



REQUEST FOR PROPOSALS

AUDIT SERVICES

Date Issued: April 26, 2018

**Due: ~~May 10, 2018 at 4:00 p.m.~~
May 14, 2018 at 4:00 p.m.**

TABLE OF CONTENTS

I. INVITATION	
A. General Information	2
II. DESCRIPTION OF GOVERNMENT	
A. City of National City	2
B. Federal and State Financial Assistance	3
C. Fund Structure	3
D. Organizational Chart	4
E. Pension Plans	4
III. NATURE OF SERVICES REQUIRED	
A. General	4
B. Scope of Work	4
C. Auditing Standards to be Followed	5
D. Reports to be Issued	5
E. Irregularities and Illegal Acts	6
F. Special Requirements	6
G. Working Paper Retention and Access to Working Paper	8
H. Subcontracting	9
I. Term of Engagement	9
IV. ASSISTANCE TO BE PROVIDED TO THE AUDITOR AND REPORT PREPARATION	
A. Department of Finance Assistance	9
B. Information Technology Services (ITS) Assistance	9
C. Statements and Schedules to be prepared by the Staff of the City	9
D. Work Area, Telephone, Photocopying, and FAX Machines	10
V. PROPOSAL REQUIREMENTS	
A. General Information	10
B. Technical Proposal	11
C. Cost Proposal	14
VI. TIME REQUIREMENTS	
A. Audit Schedule	14
B. Entrance Conference, Progress Reporting and Exit Conferences	15
C. Audit Presentation	15
D. Final Reports	15
VII. EVALUATION AND SELECTION PROCESS	
A. Evaluation Criteria	15
B. Review of Proposal	16
C. Oral Presentation	17
D. Final Selection	17
E. Tentative Schedule	17
F. Right to Reject Proposals	17
VIII. EXHIBITS	
A. City Organizational Chart	
B. Cost Proposal Form	
C. Sample City Agreement	

I. INVITATION

A. General Information

The City of National City (“City”) is requesting proposals from qualified firms of certified public accountants to audit its financial statements for the three fiscal years ending June 30, 2018, June 30, 2019, and June 30, 2020 with the option to extend the contract for each of the two (2) subsequent fiscal years at the discretion of the City.

The audits are to be performed in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the provisions of the Single Audit Act of 1996; and the audit requirements of Title 2 *United States Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

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. Materials submitted by respondents are subject to public inspection under the California Public Records Act (Government Code Sec.6250 et seq.), unless exempt.

To be considered, sealed proposals, including four (4) complete bound copies and an electronic file in Portable Document Format (PDF) on a USB drive, must be received by the Director of Finance not later than 4:00 p.m. on May 10, 2018. Late proposals will not be accepted, and postmarks will not be accepted as the submitted date. Proposals should be addressed as follows:

Attn: Mark Roberts, Director of Finance
City of National City
1243 National City Blvd
National City, CA 91950

Submitted envelopes should be marked “Request for Proposal for Audit Services – (Firm Name).”

II. DESCRIPTION OF THE GOVERNMENT

A. City of National City

The City of National City is a general law city operating under the Council-Manager form of government. It has fourteen (14) departments and three (3) component units. The City comprises an area of 9.2 square miles with a population of approximately 61,000. The City's fiscal year begins on July 1 and ends on June 30.

The City provides a range of services normally associated with a municipality including police, fire, parks and recreation, library, planning, building and housing and public works, sewer service, various maintenance services and administration. Electricity, gas,

water, cable TV, solid waste are all franchise contracts.

The City has an operating budget of \$96,316,409 for fiscal year 2018 with estimated revenues of \$94,742,333 and the City employs 367 permanent employees.

More detailed information on the government and its finances can be found in the City's Fiscal Year 2018 Adopted Budget and the Fiscal Year 2017 Comprehensive Annual Financial Report.

B. Federal and State Financial Assistance

The City has received Federal and State financial assistance under the following programs for fiscal year 2018:

- United States Department of Housing and Urban Development (Housing Choice Voucher Program, Community Development Block Grants, Home Investment Partnership Program);
- United States Department of Transportation;
- United States Department of Justice;
- United States Department of Health and Human Services;
- Executive Office of the President;
- United States Department of Homeland Security;
- California State Department of Transportation;
- California State Office of Criminal Justice Planning; and
- Other State grants used for parks and recreation projects and library assistance.

C. Fund Structure

The City of National City uses the following fund types.

Fund Type	Number of Individual Funds	
	City	Successor Agency
General Fund	1	
Special Revenue Funds	42	
Debt Service Fund	2	
Capital Projects Funds	4	
Enterprise Funds	2	
Fiduciary Funds	5	4

D. Organizational Chart

The City's organization chart is provided in Exhibit A.

E. Pension Plans

The City participates in the California Public Employees Retirement System (CalPERS), an agent multiple-employer plan. CalPERS provides actuarial services for the plan, and prepares the annual actuarial valuation report and accounting valuation report, as required under Governmental Accounting Standards Board (GASB) Statement 68.

F. Availability of prior audit reports and working papers

Interested proposers who wish to review prior years' audit reports can visit the City's website at <http://www.nationalcityca.gov>.

III. NATURE OF SERVICES REQUIRED

A. General

The City is soliciting the services of a qualified firm of certified public accountants to audit its financial statements, as well as the financial statements of its component units, and to prepare a Comprehensive Annual Financial Report (CAFR) and component unit financial statements compliant with applicable GASB statements. The audits are to be performed and the CAFR and financial statements prepared in accordance with the provisions contained in this request for proposals.

The selected audit firm ("Firm") must be able to competently advise City staff on how best to implement both current and proposed GASB statements. In addition, the City requires on-going, infrequent consulting services for financial issues that may occur throughout the year. No additional charges are to be made by the Firm for these financial consulting services.

B. Scope of Work

The audit examination should not include a detailed audit of all of the transactions recorded in the accounts of the City, unless otherwise herein specified, but will be based upon tests of accounting records and other supporting evidence for selected periods during the fiscal year under review sufficient to enable the contracting independent auditor to express an informed written opinion on:

1. the financial position of the various funds of the City;
2. the propriety of accounting principles followed;
3. compliance with applicable laws;
4. the financial accountability of officers and employees.

The Firm will be required to perform the following tasks:

1. audit of all funds of the City in accordance with the United States Government Accountability Office's Generally Accepted Government Auditing Standards;
2. preparation, including word processing, of the City's CAFR and the financial statements of its component units in compliance with applicable GASB statements;
3. Gann limit review pertaining to the City's appropriation limit, rendering a letter annually regarding compliance;
4. City-wide audit of the expenditures of federal grants in accordance with Uniform Guidance and preparation of the appropriate reports, testing two (2) major programs, including the Housing Choice Voucher Program ("HCVP");
5. financial and compliance audit of the Successor Agency to the Community Development Commission as the National City Redevelopment Agency ("Successor Agency") including Kimball Towers;
6. separate United States Department of Housing and Urban Development (HUD) required single audit of Morgan Towers in accordance with Uniform Guidance;
7. commission single audit of federal grants allocable to HCVP in accordance with Uniform Guidance;
8. Real Estate Assessment Center electronic submission to HUD and related attestations.

Additional Services:

1. compile the Annual State Controller's Report for the City;
2. serve as a resource and provide training to professional accounting staff on preparation of financial statements and best practices in conformance with applicable laws and governmental accounting standards.

