statements in connection with the sale of debt securities that will contain the basic financial statements and the auditor's report thereon. However, the auditor shall be required, if requested by the fiscal advisor and/or the underwriter, to issue a "consent and citation of expertise" as the auditor and any necessary "comfort letters."

All working papers and reports must be retained at the auditor's expense, for a minimum of seven (7) years (or the retention timeframe established by the professional standards, whichever is longer), unless the firm is notified in writing by the City that there is a need to extend the retention period. The auditor will be required to make working papers available, upon request.

In addition, the firm shall respond to the reasonable inquiries of successor auditors and allow successor auditors to review working papers.

CITY ASSISTANCE PROVIDED TO THE AUDITOR

The Finance Department's staff and responsible management personnel will be available during the audit to assist the firm by providing information, documentation, and explanations. Heather Zacker, Accounting Manager, will be responsible for acting as the liaison between the audit firm and the accounting personnel.

The City will provide the auditor with reasonable work space, desks and chairs. The auditor will also be provided with access to a telephone, photocopying, and FAX machines.

Comprehensive Annual Financial Report: City personnel are currently responsible for compiling the financial statements and providing this information to the auditor either electronically or in hard copy. The auditor is responsible for assisting City staff in the preparation of the statements, footnotes, required supplementary information, and the final check of the statement presentation. The City shall be responsible for printing and binding the document.

Single Audit Report: Auditor prepares, prints, and binds the documents.

Measure U Fund Financial Statements: Auditor prepares, prints, and binds the documents.

The City is open to discussion regarding the division of these activities in order to produce the most cost-effective product for both the City and the auditor.

PROPOSED CONTRACT TERM

The proposed term of this contract is three years, including the audit of the June 30, 2019, June 30, 2020 and June 30, 2021 financial statements. The City may extend this agreement for up to an additional two years. The contract may be terminated or suspended by the City as provided in the Professional Services

Agreement (Attachment A).

CONTRACT AGREEMENT

The City’s standard professional services agreement shall be used (Attachment A). The auditing firm shall meet the requirements of this agreement; and auditing firm shall submit with the proposal a specific list of any concerns with the City’s Agreement.

NON-DISCRIMINATION REQUIREMENT

By submitting a proposal, the respondent represents that it and its subsidiaries do not and will not discriminate against any employee or applicant for employment on the basis of race, religion, sex, color, national origin, sexual orientation, ancestry, marital status, physical condition, pregnancy or pregnancy-related conditions, political affiliations or opinion, age, or medical condition.

RFP SCHEDULE

Event	Date and time
RFP Issuance	March 11, 2019
Due date for Request for Information	March 18, 2019
Response to Request for Information (no later than)	March 25, 2019
Proposals due	April 11, 2019 no later than 5:00 p.m.
<i>Tentative</i> Finalist Interviews (if necessary)	April 22, 2019
<i>Tentative</i> Award agreement	April 25, 2019

PROPOSAL REQUIREMENTS

The proposal must be concise, well organized, and demonstrate the actuarial firm’s qualifications. Responses shall follow the format outlined below. Proposals must be received prior to 5:00 PM on April 11, 2019. The proposals shall also include the information listed below:

1. *Cover Page.* Indicate the request for proposals subject; the firm’s name; the name, address, email address, and telephone number of the contact person; and the date of the proposal.
2. *Affirmative statements indicating:*
 - a. The firm and all assigned key professional staff are properly licensed to practice in California.
 - b. The firm is independent of the City of Santa Maria as defined by generally accepted auditing standards/the U. S. General Accepting Office’s Government Auditing Standards.
 - c. The independent auditor possesses (or will possess) a City of Santa Maria Business License while conducting all work under the agreement.
3. *Description of the firm including governmental experience.*
 - a. The Proposer should state the size of the firm, the size of the firm’s governmental audit staff, the location of the office, which the work on this engagement is to be performed, and the number and nature of the professional staff to be employed in this engagement on a full-time basis and the number and nature of the staff to be employed on a part-time basis. Staff consistency is an important consideration.
 - b. The Proposer is required to submit a copy of a report on its most recent external quality control review (peer review), with a statement whether that quality control included a review of specific government engagements.
 - c. The Proposer 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 Proposer 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. *Partner, Supervisory and Staff Qualifications and Experience.*
 - a. Identify the principal supervisory and management staff, including engagement partners, managers, other supervisors and specialists who would be assigned to this engagement. Indicate whether each person is registered or licensed to practice as a certified public accountant in California. Provide information on the government auditing experience of each person, including information on relevant continuing professional education for the past three (3) years and membership in professional organizations relevant to the performance of this audit.
 - b. Provide as much information as possible regarding the number, qualifications, experience and training, including relevant continuing professional education of the specific staff to be assigned to this engagement. Indicate how the quality of staff over the term of the agreement will be assured.
 - c. 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 be changed for other reasons with the express prior written permission of the City. However, in either case, the City retains the right to approve or reject replacements.
 - d. Other audit personnel may be changed at the discretion of the Proposer provided that replacements have substantially the same or better qualifications or experience.
5. *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 Section II of this request for proposal. In developing the work plan, reference should be made to such sources of information as City of Santa Maria's budget and related materials, organizational charts, manuals, programs, and financial and other management information systems. Proposers will be required to provide the following information on their audit approach:
 - a. Proposed segmentation for the engagement;
 - b. Level of staff and number of hours to be assigned to each proposed segment of the engagement;
 - c. Sample size and the extent to which statistical sampling is to be used in this engagement;
 - d. Type and extent of analytical procedures to be used in this engagement;
 - e. Approach to be taken to gain and document an understanding of the City's internal control structure;
 - f. Approach to be taken in determining laws and regulations that will be subject to audit test work; and
 - g. Approach to be taken in drawing audit samples for purposes of tests of compliance.
6. *Similar Engagements with Other Government Entities.* A list of municipal government references where the firm has provided auditing services within the preceding thirty-six (36) months. The list shall include a minimum of three references with a maximum of five, and should include the names and contact information of finance officers in the municipality. The City reserves the right to contact any or all of the listed references regarding the audit services performed by the Proposer.

7. *Identification Anticipated Potential Audit Problems.* The proposal should identify and describe any anticipated potential audit problems, the firm’s approach to resolving these problems, and any special assistance that will be requested from the City.
8. *Cost of Services.* 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 fee to be proposed is to contain all direct and indirect costs including all out-of-pocket expenses. This information is required to be shown for each year to be audited (including the two optional extension years) and in total.

REQUEST FOR INFORMATION

Interested auditing firms are encouraged to promptly notify the City in writing of any questions, apparent major inconsistencies, problems, or ambiguities in the Scope of Services or this RFP. Any questions and requests for clarification/additional information shall be **submitted by email** to Heather Zacker, Finance Department, at hzacker@cityofsantamaria.org **no later than March 18, 2019 at 5:00 PM**. All questions will be responded to no later than March 25, 2019 at 5:00 PM. If deemed necessary, the City will provide copies of the questions and answers to all prospective proposers.

EVALUATION PROCESS

The City will select an auditing firm based on the demonstrated competence and on the professional qualifications necessary for satisfactory performance of the services required. When selecting the firm, the skill and ability of the entity or person performing the services is a key component of the selection criteria. Cost will be only one factor in determining the selection. The contract may not be awarded to the lowest bidder and therefore, the City will undertake the following evaluation process:

1. The City will review and evaluate all submitted documents received per this RFP.
2. Submittals will be reviewed for responsiveness and evaluated based on the factors in the table below.

Evaluation Criteria	Points
Firm credentials – The firm’s past practice and performance on comparable government engagements.	25
Staff credentials – The quality of the firm’s professional personnel to be assigned to the engagement and the quality of the firm’s management support personnel to be available for technical consultation.	15
Audit approach – The quality of the proposed approach including documenting and understanding the internal control structure, drawing audit samples, and preliminary schedule for performing key phases of the audit.	25
Cost – Competitive cost of services.	25
Responsiveness to RFP – The firm’s adherence to the terms set forth in the RFP. Inclusion all of required elements listed in the RFP.	10
Total	100

3. After the submittals are evaluated and ranked, the City may elect to contact references of the top respondents. Responses from those references regarding client relationship, delivery of

services, quality and budget will be considered and may change the ranking of proposals.

