



**REQUEST FOR PROPOSAL
For
PROFESSIONAL AUDITING SERVICES**

Proposal due on Thursday, May 13, 2010 by 4:00 p.m.

**Jessica Cordiero-Martinez
Financial Services Manager
City of Seaside
440 Harcourt Avenue
Seaside, CA 93955**

**CITY OF SEASIDE
REQUEST FOR PROPOSALS
PROFESSIONAL AUDITING SERVICES**

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CITY OF SEASIDE, CALIFORNIA

REQUEST FOR PROPOSALS

I. INTRODUCTION

A. General Information

The City of Seaside is requesting proposals from qualified certified public accounting firms to prepare and audit its financial statements, the Redevelopment Agency of the City of Seaside's financial statements, and the Seaside County Sanitation District's financial statements for the three (3) fiscal years ending June 30, 2010, 2011, and 2012, with the option to extend two (2) additional years, not to exceed five (5) fiscal years.

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

To be considered, four (4) copies of a proposal must be received by 4:00 p.m. on Thursday, May 13, 2010 at the following address:

Jessica Cordiero-Martinez
Financial Services Manager
City of Seaside
Finance Department
440 Harcourt Avenue
Seaside, California 93955

All proposals must be in a sealed envelope and clearly marked "Proposal for Annual Audit Services."

During the evaluation process, the Selection Review Board and the City of Seaside reserve the right, where it may serve the City of Seaside's best interest, to request additional information or clarifications from proposers, or to allow corrections of errors or omissions. At the discretion of the City of Seaside or the Selection Review Board, firms submitting proposals may be requested to make oral presentations as part of the evaluation process.

The City of Seaside reserves the right to retain all proposals submitted and to use any ideas in a proposal regardless of whether that proposal is selected. 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 confirmed in the contract between the City of Seaside and the firm selected.

It is anticipated the selection of a firm will be completed by May 24, 2010 with City Council and Board approval of that selection by June 3, 2010. Following the notification of the selected firm, it is expected a contract will be executed between both parties by June 7, 2010.

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

B. Term of Engagement

It is the intent of the City to contract for the services presented herein for a term of three (3) years. The City reserves the right to extend the term of this contract for two (2) additional one-year terms subject to satisfactory negotiation of terms, including a price acceptable to both the City and the selected firm.

The proposal package shall present all inclusive audit fees for each year of the contract term.

II. NATURE OF SERVICES REQUIRED

A. General

1. Before commencement of interim field work the auditor shall schedule an entrance conference for the purpose of discussing any perceived audit issues or problems, asking and answering questions, clarifying responsibilities and developing an audit strategy.
2. During the course of the engagement, the auditor will meet with and provide status reports to the Deputy City Manager of Administrative Services and/or the Financial Services Manager on a regular basis.
3. Upon completion of field work, and before issuing any report or management letter, auditor shall schedule an exit conference with the Deputy City Manager of Administrative Services, the Financial Services Manager and other City staff as deemed appropriate by the City. The purpose of the exit conference is to discuss observations, findings and recommendations, and to discuss matters to be included in the management letter.
4. In addition, the auditor is also expected to provide informal advice and consultation throughout the contract term on matters relating to accounting and financial reporting. This would not include any task that entailed significant research or formal reporting.

B. Scope of Work to be Performed

1. Prepare the general purpose financial statements for the City of Seaside, its component unit, the Redevelopment Agency of the City of Seaside, and the Seaside County Sanitation District. The financial statements will be prepared and word processed by the audit firm.
2. Audit and issue a report on the fair presentation of the General Purpose Financial Statements of the City of Seaside in accordance with auditing standards generally accepted in the United States of America and the standards for financial audits contained in *Government Auditing Standards* issued by the Comptroller of the United States.
3. Audit and issue a report on the fair presentation of the discreet financial statements of the Redevelopment Agency of the City of Seaside, a component unit of the City, in conformity with generally accepted accounting principles. Perform compliance tests in accordance with Guidelines for Compliance Audits of California Redevelopment Agencies published by the California State Controller's Office, and issue required Compliance Reports thereon.