C. Auditing Standards to be Followed

The Firm shall review the financial records and all the various funds of the City and prepare all the financial statements in conformance with:

1. generally accepted auditing standards as set forth by the American Institute of Certified Public Accountants (AICPA);
2. the standards applicable to financial audits contained in *Government Auditing Standards (2011 revision)* issued by the Comptroller General of the United States;
3. the provisions of the Single Audit Act of 1996 and the provisions of Uniform Guidance; and
4. all applicable GASB statements.

D. Reports to be Issued

Following the completion of the audit of the fiscal year's financial statements, the Firm

shall issue:

1. a report on the fair presentation of the financial statements in conformity with generally accepted accounting principles for all entities listed above;
2. a report on compliance and on the internal control over financial reporting based on an audit of financial statements performed in accordance with Government Auditing Standards;
3. a report on compliance with requirements applicable to each major program and internal control over compliance in accordance with Uniform Guidance (Single Audit);
4. a schedule of Expenditures of Federal Awards together with applicable notes to this schedule (Single Audit);
5. a schedule of findings and questioned costs (Single Audit);
6. status of prior year findings (Single Audit); and
7. Form SF-SAC, Data Collections Form for Reporting of Audits of States, Local Governments and Non-Profit Organizations.

In the required reports on internal controls the Firm shall communicate 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.

Reportable conditions that are also material weaknesses shall be identified as such in the report. Non-reportable conditions discovered by the Firm shall be reported in a separate letter to management, which shall be referred to in the reports on internal controls.

The reports on compliance shall include all instances of noncompliance.

E. Irregularities and Illegal Acts

The Firm shall be required to make an immediate written report of all irregularities and illegal acts or indications of illegal acts of which they become aware to the City Council, City Manager, City Attorney, and Director of Finance.

F. Special Requirements

1. Budget

In accordance with provisions of the municipal code of the City, it is the duty of the City Manager to prepare and submit to the City Council the annual budget and such reports as may be required by that body. The Firm shall examine the final budget document (<http://www.nationalcityca.gov>) as approved by the City Council and compare the estimated revenues and appropriations as shown in the budget document with the entries recorded on the revenue ledger and the appropriation

ledger maintained by the Department of Finance.

2. Funds

The Firm shall examine City ordinances or resolutions, and minutes of the City Council pertaining to all funds of the City to determine the purpose of each fund and the proper disposition of all funds revenues, expenditures, and year-end balances. The Firm shall examine the various fund transactions and balances in each fund and prepare the appropriate financial statements for the audit report. The Firm shall review the City's municipal code Chapter 4.04.010 – Funds. The Firm shall advise regarding the necessary funds and designation as established by the aforementioned municipal code.

3. Verification of Cash and Securities

- a. Cash and Checks: The Firm shall count all cash and checks in the Department of Finance as of June 30. The Firm shall subsequently be satisfied that all items counted and verified are deposited in the City's depository bank. Investment securities owned by the City and held in safekeeping by the City's various banks and financial institutions shall be verified as to their existence as of June 30.

Written confirmation shall be obtained from all City depositories of balance on hand at June 30.

- b. Collateral Pledged for Funds on Deposit: The Firm shall examine the records of pledged collateral and make such tests of depository bank pooled collateral operations as may be necessary to express an opinion as to the legal sufficiency of the collateral to safeguard the City's bank deposits.
- c. Accounting Records: The Firm shall examine the City's internal accounting and administrative controls to determine that accounting procedures are adequate to safeguard assets and provide reasonable assurance of proper recording of financial transactions.

4. Assets

- a. Cash and Investments: Treasury and investment operations are the responsibility of the Department of Finance and the City Treasurer. The Firm shall verify the cash balances and the existence of the investments. The investments market value shall be reviewed and compared to book value. The Firm shall review balances as of June 30 and investments earnings recorded during the fiscal year. The footnote disclosure shall be in compliance with the applicable GASB statement(s).
- b. Fixed Assets: The Firm shall examine the procedures for recording the acquisition of and the disposal of property owned by the City. The Firm shall compare the annual inventories of property with the controls maintained by the Department of Finance. The Firm shall review the transactions involving fixed assets to the extent necessary to assure that accountability for fixed assets is maintained.

5. Liabilities

- a. Accounts Payable: The Firm shall make a sufficient examination of accounts payable to enable it to determine that, in general, they bear evidence of verification and approval with supporting documents such as purchase orders, vendor's invoices, receiving reports, transportation bills, contracts and other documents where necessary. The Firm shall also be satisfied that the claims were charged against the proper departmental appropriations and that funds were available at the date the purchase was made.
- b. Bonded Debt: The Firm shall examine the amount of bonded debt of the City and the outstanding debt determined by the Firm shall be reconciled to the accounting records of the City by fund and amount outstanding as of June 30.
- c. Other Liabilities and Deferred Credits: The Firm shall be satisfied as to the fairness of the accounts representing other liabilities and deferred credits.

6. Fund Balances

The Firm shall examine revenues and expenditures by funds and analyze the changes in fund balances for the financial statement of each fund in the audit report.

7. Single Audit Act

The independent Firm shall perform a financial and compliance audit under the Single Audit Act of 1996 and in accordance with Uniform Guidance.

The Single Audit Report shall include the schedule of expenditures of federal awards, footnotes, findings, and questioned costs, including reportable conditions and material weaknesses, and follow up on prior year audit findings, if applicable. The Single Audit Report is not to be included in the CAFR, but is to be issued separately.

G. Working Paper Retention and Access to Working Papers

All working papers and reports must be retained, at the Firm's expense, for a minimum of seven (7) years, unless the firm is notified in writing by the City of the need to extend the retention period. The Firm will be required to make working papers available, upon request, to the following parties or their designees:

- City Of National City;
- United States Department of Housing and Urban Development (HUD);
- United States General Accounting Office;
- State of California, Office of the State Controller
- parties designated by the federal or state governments or by the City as part of an audit quality review process; and
- auditors of entities of which the City is a sub-recipient of grant funds.

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

H. Subcontracting

Firms submitting proposals may subcontract portions of the engagement to other qualified audit firms. If this is to be done, that fact, and the name of the proposed subcontracting firms must be clearly identified in the proposal. Following the award of the audit contract, no additional subcontracting will be allowed without the expressed prior written consent of the City.

I. Term of Engagement

A three-year contract is contemplated, with an option to extend the contract for up to two (2) additional one-year terms, subject to the annual review and recommendation of the Director of Finance, satisfactory negotiation of terms (including a price acceptable to both the City and the selected firm), approval of the City Council of the City of National City, and annual availability of an appropriation. The proposal package shall present all-inclusive audit fees for each year of the contract term.

IV. ASSISTANCE TO BE PROVIDED TO THE AUDITOR AND REPORT PREPARATION

A. Department of Finance Assistance

The Department of Finance staff and responsible management personnel will be available during the audit to assist the firm by providing information, documentation, and explanations. The preparation of confirmations will be the responsibility of City with the assistance of the Firm.

City staff will assist the Firm in identifying and locating supporting documentation. The Firm may be responsible for pulling some files and refiling them, depending on the items requested.

B. Information Technology Services (ITS) Assistance

Information Technology Service Division personnel will be available to provide systems documentation and explanations. The Firm will be provided access to the City's computer hardware and software.

C. Statements and Schedules to be Prepared by the Staff of the City

The City will prepare the following statements and schedules for the Firm. Additional statements or schedules may be prepared if mutually agreed upon in advance.