4. After the submittals are evaluated and ranked, the City, at its sole discretion, may elect to interview one or more finalist respondents. Note, respondents may be asked to submit additional documentation. Additionally, the City reserves the right to select a proposal without conducting interviews.
5. If a commitment is made, it will be to the most qualified respondent with whom City is able to successfully negotiate the compensation and terms and conditions of any and all agreements.
6. Final selection of an auditing firm, terms and conditions of any and all agreements, and authority to proceed with these services, shall be at the sole discretion of the City.
7. If the City is unable to negotiate a satisfactory agreement, with terms and conditions the City determines to be fair and reasonable, the City may then commence negotiations with the next most qualified auditing firm in sequence, until an agreement is reached or determination is made to reject all submittals.

INSTRUCTIONS TO SUBMITTING FIRMS

By submitting a proposal, the prospective firm represents that it has thoroughly examined and become familiar with the services required under this RFP, and that it is capable of delivering quality services to the City.

Any questions related to this RFP shall be directed to Heather Zacker, Accounting Manager, via email at hzacker@cityofsantamaria.org pursuant to the *Request for Information* section above.

Four (4) paper copies and one (1) electronic copy (thumb drive) of the complete written proposal must be received by the Finance Department no later than 5:00 PM on April 11, 2019. Proposals will not be accepted after this deadline. Faxed or emailed proposals will not be accepted. Proposals must be sealed and clearly state, "Proposal for Auditing Services" on the outside of the package or envelope. The Proposal should be addressed as follows:

**City of Santa Maria
Finance Department
Attn: Heather Zacker, Accounting Manager
110 E. Cook Street, Room 6
Santa Maria, CA 93454**

A firm may withdraw its proposal at any time before the due date for submission of the proposals as provided in the RFP by delivering a written request for withdrawal signed by, or on behalf, of the prospective firms.

**SAMPLE AGREEMENT FOR PROFESSIONAL SERVICES
(to be provided by the City Attorney’s Office)**

This Agreement is made on (insert date), by and between, a California Corporation (“Contractor”) and the City of Santa Maria, a California Municipal Corporation and charter city (“City”), in Santa Maria, California, based on the following recitals:

1. **WHEREAS**, the City needs financial statement auditing services; and
2. **WHEREAS**, pursuant to said request, the Contractor submitted a proposal, which was accepted by the City; and
3. **WHEREAS**, it has been determined it is in the City’s interest to proceed with the financial statement auditing services; and
4. **WHEREAS**, the City has determined that the audit of the City’s financial statements involves a performance of professional and technical services; and
5. **WHEREAS**, the City has requested that the Contractor perform an audit of the City’s financial statements; and
6. **WHEREAS**, the Contractor is a properly licensed firm in the State of California.

NOW, THEREFORE, IT IS AGREED:

1. **Recitals true.** The above recitals are true.
2. **General.**

2.01. **Term and Termination.** The term of this contract is three years, up to and including the audit of the financial statements ending on June 30, 2019, June 30, 2020, and June 30, 2021, beginning on the date first written above. This contract may be extended up to an additional two (2) years by mutual consent of the parties. This contract may be terminated for breach of its terms or conditions, or because of discovery of any act which violates local, state or federal law. Termination is effective 14 days after deposit of notice as specified in this Agreement.

2.02. **Services to be Performed.** Contractor shall determine the method, details and means of providing the financial statement audit. More specifically, Contractor agrees to perform the specific services listed in Exhibit “A.”

2.03. **City’s Duties.** City’s duties under this Agreement are to cooperate with Contractor in the performance of the contract and timely pay invoices.

2.04. **Payment.** Payment terms under this Agreement are listed in Exhibit “B.”

2.05. **Insurance.** Contractor shall provide insurance as listed in Exhibit “C.”

2.06. **Exhibits.** Exhibits “A,” “B,” and “C” are attached and incorporated.

3. Contractor’s Obligations.

3.01. **Minimum Amount of Service.** Contractor shall devote sufficient time to perform services under this agreement efficiently and effectively. Contractor may represent, perform services for and be employed by additional individuals or entities, in Contractor’s sole discretion, as long as the performance of these extra-contractual services does not interfere with or present a conflict with City’s business.

3.02. Tools and Equipment. Except as otherwise stated in this Agreement, Contractor will supply all tools and equipment necessary to perform this Agreement.

3.03. Status. Contractor (including its employees) is an independent contractor. No employer/employee relationship exists between Contractor and the City. Contractor's assigned personnel shall not be entitled to any benefits payable to employees of the City. The City is not required to make any deductions or withholdings from the compensation payable to Contractor under this agreement.