4. Audit and issue a report on the fair presentation of the financial statements of the Seaside County Sanitation District in accordance with auditing standards generally accepted in the United States of America and the standards for financial audits contained in *Government Auditing Standards* issued by the Comptroller of the United States.
5. Review and provide an 'in relation to' report on the combining and individual fund financial statements, supporting schedules, required supplementary information (RSI), and the Management Discussion and Analysis.
6. Test compliance with the Single Audit Act as amended in 1996 and 2003, and applicable laws and regulations, and issue appropriate compliance reports and recommendations thereon. The auditor shall be responsible for filing required copies of the Single Audit Report with the federal and state cognizant agencies on the City's behalf.
7. Perform agreed-upon auditing procedures pertaining to the City's GANN Limit and render a letter annually to the City regarding compliance.
8. Issue a separate management letter that includes non-reportable conditions.
9. Issue an Indenture of Trust Letter for the Redevelopment Agency of the City of Seaside Merged Project Area Tax Allocation Bonds, Series 2003.
10. Communicate to the City Manager, Deputy City Manager of Administrative Services, and/or the Financial Services Manager any reportable conditions discovered during the course of the audit. A reportable condition is any significant deficiency in the design or operation of the internal control structure that could adversely affect the City's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements.
11. Communicate in writing, to the City Manager, Deputy City Manager of Administrative Services, and/or the Financial Services Manager as appropriate in the circumstances, any irregularity of illegal acts, or suspicion or indication of irregularity or illegal acts, of which the auditor becomes aware.

C. Auditing Standards to be Followed

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

1. Generally Accepted Auditing Standards as set forth by the American Institute of Certified Public Accountants
2. The standards for financial audits set forth in the U.S. General Accounting Office's *Government Auditing Standards*
3. The provisions of the Single Audit Act as amended
4. The provisions of U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*

D. Special Considerations

1. The City is currently not preparing a Comprehensive Annual Financial Report (CAFR). It is the City's goal to implement the CAFR and submit it to the awards committee of the Government Finance Officers Association of the United States and the California State Municipal Finance Officers Association by no later than the end of the three (3) year contract.

The proposal should include a work plan that incorporates the transition from the preparation of the basic financial statements to a full CAFR and the cost bid for preparing the CAFR.

2. The City is currently preparing the annual State Controller Reports of Financial Transactions for the City of Seaside, the Redevelopment Agency of the City of Seaside, and the Seaside County Sanitation District. The City is considering contracting with the auditors for the preparation and submittal of the annual State Controller Reports of Financial Transactions for the City, Redevelopment Agency, and District. These reports must be submitted electronically or as otherwise required, on or before the statutory deadlines established by the California State Controller.

The proposal should include the costs of preparing and submitting these reports as a separate component, but included in the total of the all-inclusive fee for each year of the audit proposal.

E. Working Paper Retention and Access to Working Papers

All working papers and reports must be retained, at the auditor's expense, for a minimum of five (5) years, unless the firm is notified in writing by the City of Seaside of the need to extend the retention period. The auditor will be required to make working papers available, upon request, to the following parties or their designees:

- a. City of Seaside
- b. U.S. Department of Housing and Urban Development (HUD)
- c. U.S. General Accounting Office (GAO)
- d. Parties designated by the federal or state governments or by the City of Seaside as part of an audit quality review process
- e. Auditors of entities of which the City of Seaside is a subrecipient of grant funds
- f. State of California, Office of the State Controller

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

III. DESCRIPTION OF THE GOVERNMENT

A. Background Information

The City of Seaside was founded in 1887 and incorporated in 1954 as a General Law City. Seaside is the largest city on the Peninsula with a population of approximately 34,000.

The City operates under the Council/Manager form of government, which consists of a five-member city council and appointed city manager. The five-member city council is composed of the Mayor and four Council Members who serve four-year, over-lapping terms, and are elected at large by City

residents. The City Manager serves as Chief Executive Officer of the City and is appointed by the City Council to manage the daily operations of the City.

The City provides a full range of services including police and fire protection and animal control; the maintenance of government buildings, sanitation, streets, water system and storm drains; engineering, planning, and building; recreational activities and cultural events; and, housing assistance.

The City also has a Redevelopment Agency with two project areas. The Merged Project Area encompasses the majority of Seaside proper or the 'classic' area and the Fort Ord Project Area encompasses the land transferred to Seaside from the United States Army due to a base closure.

The current general fund operating budget is \$20.5 million and the capital spending plan is \$40.7 million. The City of Seaside has a total payroll of \$15 million covering 146 full-time permanent employees and varying levels of temporary employees.