- General Purpose Financial Statements
 - Cash and investments
 - Cash with fiscal agent/trustee

- Schedule of Investments
- Interest receivable
- Schedule of Transfers-in and Transfers-out
- Schedule of Fixed Assets
- Compensated absences
- Insurance and Claims Payable Schedule
- Schedule of Long-term Debt
- Bank reconciliation
- Loans receivable & payable
- Accounts receivable & accounts payable
- Advances receivable & payable between funds
- Schedule of Fund Balance Classification
- CalPERS Actuarial Valuation Report and Accounting Valuation Report
- Single Audit
 - Schedule of Expenditures of Federal Awards (SEFA)

D. Work Area, Telephones, Photocopying, and FAX Machines

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

V. PROPOSAL REQUIREMENTS

A. General Information

1. Inquiries should be made in writing or by email concerning the request for proposals and the subject of the request for proposals must be made to:

Mark Roberts, Director of Finance

Email: Finance@NationalCityCA.gov

Phone: (619) 336-4330

Address:

City of National City

1243 National City Blvd

National City, California 91950

2. Submission of Proposals: Four (4) copies of the Proposal and an electronic file in Portable Document Format (PDF) on a USB drive are required to be received **on or before May 10, 2018 at 4 p.m.** for the proposing firm to be considered.

- a. Title Page: Title page showing the request for proposals subject; the firm's name;

- the name, address and telephone number of the contact person; and the date of the proposal.
- b. Table of Contents
 - c. Transmittal Letter: A letter of transmittal signed by an individual authorized to bind the proposer, briefly stating the proposer's understanding of the work to be done, the commitment to perform the work within the time period, a statement why the firm believes itself to be best qualified to perform the engagement and a statement that the proposal is a firm and irrevocable offer for fiscal years 2018, 2019, 2020, 2021, and 2022.
 - d. Technical Proposal: The technical proposal should follow the order set forth in Section V B of this request for proposals. THERE SHOULD BE NO DOLLAR UNITS OR TOTAL COSTS INCLUDED IN THE TECHNICAL PROPOSAL SECTION.
 - e. Cost Proposal: This section should be last and separately identified with a title page. All dollar units and/or total costs should be shown in this section, not in the technical proposal.
 - f. Appendices or Exhibits: Include as needed.

B. Technical Proposal

1. General Requirements:

The purpose of the proposal is to demonstrate the qualifications, competence and capacity of the firms seeking to undertake an independent audit of the City of National City in conformity with the requirements of this request for proposals. As such, the substance of proposals will carry more weight than their form or manner of presentation. The technical proposal should demonstrate the qualifications of the firm and of the particular staff to be assigned to this engagement. It should also specify an audit approach that will meet the request for proposal requirements.

PROPOSALS ARE NOT TO EXCEED TWENTY-FIVE (25) PAGES

The technical proposal should address all the points outlined in the request for proposals. Cost information should only be included in the Cost Proposal section. The proposal should be prepared simply and economically, providing a straight-forward, concise description of the proposer's capabilities to satisfy the requirements of the request for proposals. While additional data may be presented, the following subjects, items No. 2 through 8, must be included. They represent the criteria against which the proposal will be evaluated. The information may be presented in the body of the text or as appendices.

2. Independence:

The firm should provide an affirmative statement that it is independent of the City as defined by generally accepted auditing standards and the United States General Accounting Office's *Government Auditing Standards*.

The firm also should provide an affirmative statement that it is independent of all of

the component units of the City as defined by those same standards.

The firm should also list and describe the firm's professional relationships involving the City or any of its component units/agencies, for the past five (5) years, together with a statement explaining why such relationships do not constitute a conflict of interest relative to performing the proposed audit.

3. License to Practice in the State of California:

An affirmative statement should be included that the firm and all assigned key professional staff are properly licensed to practice in the State of California.

4. Firm Qualifications and Experience:

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 professional staff to be employed in this engagement.

If the proposer is a joint venture or consortium, the qualifications of each firm comprising the joint venture or consortium should be separately identified and the firm that is to serve as the principal auditor should be noted, if applicable.

The firm is required to include a summarization of the results of its most recent external quality control review, with a statement whether that quality control review included a review of specific government engagements.

The 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 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.

5. Partner, Supervisory, and Staff Qualifications and Experience:

The firm should identify the principal supervisory and management staff, including engagement partner, manager, other supervisors and specialists, who would be assigned to the engagement and indicate whether each such person is registered or licensed to practice as a certified public accountant in the State of California. The firm should 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.

The firm should 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. The firm should indicate how the quality of staff over the term of the agreement would 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. However, in either case, the City retains the right

to approve or reject replacements.

Consultants and firm specialists mentioned in response to this request for proposal can only be changed with the express prior written permission of the City, which retains the right to approve or reject replacements.

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

6. Similar Engagements with Other Government Entities:

For the firm's office that will be assigned responsibility for the audit, list the most significant engagements (maximum of 5) performed in the last five years that are similar to the engagement described in this request for proposal.

These engagements should be ranked on the basis of total staff hours. Indicate the scope of work, date, engagement partners, total hours, and the name and telephone number of the principal client contact.

7. Specific Audit Approach:

Proposers will be required to provide the following information on their audit approach:

- a. Proposed segmentation of the engagement.
- b. Level of staff and number of hours to be assigned to each proposed segment of the engagement.

DOLLARS SHOULD ONLY BE INCLUDED IN THE COST PROPOSAL SECTION

- c. Sample size and the extent to which statistical sampling is to be used in the engagement.
- d. Approach to be taken to gain and document an understanding of the City's internal control structure.
- e. Approach to be taken in determining laws and regulations that will be subject to audit test work.
- f. Approach to be taken in drawing audit samples for purposes of tests of compliance.

8. Identification of 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.

9. Response to City Standard Two-Party Agreement:

Note any objections to the City's standard two-party agreement. This boilerplate will be the basis of the agreement between the City and the firm selected. A sample agreement is provided as Exhibit C to the request for proposals.

C. Cost Proposal

1. Total All-inclusive Maximum Price:

All proposals must include a maximum price breakdown for auditing services required to render a separate opinion and/or statement of compliance on the separate entities and programs mentioned herein.

The proposal must include a cost breakdown for each auditing service consistent with Exhibit B.

The City will not be responsible for expenses incurred in preparing and submitting the proposal. Such costs should not be included in the proposal.

2. Rates for Additional Professional Services:

Informal advice and consultation not requiring significant research or a formal report shall be included in the Total All-inclusive Maximum Price. However, if it should become necessary for the City to request the Firm to render additional services to either supplement the services requested in this RFP or to perform additional work as a result of the specific recommendations included in any report issued on this engagement, then such additional work shall be performed only if set forth in an addendum to the contract between the City and the firm. Hourly rates for any such additional work agreed to between the City and the firm should be set forth in the cost proposal.

3. Manner of Payment:

Progress payments will be made on the basis of hours of work completed during the course of the engagement and out-of-pocket expenses incurred in accordance with the firm's dollar cost bid proposal. Interim billing shall cover a period of not less than a calendar month. The final ten percent (10%) of the Total All-inclusive Maximum Price will be paid upon delivery of the firm's final reports.

VI. TIME REQUIREMENTS

A. Audit Schedule

The planning phase of the audit engagement may commence upon notification to the Firm of the acceptance of its proposal. The Firm shall provide the City with an audit plan and a list of schedules to be prepared by City personnel prior to the beginning of fieldwork. Interim fieldwork typically would be expected to be performed in May of each year (beginning with second year of contract) with the final phase of fieldwork commencing in October of each year.