3.04. Indemnification. To the fullest extent permitted by law, the Consultant shall indemnify, defend (with independent counsel approved by the City) and hold harmless the City, and its directors, officers, and employees from and against all liabilities (including without limitation all claims, losses, damages, penalties, fines, and judgments, associated investigation and administrative expenses, and defense costs, including but not limited to reasonable attorneys' fees, court costs and costs of alternative dispute resolution) regardless of nature or type that arise out of, pertain to, or relate to the negligence, reckless, or willful misconduct of the Consultant or the acts or omissions of an employee, agent or subcontractor of the Consultant. The provisions of this paragraph survive completion of the services or the termination of this contract. The provisions of this Section are not limited by the provisions of the Section relating to insurance.

4. Miscellaneous

4.01. Notices. All communication relating to the day-to-day activities of this Agreement shall be exchanged between a designated representative of the CITY and a representative of CONTRACTOR, listed below. All notices shall be addressed as follows unless a written change is filed with the City:

To City:

Attn.

110 East Cook Street

Santa Maria, CA 93454

To Contractor:

If the designated Representative or address of either party changes during the term of this agreement, a written notice shall be given to the other party prior to the effective date of change. Any written notices required under this agreement shall be effective five (5) days after deposit into United States mail, postage prepaid, addressed to the designated Representative, or upon confirmation of receipt of delivery if another notification process is used.

4.02. Compliance With Laws, etc. Contractor shall comply with all laws, including but not limited to the rules and policies of the City, in performing this agreement.

4.03. Integration. This agreement constitutes the entire agreement of the parties with respect to the subject matter. All modifications, amendments, or waivers of the terms of this agreement must be in writing and signed by the appropriate representatives of the parties.

4.04. Interpretation. This agreement shall be interpreted in accordance with the laws of the State of California.

4.05. Jurisdiction. Jurisdiction and venue of all disputes over the terms of this agreement shall be in the County of Northern Santa Barbara, State of California.

4.06. Warranty of authority. Each person signing this agreement on behalf of a party warrants that he or she has authority to do so.

4.07. No Waiver. Failure to enforce with respect to a default shall not be construed as a waiver.

4.08. Severability. The provisions of this agreement are severable. If any part of this

ATTACHMENT A – SAMPLE PROFESSIONAL SERVICE AGREEMENT

agreement is held invalid by a court of competent jurisdiction, the remainder of the agreement shall remain in full force and effect unless amended or modified by mutual written consent of the parties.

4.09. Submittals. In addition to any other submittals required by this agreement, Contractor shall submit copies of its current business license and current certificate of workers compensation coverage to the City before beginning work on this project.

4.10 Prevailing Wage. Prevailing Wage. If applicable, Consultant and all subconsultants are required to pay the general prevailing wage rates of per diem wages and overtime and holiday wages determined by the Director of the Department of Industrial Relations under Section 1720 et seq. of the California Labor Code. The Director's determination is on file and open to inspection at www.dir.ca.gov and is referred to and made a part hereof; the wage rates therein ascertained, determined and specified are referred to and made a part hereof as though fully set forth herein.

IN WITNESS WHEREOF, this agreement is executed by the parties on the date first written above.

CONTRACTOR

CITY OF SANTA MARIA

By:

By:

APPROVED AS TO FORM:

City Attorney

Risk Management

EXHIBIT “A”

The Contractor shall provide auditing services to the City. The primary objectives for the audit include:

1. Audit of the Basic Financial Statements of the City in conformity with generally accepted accounting principles and issue an opinion thereon. The auditor is not required to audit the combining and individual fund financial statements and supporting schedules. However, the auditor is to provide an “in-relation-to” report on the combining and individual fund financial statements and supporting schedules based on the auditing procedures applied during the audit of the government-wide financial statements. The auditor is not required to audit the statistical section of the report.
2. Perform certain limited procedures involving management’s discussion and analysis (MD&A) and required supplementary information (RSI) required by the Governmental Accounting Standards Board as mandated by generally accepted auditing standards.
3. Audit of the financial statements of the Measure U Fund of the City of Santa Maria in accordance with the generally accepted accounting principles and issue an opinion thereon.
4. Test compliance with the Single Audit Act as amended in 1996, and applicable laws and regulations. It is expected that the auditor will prepare and publish an audit report.
5. Prepare a Memorandum on Internal Control Structure and Management Letter.
6. Test compliance with Proposition 111, Article XIII.B – Review of Appropriations Limit Calculations.
7. Examine other reports or perform other services as required.