The City of Seaside receives grants from the Department of Housing and Urban Development including Community Development Block Grants and the City contracts with the Department of the Army for maintenance of a portion of the Presidio of Monterey. This contract is subject to Single Audit requirements.

Past budgetary and financial information on the government can be found on the City's web site at www.ci.seaside.ca.us.

B. Background Information – Other Entities

The Seaside County Sanitation District (SCSD) is responsible for the transportation of sewage waste from residential and commercial buildings to a sewage treatment plant operated by the Monterey Regional Water Pollution Control Agency (MRWPCA). In addition, the District installs and maintains sewer lines and lift stations. The governing board consists of one appointed member each from the cities of Del Rey Oaks, Sand City, and Seaside.

C. Component Units

The City of Seaside is defined, for financial reporting purposes, in conformity with Governmental Accounting Standards Board Statement No. 14, *The Financial Reporting Entity*. Using these criteria, component units are included in the City of Seaside's financial statements.

Management of the City of Seaside has identified the Redevelopment Agency of the City of Seaside as a component unit for inclusion in the City's financial statements. Funds for redevelopment projects are provided from various sources, including incremental property tax revenues, revenue bonds and advances from the City. The members of the City Council serve, in separate session, as the governing body of the Agency. A separate audit report and financial statements are required for this component unit.

The City of Seaside Joint Powers Financing Authority is a joint powers authority, consisting of the City and the Agency, organized for the purpose of financing certain capital projects for the City or the Agency. The members of the City Council serve, in separate session, as the governing body of the Authority. Separate component unit financial statements for the Seaside Joint Powers Financing Authority are not issued.

D. Fund Structure

The City of Seaside uses the following fund types and account groups in its financial reporting as of June 30, 2009:

Number of Individual Funds & Account Groups by Entity			
Fund Type	City	RDA	SCSD
General Fund	1		1
Enterprise Fund	2		
Special Revenue Fund	36	2	1
Capital Projects Funds	16	3	2
Debt Service Funds		2	
Internal Service Funds	3		
Fiduciary Funds	3		
Account Group			
Fixed Asset	1	1	1
Long-Term Debt	1	1	1

E. Budgetary Basis of Accounting

The City of Seaside prepares a two year budget. The adopted budget may be adjusted by the City Manger if less than \$10,000 and within a department. Budget adjustments of more than \$10,000 or between funds/departments require City Council approval.

F. Pension Plan

The City of Seaside participates in the California Public Employees' Retirement System (PERS), an agent multiple-employer public employee retirement system that acts as a common investment and administrative agent for participating public entities in the State of California.

The City also participates in the Public Agency Retirement Services (PARS) Supplemental Retirement Plan, a multiple agency trust. PARS provides eligible employees supplemental retirement benefits in addition to CALPERS benefits.

G. Finance Operations

The Finance Department is headed by Daphne Hodgson, Deputy City Manager of Administrative Services, and consists of 4 employees. The Finance Department is managed by the Financial Services Manager, and includes a Senior Accounting Technician, an Accounting Technician, and an Account Clerk.

H. Computer System

The City's computerized systems are networked through Novell NetWare. The accounting functions are computerized using InVision financial software by Incode, Inc. The applications operating on this system are general ledger, accounts payable, purchase orders, payroll, time entry, accounts receivable,

cash collections, fixed assets, business licenses, utility billing, building projects and project accounting.

I. Availability of Prior Year's Work Papers

The City's fiscal year 2008-2009 audit was conducted by Macias, Gini & O'Connell LLP in Newport Beach, California. Working papers of the previous audits are the property of the auditor, who should be contacted by the successful proposer as required by generally accepted auditing standards set forth in the AICPA Statement on Auditing Standards, AU Section 315.

IV. PROPOSAL REQUIREMENTS

The City will use the following timetable:

April 19, 2010	Issue request for proposals
May 13, 2010	Due date for proposals (by 4:00 p.m.)
May 24, 2010	Successful proposer notified
June 3, 2010	Recommendation of auditor to council
June 7, 2010	Execute contract

V. WORK COMPLETION MILESTONES

Observe the following schedule in addition to complying with statutory and other filing and reporting deadlines:

June 7, 2010	Auditor to provide City with an audit plan and a list of schedules to be prepared for interim and final fieldwork
July 12, 2010	Interim fieldwork may begin
August 31, 2010	End of expenditure accrual period
September 30, 2010	End of revenue accrual period
October 18, 2010	City will deliver closed trial balance to auditor
November 15, 2010	Auditor fieldwork shall be completed
December 1, 2010	Draft financial statements for the City, Redevelopment Agency and the Seaside County Sanitation District and the Single Audit Report shall be submitted to the City
December 15, 2010	Auditor delivers ten (10) bound copies of the Redevelopment Agency financial statements and three (3) copies of the Indenture of Trust Letter
December 30, 2010	Auditor delivers ten (10) bound copies of the City's financial statements; ten (10) bound copies of the Seaside County Sanitation District financial statements; ten (10) bound copies of the Single Audit Report (please note – report must be filed by statutory filing deadline with all appropriate agencies); three (3) copies of the Management Letter; three (3) copies of the GANN limit report

VI. ASSISTANCE TO BE PROVIDED TO THE AUDITOR

A. Finance Department and Clerical Assistance

The Finance Department staff and responsible management personnel will be available during the audit to assist the auditor by providing information, analysis, documentation, schedules and explanations. Jessica Cordiero-Martinez, Financial Services Manager, will act as liaison between the auditor and City staff. To facilitate the flow of information, all requests by the auditor for assistance must be coordinated by the City's liaison. In requesting information, consideration must be given to the on-going duties and workload of the Finance Department.

B. Work Area, Telephones, Photocopying and FAX Machines

The City of Seaside will provide the auditor with reasonable workspace, desks and chairs. The auditor will also be provided with access to telephone/internet lines, photocopying facilities and a fax machine.

VII. REPORT PREPARATION

Report preparation, editing, printing, tabbing, and binding shall be the responsibility of the auditor.

1. City of Seaside Financial Statements and Independent Auditor's Report (10 bound copies, 1 PDF)
2. Redevelopment Agency of the City of Seaside's Financial Statements and Independent Auditor's Report (10 bound copies, 1 PDF)
3. Seaside County Sanitation District Financial Statements and Independent Auditor's Report (10 bound copies, 1 PDF)
4. Single Audit Report (10 bound copies, 1 PDF)
5. Management Letter (3 copies, 1 PDF)
6. GANN Limit Review and report (3 copies, 1 PDF)
7. Indenture of Trust Letter (3 copies, 1 PDF)

VIII. PROPOSAL REQUIREMENTS

A. General Requirements

1. Inquiries

Questions regarding this RFP are to be directed by email to: Jessica Cordiero-Martinez, Financial Services Manager, at jcordiero-martinez@ci.seaside.ca.us. Such contact should be for clarification purposes only. Material changes, if any, to the scope of services or proposal procedures will only be transmitted by written addendum. Answers to submitted questions will be available via the City of Seaside website under RFP's & Bids.

2. Submission of Proposals

The following material is required to be received by Thursday, May 13, 2010 at 4:00 p.m. for a proposing firm to be considered:

- a. Four (4) copies of a Technical Proposal, to include the following:

(1) Title Page

Title page showing the request for proposal's subject; the firm's name; the name, address and telephone number of the contact person; and the date of the proposal.

(2) Table of Contents

Include a clear and complete identification of the materials submitted by section and page number. Cross-referencing to section and page number in the RFP is helpful.

(3) Transmittal Letter

The transmittal letter should address the firm's understanding of the project based on the RFP and any other information the firm has gathered and the firm's commitment to adhere to the timeline in the RFP. Include a statement discussing the firm's interest and qualifications for this type of work. Certify that the person signing the proposal is entitled to represent the firm, empowered to submit the bid, and authorized to sign a contract with the City. Lastly, include a statement that the proposal is a firm and irrevocable offer for ninety (90) days.

(4) Detailed Proposals

The detailed proposal should follow the order set forth in Section VIII-B of this request for proposals.

- b. The proposer shall submit four (4) copies of a dollar cost bid in a separate sealed envelope, marked as follows: "Sealed Dollar Cost Bid Proposal - Annual Audit Services."
- c. Proposals, consisting of the two separate envelopes in one sealed envelope, should be addressed to:

Jessica Cordiero-Martinez
Financial Services Manager
City of Seaside
Finance Department
440 Harcourt Avenue
Seaside, California 93955

All proposals must be received by 4:00 p.m. on Thursday, May 13, 2010.