The City will attempt to have the books closed and all agreed upon schedules available for the Firm by September 30 of each year.

The Firm shall have drafts of the final reports and recommendations to management available for review by the Director of Finance by the following date(s):

November 30 of each year or the first business day thereafter, if November 30 is not a normal business day.

B. Entrance Conferences, Progress Reporting and Exit Conferences

An entrance conference should be scheduled prior to beginning interim fieldwork. Progress reports are expected on at least a monthly basis to the Director of Finance. An exit conference to summarize the results of fieldwork and to review significant findings is expected on the last day of fieldwork or shortly thereafter.

C. Audit Presentation

An audit firm representative will be required to present the City financial statements to the City Council.

D. Final Reports

The Department of Finance will complete its review of the draft report as expeditiously as possible. This process is not expected to exceed two weeks. During that period, the Firm should be available for any meetings that may be necessary to discuss the drafts. Once all issues for discussion are resolved, the final signed report shall be delivered to the Director of Finance within ten working days. It is anticipated this process will be completed and the final reports delivered by December 31 of each year.

The Firm is responsible for the printing, binding and delivery of the following copies of each audit reports:

- 20 copies – City of National City CAFR
- 10 copies – Single Audit Report
- 5 copies – separate HUD single audit of Morgan Towers

In addition to the final hard copies listed above, an electronic version of the report is to be provided in an Adobe Acrobat PDF format (with optical character recognition (OCR)).

VII. EVALUATION AND SELECTION PROCESS

A. Evaluation Criteria

Proposals will be evaluated using the following criteria:

1. Mandatory Elements:
 - a. the firm is independent and licensed to practice in the State of California
 - b. the firm has no conflict of interest with regard to any other work performed by the firm for the City;
 - c. the firm adheres to the instructions in this request for proposal on preparing and submitting the proposal; and

- d. the firm has a record of quality audit work, and firm submits a copy of its most recent external quality control review report.

2. Technical Elements:

a. Expertise and Experience –

- i. the firm's past experience and performance on comparable government engagements with an emphasis on local government experience;
- ii. 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;
- iii. the firm's ability to assist the City in implementing current and proposed GASB Pronouncements;
- iv. the firm's past experience auditing federal grant programs;
- v. experience in providing on-going financial consulting services to local governments.

b. Audit Approach –

- i. adequacy of proposed staffing plan for various segments of the engagement;
- ii. adequacy of sampling techniques;
- iii. adequacy of analytical procedures.

3. Price:

COST WILL NOT BE THE PRIMARY FACTOR IN THE SELECTION OF AN AUDIT FIRM

B. Review of Proposals

At the conclusion of the proposal solicitation period, City staff will evaluate the proposals received. Proposals of firms meeting the mandatory criteria will be evaluated for technical qualifications, using a point formula to score each proposal against the criteria described in subsection A.2. of this section. Firms with unacceptably low technical scores will be eliminated from further consideration. The cost proposals of the remaining firms will then be reviewed, and additional points will be added to the technical score, based upon proposed prices. The maximum score for price will be assigned to the firm offering the lowest total all-inclusive maximum price.

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.

The City reserves the right to retain all proposals submitted and use any idea(s) in a proposal, regardless of whether that proposal is selected.

C. Oral Presentations:

During the evaluation process, the City may, at its discretion, request any or all firms to make oral presentations. Such presentations will provide firms with an opportunity to answer any questions the City may have on a firm's proposal. Not all firms may be asked to make such oral presentations.

D. Final Selection

Based upon the outcome(s) of the evaluation(s) of proposals and/or interviews, a recommendation will be presented to the City Council for consideration of award. Execution of an agreement with the awarded firm is anticipated by June 19, 2018.

Execution of an agreement is dependent upon the negotiation of a mutually acceptable agreement with the awarded firm.

E. Tentative Schedule

Request for proposal issued:	April 26, 2018
Deadline for written questions:	May 1, 2018
Deadline for submissions of proposals:	On or before May 10, 2018 at 4:00 p.m.
Interviews, if requested by City:	Week of May 21, 2018
Notification to recommended firm:	May 28, 2018
Execution of agreement:	June 19, 2018

F. Right to Reject Proposals

Submission of a proposal indicates acceptance by the firm of the conditions contained in this request for proposals, unless clearly and specifically noted in the proposal submitted and/or confirmed in the contract between the City and the firm selected.

The City reserves the right without prejudice to reject any or all proposals.