EXHIBIT “B”

PAYMENT TERMS

The City agrees to Pay the Contractor within 30 days from the acceptance of the original invoice and acceptance by the City of the materials, supplies, and services provided by the Contractor (Net 30).

- 1) Contractor’s services shall be as follows:
 - a) See Exhibit A

- 2) Fees for the Contractor’s services shall be as follows:
 - a) XX

EXHIBIT “C”

Consultant shall procure and maintain for the duration of the contact 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, his/her agents, representatives, or employees. If the contractor maintains broader coverage and/or higher limits than the minimums shown above, the City requires and shall be entitled to the broader coverage and/or higher limits maintained by the contractor.

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), including products and completed operations, property damage, bodily injury and personal & advertising injury.
2. Insurance Services Office Business Auto Coverage Form Number CA 00 01 covering any auto (Code 1), or if Contractor has no owned autos, covering hired (Code 8) and non-owned autos (Code 9).
3. Workers' Compensation insurance as required by the State of California and Employer's Liability Insurance.
4. Errors and Omissions liability insurance appropriate to the Consultant's profession. Architects' and engineers' coverage is to be endorsed to include contractual liability.

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. If Commercial 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 (ISO CG 25 03 or 25 04) or the general aggregate limit shall be twice the required occurrence limit.
2. Automobile Liability - \$1,000,000 per accident for bodily injury and property damage.
3. Workers' Compensation: Statutory limits.
4. Employer's Liability - \$1,000,000 per accident for bodily injury or disease.
5. Errors and Omissions Liability - \$1,000,000 per occurrence or claim, \$2,000,000 aggregate.

ATTACHMENT A – SAMPLE PROFESSIONAL SERVICE AGREEMENT

C. Self-insured Retentions

1. Self-insured retentions must be declared to and approved by the City. The City may require the Consultant to purchase coverage with a lower retention or provide proof of ability to pay losses and related investigations, claim administration and defense expenses within the retention.

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 officers, officials, employees and volunteers are to be covered as additional insureds on the CGL policy with respect to liability arising out of work or operations performed by or on behalf of the Consultant including materials, parts or equipment furnished in connection with such work or operations. General liability coverage can be provided in the form of an endorsement to the Contractor's insurance (at least as broad as ISO Form CG 20 10 11 85 or **both** CG 20 10, CG 20 26, CG 20 33, or CG 20 38 **and** CG 20 37 forms if later revisions are used).
2. For any claims related to this project, the Consultant's insurance coverage shall be primary insurance coverage at least as broad as ISO CG 20 01 04 13 as respects the City, its officers, officials, employees and volunteers. Any insurance or self-insurance maintained by the City, its 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 canceled or reduced, except with notice **stating the title of this contract** to the City. **All notices provided pursuant to this Agreement shall be given to the City representative listed for notice in this agreement and shall specify the title of this Agreement.** Notice may be given by overnight mail, facsimile with confirmation of receipt, or certified mail with return-receipt requested.
4. Consultant hereby grants to City a waiver of any right to subrogation which any insurer of said Consultant may acquire against the City by virtue of the payment of any loss under such insurance. Consultant agrees to obtain any endorsement that may be necessary to affect this waiver of subrogation, but this provision applies regardless of whether or not the City has received a waiver of subrogation endorsement from the insurer.
5. If any of the required policies provide claims-made coverage:
 - a. The Retroactive Date must be shown, and must be before the date of the contract or the beginning of contract work.
 - b. Insurance must be maintained and evidence of insurance must be provided for at least five (5) years after completion of the contract of work.
 - c. If coverage is canceled or non-renewed, and not replaced with another claims-made policy form with a Retroactive Date prior to the contract effective date, the Consultant must purchase "extended reporting" coverage for a minimum of five (5) years after completion of work.

E. Acceptability of Insurers

1. 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.

F. Verification of Coverage

1. Consultant shall furnish the City with original certificates and amendatory endorsements of the applicable policy language effecting coverage required by this clause. All certificates and endorsements are to be received and approved by the City before work commences. However, failure to obtain the required documents prior to the work beginning shall not waive the Consultant's obligation to provide them. 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.

G. Special Risks or Circumstances

1. Entity reserves the right to modify these requirements, including limits, based on the nature of the risk, prior experience, insurer, coverage, or other special circumstances.