B. Technical Proposal

1. General Requirements

The purpose of the Technical Proposal is to demonstrate the qualifications, competence and capacity of the firm seeking to undertake an independent audit of the City of Seaside in conformity with the requirements of the RFP. 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 and enable the audit to be completed within the time frames enumerated.

The Technical Proposal should address all the points outlined in the RFP, excluding any cost information which should only be included in the sealed dollar cost bid. The proposal should be prepared simply and economically, providing a straightforward, 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 two (2) through twelve (12) below, *must* be included. They represent the criteria against which the proposal will be evaluated.

THERE SHOULD BE NO DOLLAR UNITS OR TOTAL COSTS INCLUDED IN THE TECHNICAL PROPOSAL DOCUMENT.

2. Independence

The firm should provide an affirmative statement that it is independent of the City of Seaside, as defined by generally accepted auditing standards and the U.S. General Accounting Office's *Government Auditing Standards*. The firm should also provide an affirmative statement that it is independent of all of the component units of the City of Seaside, as defined by those same standards.

The firm should list and describe the firm's professional relationships involving the City of Seaside or any of its agencies or 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.

In addition, the firm shall give the City of Seaside written notice of any professional relationships entered into during the period of this agreement.

3. License to Practice in California

An affirmative statement should be included that the firm and all assigned key professional staff are properly licensed to practice as certified public accountants in California.

4. Business License

The independent auditor selected must possess a City of Seaside business license while conducting any work under this contract.

5. Insurance

Attached to the RFP is a draft copy of the City's Consulting Services Agreement (Appendix C) which contains the insurance requirements. The selected firm will maintain the minimum insurance requirements during the entire time of the engagement. The selected firm will have a certificate of insurance completed and filed with the City within fifteen (15) days of execution of this agreement and shall provide that no cancellation, major change in coverage, or expiration by insurance company or insured during the term of this contract shall occur without thirty (30) days written notice to City prior to the effective date of such cancellation or change in coverage.

6. Firm Qualifications and Experience

The proposer 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 on a full-time basis and the number and nature of the staff to be so employed on a part-time basis.

The firm is also required to submit a copy of the report on its most recent external quality control review, together with a statement about whether that quality control review included a review of specific **government** engagements.

The firm shall also 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.

7. Partner, Supervisory and Staff Qualifications and Experience

Identify the principal supervisory and management staff, including engagement partners, managers, other supervisors and specialists, who would be assigned to the engagement. Indicate whether each such person is 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.

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.

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 permissions of the City of Seaside. However, in either case, the City of Seaside 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.

8. Prior Engagements with the City of Seaside.

List separately all engagements within the last five (5) years for the City of Seaside by type of engagement (i.e., audit, management advisory services, other).

9. Similar Engagements with Other Government Entities and References

For the firm's office that will be assigned responsibility for the audit, list the most significant engagements performed in the last three (3) years that are similar to the engagement described in this request for proposal.

10. References

Please provide a list of not less than three (3) client references for which services similar to those outlined in the RFP are currently being provided. For each reference listed provide the name of the organization, dates for which the service(s) are being provided, type of service(s) being provided and the name, address and telephone number of the appropriate contact. The City reserves the right to contact any or all of the listed references regarding the audit services performed by the Proposer.

11. Specific Audit Approach

Submit a work plan to accomplish the scope of the engagement (Section II) and how the time requirements will be met (Section V). The work plan should include time estimates for each significant segment of the work and the staff level to be assigned and expected client assistance.

The proposal shall identify and describe recent changes in accounting principles and pronouncements and their impact on the audit approach and the presentation, scope and disclosure of the financial report.

12. Prepared by Client List

The proposal shall include a list of standard client-prepared audit schedules the firm anticipates City staff to provide.

C. Sealed Dollar Cost Bid

1. Total All-Inclusive Maximum Price

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

The City of Seaside will not be responsible for expenses incurred in preparing and submitting the technical proposal or the sealed dollar cost bid. Such costs should not be included in the proposal.

The first page of the sealed dollar cost bid should include the following information:

- a. Name of firm
- b. Certification that the person signing the proposal is entitled to represent the firm, empowered to submit the bid, and authorized to sign a contract with the City of Seaside
- c. A total all-inclusive maximum price for each fiscal year engagement (2009-2010, 2010-2011, and 2011-2012).