CITY ORGANIZATIONAL CHART

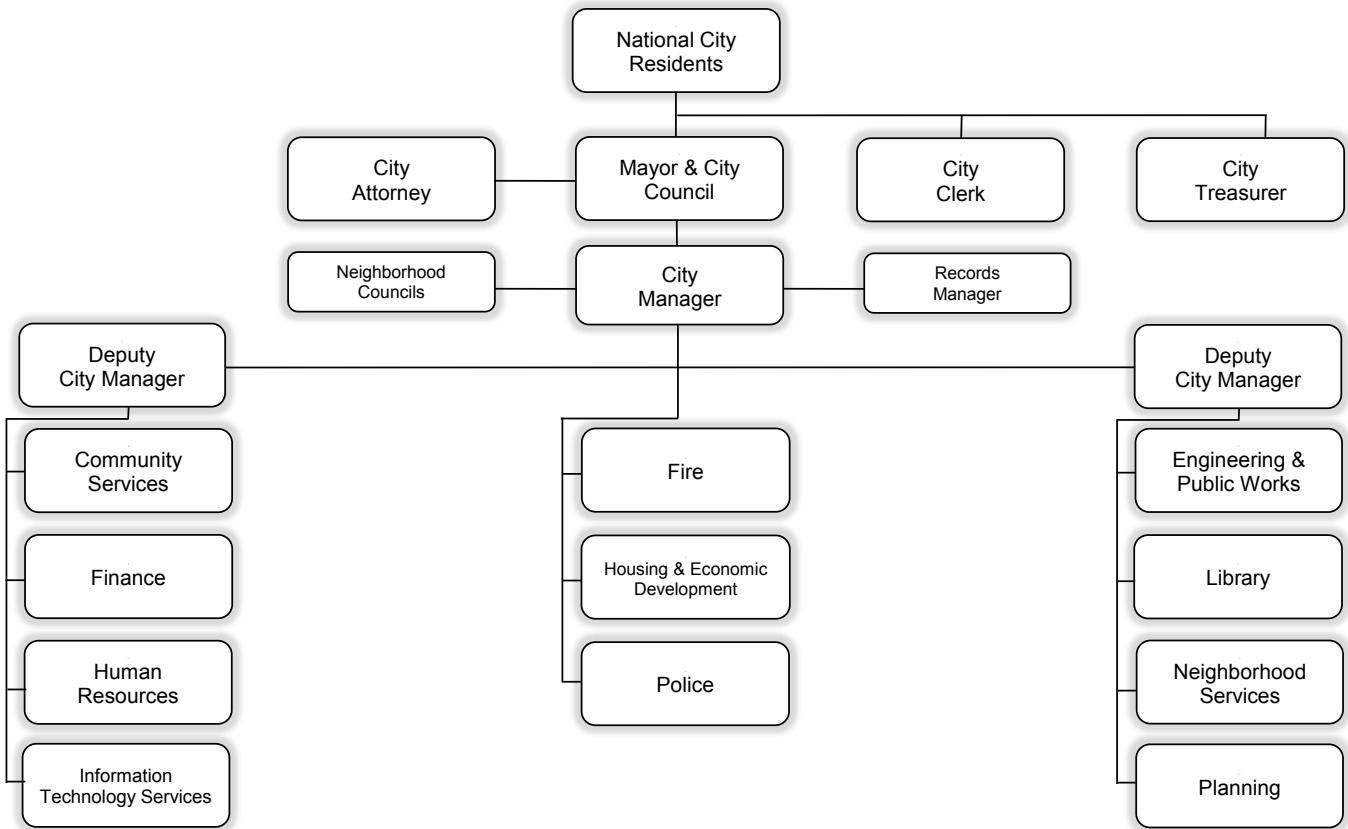


Exhibit B

COST PROPOSAL FORM

Service	OPTIONAL YEARS				
	FY18	FY19	FY20	FY21	FY22
City Audit, including CAFR					
Single Audit					
GANN Limit					
Annual State Controllers Report					
Financial and Compliance Audit of the CDC, including Kimball Towers					
Separate HUD-required single audit of Morgan Towers					
Commission single audit of federal Grants allocable to Housing Choice Voucher Program					
REAC electronic submission to HUD and related attestations					
Total not to exceed	\$	\$	\$	\$	\$

STANDARD BILLING RATES

Auditors Standard Hourly Billing Rates					
Position	FY18	FY19	FY20	FY21	FY22
Partner					
Manager					
Supervisor					
Senior Accountant					
Staff Accountant					
Administrative Assistant					

Exhibit C

**AGREEMENT
BY AND BETWEEN
THE CITY OF NATIONAL CITY
AND
(IF INCORPORATED, PLS INCLUDE "INC." IN CO. NAME.)
(PLS USE FULL LEGAL COMPANY NAME)**

THIS AGREEMENT is entered into on this _____ day of _____, 20____, by and between the CITY OF NATIONAL CITY, a municipal corporation (the "CITY"), and _____ (all caps) _____, a _____ (insert which it is: corporation, partnership, or sole proprietor) (the "CONSULTANT").

R E C I T A L S

WHEREAS, the CITY desires to employ a CONSULTANT to provide _____ (proved a good description).

WHEREAS, the CITY has determined that the CONSULTANT is a (*delete and insert business description*) and is qualified by experience and ability to perform the services desired by the CITY, and the CONSULTANT is willing to perform such services.

NOW, THEREFORE, THE PARTIES HERETO DO MUTUALLY AGREE AS FOLLOWS:

1. **ENGAGEMENT OF CONSULTANT.** The CITY agrees to engage the CONSULTANT to [do what?], and the CONSULTANT agrees to perform the services set forth here in accordance with all terms and conditions contained herein.

The CONSULTANT represents that all services shall be performed directly by the CONSULTANT or under direct supervision of the CONSULTANT.

2. **EFFECTIVE DATE AND LENGTH OF AGREEMENT.** This Agreement will become effective on [INSERT A DATE] The duration of this Agreement is for the period of _____ through _____. Completion dates or time durations for specific portions of the project are set forth in Exhibit "____". This Agreement may be extended by mutual agreement upon the same terms and conditions for an additional one (1) year term. The Parties may exercise up to three one-year extensions. Any extension of this Agreement must be approved in writing by the [insert either City Council or City Manager].

3. **SCOPE OF SERVICES.** [PROVIDE GENERAL DESCRIPTION OF WORK THEY ARE PERFORMING HERE.] **OR** [The CONSULTANT will perform services as set forth in the attached Exhibit "____".]

The CONSULTANT shall be responsible for all research and reviews related to the work and shall not rely on personnel of the CITY for such services, except as authorized in

advance by the CITY. The CONSULTANT shall appear at meetings specified in Exhibit “_” to keep staff and City Council advised of the progress on the project.

The CITY may unilaterally, or upon request from the CONSULTANT, from time to time reduce or increase the Scope of Services to be performed by the CONSULTANT under this Agreement. Upon doing so, the CITY and the CONSULTANT agree to meet in good faith and confer for the purpose of negotiating a corresponding reduction or increase in the compensation associated with said change in services.

4. **PROJECT COORDINATION AND SUPERVISION.** _____ hereby is designated as the Project Coordinator for the CITY and will monitor the progress and execution of this Agreement. The CONSULTANT shall assign a single Project Director to provide supervision and have overall responsibility for the progress and execution of this Agreement for the CONSULTANT. _____ thereby is designated as the Project Director for the CONSULTANT.

5. **COMPENSATION AND PAYMENT.** The compensation for the CONSULTANT shall be based on monthly billings covering actual work performed. Billings shall include labor classifications, respective rates, hours worked and also materials, if any. The total cost for all work described in Exhibit “_” shall not exceed \$_____. The compensation for the CONSULTANT’S work shall not exceed [___ per hour.] **OR** [the rates set forth in Exhibit “_”.] Monthly invoices will be processed for payment and remitted within thirty (30) days from receipt of invoice, provided that work is accomplished consistent with Exhibit “_”, as determined by the CITY.

The CONSULTANT shall maintain all books, documents, papers, employee time sheets, accounting records, and other evidence pertaining to costs incurred, and shall make such materials available at its office at all reasonable times during the term of this Agreement and for three (3) years from the date of final payment under this Agreement, for inspection by the CITY, and for furnishing of copies to the CITY, if requested.

6. **ACCEPTABILITY OF WORK.** The CITY shall decide any and all questions which may arise as to the quality or acceptability of the services performed and the manner of performance, the acceptable completion of this Agreement, and the amount of compensation due. In the event the CONSULTANT and the CITY cannot agree to the quality or acceptability of the work, the manner of performance and/or the compensation payable to the CONSULTANT in this Agreement, the CITY or the CONSULTANT shall give to the other written notice. Within ten (10) business days, the CONSULTANT and the CITY shall each prepare a report which supports their position and file the same with the other party. The CITY shall, with reasonable diligence, determine the quality or acceptability of the work, the manner of performance and/or the compensation payable to the CONSULTANT.

7. **DISPOSITION AND OWNERSHIP OF DOCUMENTS.** The Memoranda, Reports, Maps, Drawings, Plans, Specifications, and other documents prepared by the CONSULTANT for this project, whether paper or electronic, shall become the property of the CITY for use with respect to this project, and shall be turned over to the CITY upon completion of the project, or any phase thereof, as contemplated by this Agreement.

Contemporaneously with the transfer of documents, the CONSULTANT hereby assigns to the CITY, and CONSULTANT thereby expressly waives and disclaims any copyright

in, and the right to reproduce, all written material, drawings, plans, specifications, or other work prepared under this Agreement, except upon the CITY'S prior authorization regarding reproduction, which authorization shall not be unreasonably withheld. The CONSULTANT shall, upon request of the CITY, execute any further document(s) necessary to further effectuate this waiver and disclaimer.

The CONSULTANT agrees that the CITY may use, reuse, alter, reproduce, modify, assign, transfer, or in any other way, medium, or method utilize the CONSULTANT'S written work product for the CITY'S purposes, and the CONSULTANT expressly waives and disclaims any residual rights granted to it by Civil Code Sections 980 through 989 relating to intellectual property and artistic works.

Any modification or reuse by the CITY of documents, drawings, or specifications prepared by the CONSULTANT shall relieve the CONSULTANT from liability under Section 14, but only with respect to the effect of the modification or reuse by the CITY, or for any liability to the CITY should the documents be used by the CITY for some project other than what was expressly agreed upon within the Scope of Services of this project, unless otherwise mutually agreed.