The second page of the sealed dollar cost bid should include the total all-inclusive maximum price for each major report by fiscal year (Appendix A)

2. Rates by Partner, Manager, Supervisory, Staff and Clerical Level Times Hours Anticipated for Each

The third page of the sealed dollar cost bid should include a schedule of professional fees and expenses, presented in the format provided in the attachment (Appendix B, pages 1-6), that supports the total all-inclusive maximum price. The cost of special services described in Section II-D of this request for proposal should be disclosed as separate components of the total all-inclusive maximum price.

3. Out-of-Pocket Expenses Included in the Total All-Inclusive Maximum Price and Reimbursement Rates

All estimated out-of-pocket expenses to be reimbursed should be presented on the third page of the sealed dollar cost bid in the format provided in the attachment (Appendix B, pages 1-6). All expense reimbursements will be charged against the total all-inclusive maximum price submitted by the firm.

4. Rates for Additional Professional Services

If it should become necessary for the City of Seaside to request the auditor to render any additional services to either supplement the services requested in this request for proposals 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 of Seaside and the firm. Any such additional work agreed to between the City of Seaside and the firm shall be performed at the same rates set forth in the schedule of fees and expenses included in the sealed dollar cost bid.

5. 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.

IX. EVALUATION PROCEDURES

A. Selection Review Board

Proposals submitted will be evaluated by a three (3) member Selection Review Board consisting of the Assistant City Manager, the Deputy City Manager of Administrative Services, and the Financial Services Manager. The City reserves the right to modify the Selection Review Board as desired.

B. Review of Proposals

The Selection Review Board will use a point formula during the review process to score proposals. Each member of the Selection Review Board will first score each technical proposal by each of the criteria described in Section IX-C, below. The full Selection Review Board will then convene to review and discuss these evaluations and to combine the individual scores to arrive at a composite

technical score for each firm. At this point, firms with an unacceptably low technical score will be eliminated from further consideration.

After the composite technical score for each firm has been established, the sealed dollar cost bid will be opened and additional points will be added to the technical score based on the price bid. The maximum score for price will be assigned to the firm offering the lowest total all-inclusive maximum price. Appropriate fractional scores will be assigned to other proposers.

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

C. Evaluation Criteria

Proposals will be evaluated using three (3) sets of criteria. Firms meeting the mandatory criteria will have their proposals evaluated and scored for both technical qualifications and price. The following represent the principal selection criteria that will be considered during the evaluation process.

1. Mandatory Elements

- a. The audit firm is independent and licensed to practice in California
- b. The firm has no conflict of interest with regard to any other work performed by the firm for the City of Seaside, the Redevelopment Agency of the City of Seaside or the Seaside County Sanitation District
- c. The firm adheres to the instructions in this request for proposal on preparing and submitting the proposal
- d. The firm submits a copy of its last external quality control review report and the firm has a record of quality audit work

2. Technical Qualifications (Maximum Points – 75)

a. Expertise and Experience

- (1) The firm's past experience and performance on comparable government engagements, including the performance of single audits in accordance with OMB Circular A-133
- (2) 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

b. Audit Approach

Thoroughness of approach to conducting the audit and demonstration of the understanding of the objectives and scope of the audit

c. Commitment to work completion timeline

3. Price (Maximum Points - 25)

Cost will not be the primary factor in the selection of an audit firm.

D. Oral Presentations

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

E. Final Selection

The City Council will select a firm based upon the recommendation of the Selection Review Board. It is anticipated a firm will be selected by May 24, 2010 with City Council approval by June 3, 2010. Following notification of the firm selected, it is expected a contract will be executed between both parties by June 7, 2010.

F. Right to Reject Proposals

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

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

APPENDIX A

<u>CITY OF SEASIDE</u>				
<u>TOTAL MAXIMUM PRICE</u>				
<u>FOR THE FISCAL YEAR ENDING JUNE 30,</u>				
	2010	2011	2012	TOTAL
City - Prepare, Audit & Issue Related Reports				
Redevelopment – Prepare, Audit & Issue Related Reports				
Seaside County Sanitation District – Prepare, Audit & Issue Related Reports				
Single Audit Report & Related Reports				
GANN Limit Review & Report				
Total All-Inclusive Maximum Price				
Additional Cost to prepare CAFR				
Additional Cost to prepare and submit State Controller Reports for City, RDA, & District				
Total all inclusive maximum price (including CAFR & State Controller Reports)				