8. **INDEPENDENT CONTRACTOR.** Both parties hereto in the performance of this Agreement will be acting in an independent capacity and not as agents, employees, partners, or joint venturers with one another. Neither the CONSULTANT nor the CONSULTANT'S employees are employees of the CITY, and are not entitled to any of the rights, benefits, or privileges of the CITY'S employees, including but not limited to retirement, medical, unemployment, or workers' compensation insurance.

This Agreement contemplates the personal services of the CONSULTANT and the CONSULTANT'S employees, and it is recognized by the parties that a substantial inducement to the CITY for entering into this Agreement was, and is, the professional reputation and competence of the CONSULTANT and its employees. Neither this Agreement nor any interest herein may be assigned by the CONSULTANT without the prior written consent of the CITY. Nothing herein contained is intended to prevent the CONSULTANT from employing or hiring as many employees, or SUBCONSULTANTS, as the CONSULTANT may deem necessary for the proper and efficient performance of this Agreement. All agreements by CONSULTANT with its SUBCONSULTANT(S) shall require the SUBCONSULTANT(S) to adhere to the applicable terms of this Agreement.

9. **CONTROL.** Neither the CITY nor its officers, agents, or employees shall have any control over the conduct of the CONSULTANT or any of the CONSULTANT'S employees, except as herein set forth, and the CONSULTANT or the CONSULTANT'S agents, servants, or employees are not in any manner agents, servants, or employees of the CITY, it being understood that the CONSULTANT its agents, servants, and employees are as to the CITY wholly independent CONSULTANT, and that the CONSULTANT'S obligations to the CITY are solely such as are prescribed by this Agreement.

10. **COMPLIANCE WITH APPLICABLE LAW.** The CONSULTANT, in the performance of the services to be provided herein, shall comply with all applicable state and federal statutes and regulations, and all applicable ordinances, rules, and regulations of the City of National City, whether now in force or subsequently enacted. The CONSULTANT and each

of its SUBCONSULTANT(S), shall obtain and maintain a current City of National City business license prior to and during performance of any work pursuant to this Agreement.

11. **LICENSES, PERMITS, ETC.** The CONSULTANT represents and covenants that it has all licenses, permits, qualifications, and approvals of whatever nature that are legally required to practice its profession. The CONSULTANT represents and covenants that the CONSULTANT shall, at its sole cost and expense, keep in effect at all times during the term of this Agreement, any license, permit, or approval which is legally required for the CONSULTANT to practice its profession.

12. **STANDARD OF CARE.**

A. The CONSULTANT, in performing any services under this Agreement, shall perform in a manner consistent with that level of care and skill ordinarily exercised by members of the CONSULTANT'S trade or profession currently practicing under similar conditions and in similar locations. The CONSULTANT shall take all special precautions necessary to protect the CONSULTANT'S employees and members of the public from risk of harm arising out of the nature of the work and/or the conditions of the work site.

B. Unless disclosed in writing prior to the date of this Agreement, the CONSULTANT warrants to the CITY that it is not now, nor has it for the five (5) years preceding, been debarred by a governmental agency or involved in debarment, arbitration or litigation proceedings concerning the CONSULTANT'S professional performance or the furnishing of materials or services relating thereto.

C. The CONSULTANT is responsible for identifying any unique products, treatments, processes or materials whose availability is critical to the success of the project the CONSULTANT has been retained to perform, within the time requirements of the CITY, or, when no time is specified, then within a commercially reasonable time. Accordingly, unless the CONSULTANT has notified the CITY otherwise, the CONSULTANT warrants that all products, materials, processes or treatments identified in the project documents prepared for the CITY are reasonably commercially available. Any failure by the CONSULTANT to use due diligence under this sub-section will render the CONSULTANT liable to the CITY for any increased costs that result from the CITY'S later inability to obtain the specified items or any reasonable substitute within a price range that allows for project completion in the time frame specified or, when not specified, then within a commercially reasonable time.

13. **NON-DISCRIMINATION PROVISIONS.** The CONSULTANT shall not discriminate against any employee or applicant for employment because of age, race, color, ancestry, religion, sex, sexual orientation, marital status, national origin, physical handicap, or medical condition. The CONSULTANT will take positive action to insure that applicants are employed without regard to their age, race, color, ancestry, religion, sex, sexual orientation, marital status, national origin, physical handicap, or medical condition. Such action shall include but not be limited to the following: employment, upgrading, demotion, transfer, recruitment or recruitment advertising, layoff or termination, rates of pay or other forms of compensation, and selection for training, including apprenticeship. The CONSULTANT agrees to post in conspicuous places available to employees and applicants for employment any notices provided by the CITY setting forth the provisions of this non-discrimination clause.

14. **CONFIDENTIAL INFORMATION.** The CITY may from time to time communicate to the CONSULTANT certain confidential information to enable the CONSULTANT to effectively perform the services to be provided herein. The CONSULTANT shall treat all such information as confidential and shall not disclose any part thereof without the prior written consent of the CITY. The CONSULTANT shall limit the use and circulation of such information, even within its own organization, to the extent necessary to perform the services to be provided herein. The foregoing obligation of this Section 14, however, shall not apply to any part of the information that (i) has been disclosed in publicly available sources of information; (ii) is, through no fault of the CONSULTANT, hereafter disclosed in publicly available sources of information; (iii) is already in the possession of the CONSULTANT without any obligation of confidentiality; or (iv) has been or is hereafter rightfully disclosed to the CONSULTANT by a third party, but only to the extent that the use or disclosure thereof has been or is rightfully authorized by that third party.

The CONSULTANT shall not disclose any reports, recommendations, conclusions or other results of the services or the existence of the subject matter of this Agreement without the prior written consent of the CITY. In its performance hereunder, the CONSULTANT shall comply with all legal obligations it may now or hereafter have respecting the information or other property of any other person, firm or corporation.

CONSULTANT shall be liable to CITY for any damages caused by breach of this condition, pursuant to the provisions of Section 15.

[USE THE FOLLOWING SECTION 15 FOR DESIGN PROFESSIONALS, I.E., ARCHITECTS, LANDSCAPE ARCHITECTS, PROFESSIONAL ENGINEER, PROFESSIONAL LAND SURVEYOR]

15. **INDEMNIFICATION AND HOLD HARMLESS.** The CONSULTANT agrees to defend, indemnify, and hold harmless the City of National City, its officers, officials, agents, employees, and volunteers against and from any and all liability, loss, damages to property, injuries to, or death of any person or persons, and all claims, demands, suits, actions, proceedings, reasonable attorneys' fees, and defense costs, of any kind or nature, including workers' compensation claims, of or by anyone whomsoever, resulting from or arising out of the CONSULTANT'S negligent performance of this Agreement. CITY will cooperate reasonably in the defense of any action, and CONSULTANT shall employ competent counsel, reasonably acceptable to the City Attorney.

The indemnity, defense and hold harmless obligations contained herein shall survive the termination of this Agreement for any alleged or actual omission, act, or negligence under this Agreement that occurred during the term of this Agreement.