APPENDIX B

<u>SCHEDULE OF PROFESSIONAL FEES AND EXPENSES</u>						
<u>SUPPORTING SCHEDULE FOR THE <i>CITY OF SEASIDE</i> – PREPARATION OF FINANCIAL STATEMENTS AND AUDIT OF FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDING JUNE 30.</u>						
	No. of Hours	Hourly Rate	2010	2011	2012	Total
Fees:						
Partner						
Manager						
Supervisory staff						
Staff						
Clerical						
Other (specify)						
Subtotal fees						
Expenses:						
Meals and lodging						
Transportation						
Other (specify)						
Subtotal expenses						
Total all inclusive maximum price						
Additional Cost to prepare CAFR						
Total all inclusive maximum price (including CAFR)						

APPENDIX B

<u>SCHEDULE OF PROFESSIONAL FEES AND EXPENSES</u>						
<u>SUPPORTING SCHEDULE FOR THE</u> <u>REDEVELOPMENT AGENCY OF THE CITY OF SEASIDE – PREPARATION OF</u> <u>FINANCIAL STATEMENTS AND AUDIT OF FINANCIAL STATEMENTS</u> <u>FOR THE FISCAL YEAR ENDING JUNE 30,</u>						
	No. of Hours	Hourly Rate	2010	2011	2012	Total
Fees:						
Partner						
Manager						
Supervisory staff						
Staff						
Clerical						
Other (specify)						
Subtotal fees						
Expenses:						
Meals and lodging						
Transportation						
Other (specify)						
Subtotal expenses						
Total all inclusive maximum price						

APPENDIX B

<u>SCHEDULE OF PROFESSIONAL FEES AND EXPENSES</u>						
<u>SUPPORTING SCHEDULE FOR THE</u> <u>SEASIDE COUNTY SANITATION DISTRICT - PREPARATION OF FINANCIAL</u> <u>STATEMENTS AND AUDIT OF FINANCIAL STATEMENTS</u> <u>FOR THE FISCAL YEAR ENDING JUNE 30,</u>						
	No. of Hours	Hourly Rate	2010	2011	2012	Total
Fees:						
Partner						
Manager						
Supervisory staff						
Staff						
Clerical						
Other (specify)						
Subtotal fees						
Expenses:						
Meals and lodging						
Transportation						
Other (specify)						
Subtotal expenses						
Total all inclusive maximum price						

APPENDIX B

<u>SCHEDULE OF PROFESSIONAL FEES AND EXPENSES</u>						
<u>SUPPORTING SCHEDULE FOR THE</u> <u><i>SINGLE AUDIT</i> AND RELATED REPORTS</u> <u>FOR THE FISCAL YEAR ENDING JUNE 30,</u>						
	No. of Hours	Hourly Rate	2010	2011	2012	Total
Fees:						
Partner						
Manager						
Supervisory staff						
Staff						
Clerical						
Other (specify)						
Subtotal fees						
Expenses:						
Meals and lodging						
Transportation						
Other (specify)						
Subtotal expenses						
Total all inclusive maximum price						

APPENDIX B

<u>SCHEDULE OF PROFESSIONAL FEES AND EXPENSES</u>						
<u>SUPPORTING SCHEDULE FOR THE</u> <u>GANN <i>LIMIT</i> REVIEW AND REPORT</u> <u>FOR THE FISCAL YEAR ENDING JUNE 30.</u>						
	No. of Hours	Hourly Rate	2010	2011	2012	Total
Fees:						
Partner						
Manager						
Supervisory staff						
Staff						
Clerical						
Other (specify)						
Subtotal fees						
Expenses:						
Meals and lodging						
Transportation						
Other (specify)						
Subtotal expenses						
Total all inclusive maximum price						

APPENDIX B

<u>SCHEDULE OF PROFESSIONAL FEES AND EXPENSES</u>						
<u>SUPPORTING SCHEDULE FOR THE</u> <u>STATE CONTROLLER REPORTS OF FINANCIAL TRANSACTIONS FOR THE</u> <u>CITY, RDA, & DISTRICT</u> <u>FOR THE FISCAL YEAR ENDING JUNE 30,</u>						
	No. of Hours	Hourly Rate	2010	2011	2012	Total
Fees:						
Partner						
Manager						
Supervisory staff						
Staff						
Clerical						
Other (specify)						
Subtotal fees						
Expenses:						
Meals and lodging						
Transportation						
Other (specify)						
Subtotal expenses						
Total all inclusive maximum price						

APPENDIX C

CONTRACT AGREEMENT

PROJECT TITLE

THIS AGREEMENT is made and entered into this ____ day of ____ 2010, by and between the CITY OF SEASIDE, a municipal corporation, hereinafter called "City", *CONSULTANT NAME*, hereinafter called "Consultant".