[USE THE FOLLOWING SECTION 15 FOR ALL OTHER TYPES OF CONSULTANTS AND CONTRACTORS]

15. **INDEMNIFICATION AND HOLD HARMLESS.** The CONSULTANT agrees to defend, indemnify and hold harmless the City of National City, its officers, officials, agents, employees, and volunteers against and from any and all liability, loss, damages to property, injuries to, or death of any person or persons, and all claims, demands, suits, actions, proceedings, reasonable attorneys' fees, and defense costs, of any kind or nature, including workers' compensation claims, of or by anyone whomsoever, resulting from or arising out of the

CONSULTANT'S performance or other obligations under this Agreement; provided, however, that this indemnification and hold harmless shall not include any claims or liability arising from the established sole negligence or willful misconduct of the CITY, its agents, officers, employees or volunteers. CITY will cooperate reasonably in the defense of any action, and CONSULTANT shall employ competent counsel, reasonably acceptable to the City Attorney.

The indemnity, defense, and hold harmless obligations contained herein shall survive the termination of this Agreement for any alleged or actual omission, act, or negligence under this Agreement that occurred during the term of this Agreement.

16. **WORKERS' COMPENSATION.** The CONSULTANT shall comply with all of the provisions of the Workers' Compensation Insurance and Safety Acts of the State of California, the applicable provisions of Division 4 and 5 of the California Labor Code and all amendments thereto; and all similar State or federal acts or laws applicable; and shall indemnify, and hold harmless the CITY and its officers, employees, and volunteers from and against all claims, demands, payments, suits, actions, proceedings, and judgments of every nature and description, including reasonable attorney's fees and defense costs presented, brought or recovered against the CITY or its officers, employees, or volunteers, for or on account of any liability under any of said acts which may be incurred by reason of any work to be performed by the CONSULTANT under this Agreement.

17. **INSURANCE.** The CONSULTANT, at its sole cost and expense, shall purchase and maintain, and shall require its SUBCONSULTANT(S), when applicable, to purchase and maintain throughout the term of this Agreement, the following insurance policies:

A. If checked, **Professional Liability Insurance** (errors and omissions) with minimum limits of \$1,000,000 per occurrence.

B. **Automobile Insurance** covering all bodily injury and property damage incurred during the performance of this Agreement, with a minimum coverage of \$1,000,000 combined single limit per accident. Such automobile insurance shall include owned, non-owned, and hired vehicles ("any auto"). The policy shall name the CITY and its officers, agents, employees, and volunteers as additional insureds, and a separate additional insured endorsement shall be provided.

C. **Commercial General Liability Insurance**, with minimum limits of either \$2,000,000 per occurrence and \$4,000,000 aggregate, or \$1,000,000 per occurrence and \$2,000,000 aggregate with a \$2,000,000 umbrella policy, covering all bodily injury and property damage arising out of its operations, work, or performance under this Agreement. The policy shall name the CITY and its officers, agents, employees, and volunteers as additional insureds, and a separate additional insured endorsement shall be provided. The general aggregate limit must apply solely to this "project" or "location". The "project" or "location" should be noted with specificity on an endorsement that shall be incorporated into the policy.

D. **Workers' Compensation Insurance** in an amount sufficient to meet statutory requirements covering all of CONSULTANT'S employees and employers' liability insurance with limits of at least \$1,000,000 per accident. In addition, the policy shall be endorsed with a waiver of subrogation in favor of the CITY. Said endorsement shall be provided prior to commencement of work under this Agreement.

If CONSULTANT has no employees subject to the California Workers' Compensation and Labor laws, CONSULTANT shall execute a Declaration to that effect. Said Declaration shall be provided to CONSULTANT by CITY.

E. The aforesaid policies shall constitute primary insurance as to the CITY, its officers, officials, employees, and volunteers, so that any other policies held by the CITY shall not contribute to any loss under said insurance. Said policies shall provide for thirty (30) days prior written notice to the CITY's Risk Manager, at the address listed in subsection G below, of cancellation or material change.

F. If required insurance coverage is provided on a "claims made" rather than "occurrence" form, the CONSULTANT shall maintain such insurance coverage for three years after expiration of the term (and any extensions) of this Agreement. In addition, the "retro" date must be on or before the date of this Agreement.

G. The Certificate Holder for all policies of insurance required by this Section shall be:

City of National City
c/o Risk Manager
1243 National City Boulevard
National City, CA 91950-4397

H. Insurance shall be written with only insurers authorized to conduct business in California that hold a current policy holder's alphabetic and financial size category rating of not less than A:VII according to the current Best's Key Rating Guide, or a company of equal financial stability that is approved by the CITY'S Risk Manager. In the event coverage is provided by non-admitted "surplus lines" carriers, they must be included on the most recent California List of Eligible Surplus Lines Insurers (LESLI list) and otherwise meet rating requirements.

I. This Agreement shall not take effect until certificate(s) or other sufficient proof that these insurance provisions have been complied with, are filed with and approved by the CITY'S Risk Manager. If the CONSULTANT does not keep all of such insurance policies in full force and effect at all times during the terms of this Agreement, the CITY may elect to treat the failure to maintain the requisite insurance as a breach of this Agreement and terminate the Agreement as provided herein.

J. All deductibles and self-insured retentions in excess of \$10,000 must be disclosed to and approved by the CITY.

K. If the CONSULTANT maintains broader coverage or higher limits (or both) than the minimum limits shown above, the CITY requires and shall be entitled to the broader coverage or higher limits (or both) maintained by the CONSULTANT. Any available insurance proceeds in excess of the specified minimum limits of insurance and coverage shall be available to the CITY.

18. **LEGAL FEES.** If any party brings a suit or action against the other party arising from any breach of any of the covenants or agreements or any inaccuracies in any of the representations and warranties on the part of the other party arising out of this Agreement, then in that event, the prevailing party in such action or dispute, whether by final judgment or out-of-court settlement, shall be entitled to have and recover of and from the other party all costs and expenses of suit, including attorneys' fees.

For purposes of determining who is to be considered the prevailing party, it is stipulated that attorney's fees incurred in the prosecution or defense of the action or suit shall not be

considered in determining the amount of the judgment or award. Attorney's fees to the prevailing party if other than the CITY shall, in addition, be limited to the amount of attorney's fees incurred by the CITY in its prosecution or defense of the action, irrespective of the actual amount of attorney's fees incurred by the prevailing party.

19. **TERMINATION.**

A. This Agreement may be terminated with or without cause by the CITY. Termination without cause shall be effective only upon 60-day's written notice to the CONSULTANT. During said 60-day period the CONSULTANT shall perform all services in accordance with this Agreement.

B. This Agreement may also be terminated immediately by the CITY for cause in the event of a material breach of this Agreement, misrepresentation by the CONSULTANT in connection with the formation of this Agreement or the performance of services, or the failure to perform services as directed by the CITY.

C. Termination with or without cause shall be effected by delivery of written Notice of Termination to the CONSULTANT as provided for herein.

D. In the event of termination, all finished or unfinished Memoranda Reports, Maps, Drawings, Plans, Specifications and other documents prepared by the CONSULTANT, whether paper or electronic, shall immediately become the property of and be delivered to the CITY, and the CONSULTANT shall be entitled to receive just and equitable compensation for any work satisfactorily completed on such documents and other materials up to the effective date of the Notice of Termination, not to exceed the amounts payable hereunder, and less any damages caused the CITY by the CONSULTANT'S breach, if any. Thereafter, ownership of said written material shall vest in the CITY all rights set forth in Section 7.

E. The CITY further reserves the right to immediately terminate this Agreement upon: (1) the filing of a petition in bankruptcy affecting the CONSULTANT; (2) a reorganization of the CONSULTANT for the benefit of creditors; or (3) a business reorganization, change in business name or change in business status of the CONSULTANT.

20. **NOTICES.** All notices or other communications required or permitted hereunder shall be in writing, and shall be personally delivered; or sent by overnight mail (Federal Express or the like); or sent by registered or certified mail, postage prepaid, return receipt requested; or sent by ordinary mail, postage prepaid; or telegraphed or cabled; or delivered or sent by telex, telecopy, facsimile or fax; and shall be deemed received upon the earlier of (i) if personally delivered, the date of delivery to the address of the person to receive such notice, (ii) if sent by overnight mail, the business day following its deposit in such overnight mail facility, (iii) if mailed by registered, certified or ordinary mail, five (5) days (ten (10) days if the address is outside the State of California) after the date of deposit in a post office, mailbox, mail chute, or other like facility regularly maintained by the United States Postal Service, (iv) if given by telegraph or cable, when delivered to the telegraph company with charges prepaid, or (v) if given by telex, telecopy, facsimile or fax, when sent. Any notice, request, demand, direction or other communication delivered or sent as specified above shall be directed to the following persons:

To CITY: (Insert name)
 (Insert title)
 (Insert department)

City of National City
1243 National City Boulevard
National City, CA 91950-4397

To CONSULTANT:

(Insert name)
(Insert title)
(Company name)
(Address)

Notice of change of address shall be given by written notice in the manner specified in this Section. Rejection or other refusal to accept or the inability to deliver because of changed address of which no notice was given shall be deemed to constitute receipt of the notice, demand, request or communication sent. Any notice, request, demand, direction or other communication sent by cable, telex, telecopy, facsimile or fax must be confirmed within forty-eight (48) hours by letter mailed or delivered as specified in this Section.

21. **CONFLICT OF INTEREST AND POLITICAL REFORM ACT OBLIGATIONS.** During the term of this Agreement, the CONSULTANT shall not perform services of any kind for any person or entity whose interests conflict in any way with those of the City of National City. The CONSULTANT also agrees not to specify any product, treatment, process or material for the project in which the CONSULTANT has a material financial interest, either direct or indirect, without first notifying the CITY of that fact. The CONSULTANT shall at all times comply with the terms of the Political Reform Act and the National City Conflict of Interest Code. The CONSULTANT shall immediately disqualify itself and shall not use its official position to influence in any way any matter coming before the CITY in which the CONSULTANT has a financial interest as defined in Government Code Section 87103. The CONSULTANT represents that it has no knowledge of any financial interests that would require it to disqualify itself from any matter on which it might perform services for the CITY.

If checked, the CONSULTANT shall comply with all of the reporting requirements of the Political Reform Act and the National City Conflict of Interest Code. Specifically, the CONSULTANT shall file a Statement of Economic Interests with the City Clerk of the City of National City in a timely manner on forms which the CONSULTANT shall obtain from the City Clerk.

The CONSULTANT shall be strictly liable to the CITY for all damages, costs or expenses the CITY may suffer by virtue of any violation of this Section 21 by the CONSULTANT.

22. **PREVAILING WAGES.** State prevailing wage rates may apply to work performed under this Agreement. State prevailing wages rates apply to all public works contracts as set forth in California Labor Code, including but not limited to, Sections 1720,1720.2, 1720.3, 1720.4, and 1771. Consultant is solely responsible to determine if State prevailing wage rates apply and, if applicable, pay such rates in accordance with all laws, ordinances, rules, and regulations.

23. **MISCELLANEOUS PROVISIONS.**

A. *Computation of Time Periods.* If any date or time period provided for in this Agreement is or ends on a Saturday, Sunday or federal, state or legal holiday, then such date shall automatically be extended until 5:00 p.m. Pacific Time of the next day which is not a Saturday, Sunday or federal, state, or legal holiday.

B. *Counterparts.* This Agreement may be executed in multiple counterparts, each of which shall be deemed an original, but all of which, together, shall constitute but one and the same instrument.

C. *Captions.* Any captions to, or headings of, the sections or subsections of this Agreement are solely for the convenience of the parties hereto, are not a part of this Agreement, and shall not be used for the interpretation or determination of the validity of this Agreement or any provision hereof.

D. *No Obligations to Third Parties.* Except as otherwise expressly provided herein, the execution and delivery of this Agreement shall not be deemed to confer any rights upon, or obligate any of the parties hereto, to any person or entity other than the parties hereto.

E. *Exhibits and Schedules.* The Exhibits and Schedules attached hereto are hereby incorporated herein by this reference for all purposes. To the extent any exhibits, schedules, or provisions thereof conflict or are inconsistent with the terms and conditions contained in this Agreement, the terms and conditions of this Agreement shall control.

F. *Amendment to this Agreement.* The terms of this Agreement may not be modified or amended except by an instrument in writing executed by each of the parties hereto.

G. *Waiver.* The waiver or failure to enforce any provision of this Agreement shall not operate as a waiver of any future breach of any such provision or any other provision hereof.

H. *Applicable Law.* This Agreement shall be governed by and construed in accordance with the laws of the State of California.

I. *Audit.* If this Agreement exceeds ten-thousand dollars (\$10,000), the parties shall be subject to the examination and audit of the State Auditor for a period of three (3) years after final payment under the Agreement, per Government Code Section 8546.7.

J. *Entire Agreement.* This Agreement supersedes any prior agreements, negotiations and communications, oral or written, and contains the entire agreement between the parties as to the subject matter hereof. No subsequent agreement, representation, or promise made by either party hereto, or by or to an employee, officer, agent or representative of any party hereto shall be of any effect unless it is in writing and executed by the party to be bound thereby.

K. *Successors and Assigns.* This Agreement shall be binding upon and shall inure to the benefit of the successors and assigns of the parties hereto.

L. *Subcontractors or Subconsultants.* The CITY is engaging the services of the CONSULTANT identified in this Agreement. The CONSULTANT shall not subcontract any portion of the work, unless such subcontracting was part of the original proposal or is allowed by the CITY in writing. In the event any portion of the work under this Agreement is subcontracted, the subconsultant(s) shall be required to comply with and agree to, for the benefit of and in favor of the CITY, both the insurance provisions in Section 17 and the indemnification and hold harmless provision of Section 15 of this Agreement.

M. *Construction.* The parties acknowledge and agree that (i) each party is of equal bargaining strength, (ii) each party has actively participated in the drafting, preparation and negotiation of this Agreement, (iii) each such party has consulted with or has had the opportunity to consult with its own, independent counsel and such other professional advisors as such party

has deemed appropriate, relative to any and all matters contemplated under this Agreement, (iv) each party and such party's counsel and advisors have reviewed this Agreement, (v) each party has agreed to enter into this Agreement following such review and the rendering of such advice, and (vi) any rule or construction to the effect that ambiguities are to be resolved against the drafting party shall not apply in the interpretation of this Agreement, or any portions hereof, or any amendments hereto.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement on the date and year first above written.

CITY OF NATIONAL CITY

INSERT CO'S NAME IN BOLD, ALL CAPS

*(Corporation – signatures of two corporate officers required)
(Partnership or Sole proprietorship – one signature)*

By: _____
Ron Morrison, Mayor

By: _____
(Name)

(Print)

APPROVED AS TO FORM:

Angil P. Morris-Jones
City Attorney

(Title)

By: _____
Nicole Pedone
Senior Assistant City Attorney

By: _____
(Name)

(Print)

-- OR --

By: _____
Roberto M. Contreras
Deputy City Attorney

(Title)