WHEREAS, City has determined that it is in the public interest to proceed with the work, hereinafter described as "Project"; and

WHEREAS, City has determined that the Project involves the performance of professional and technical services of a temporary nature; and

WHEREAS, City does not have available employees to perform the services for the Project; and

WHEREAS, the City desires to engage the Consultant, and the Consultant agrees, to render certain technical advice and professional services to the City, as necessary.

THEREFORE, City and Consultant, for the consideration hereinafter described, mutually agree as follows:

1. **Description of Project.** The project is described as follows:

DESCRIPTION

2. **Proposal Submittal.** The parties hereto mutually agree that the following documents and any addenda thereto are herewith by reference included in this contract as Attachment 1:

TITLES AND DATES OF PROPOSALS

3. **Scope of Work.** Consultant's scope of work is described in the proposal attached hereto and incorporated herein by this reference.
4. **Scope of Work--Additional.** It is understood by City and Consultant that it may be necessary, in conjunction with the Project, for Consultant to perform or secure the performance of consulting and related services other than those set forth in the proposal. If additional services are requested by City, Consultant shall advise City in writing of the need for additional services and the cost and estimated time to perform the services. Consultant shall not proceed to perform any such additional service until City has determined that such service is beyond the scope of the basic services to be provided by Consultant and has given its written authorization to perform. Written approval for performance and compensation for additional services may be

granted by the Deputy City Manager - Administrative Services. Except as herein above stated, any additional service shall require an amendment to this agreement and shall be subject to all the provisions of this agreement.

5. **Authority of the Deputy City Manager - Administrative Services.** The Consultant shall perform all necessary services provided under the contract and outlined in the proposal and shall do, perform, and carry out said work in a satisfactory and proper manner as determined by and to the satisfaction of the Deputy City Manager - Administrative Services. The Deputy City Manager - Administrative Services reserves the right to make changes, additions or deletions, of the scope of work as deemed to be necessary or advisable to implement and carry out the purposes of the contract. The Deputy City Manager - Administrative Services is authorized to execute these changes by amendment agreements.
6. **Responsibility of Consultant.** By executing this agreement, Consultant represents and states to City that he possesses or will arrange to secure from others all necessary professional capabilities, experience, resources and facilities necessary to provide to City the services contemplated under this agreement. Consultant further warrants that he will follow the current generally accepted practices of the profession to make findings, render opinions, prepare factual presentations, and provide professional advice and recommendations regarding the project for which services are rendered under this agreement.
7. **Independent Contractor.** The parties to this agreement agree that Consultant, his employees, agents and subconsultants, shall be independent contractors with regard to the providing of services under this agreement and that Consultant's employees, agents and subcontractors shall not be considered to be employees or agents of City for any purpose and will not be entitled to any of the benefits City provides for its employees.
8. **Materials and Equipment.** Consultant shall furnish at his own expense all materials and equipment necessary to carry out the terms of this agreement.
9. **Employment of Personnel.** Consultant shall provide experienced and qualified personnel to carry out the work to be performed by Consultant under this agreement and shall be responsible for and in full control of the work of such personnel.
10. **Time of Performance.** Subject to the limitation herein, the Consultant agrees to perform the work and services in accordance with the proposal. The service of the Consultant is to commence upon receipt of a notice to proceed issued by the Deputy City Manager - Administrative Services, and shall be undertaken and completed in such a sequence as to assure their expeditious completion in light of the purpose of the contract.
11. **Compensation.** Subject to the limitation herein, the Consultant agrees to perform the work and services specified and outlined in the proposal for the contract amount maximum not to exceed unless specifically authorized by a written contract change order by the City prior to the commencement of any additional work. The total maximum not to exceed amount for this contract is ***** Dollars (\$*****).

12. **Prevailing Salaries.** If the Consultant hires employees, salaries for the various worker classifications to be utilized in the performance of this contract shall be paid equal to or greater than the salaries prevailing in the locality of the work.
13. **Audit Authority.** The City, the State Controller, or any duly authorized representative shall have access to any books, documents, papers, and records of the Consultant for the purpose of making an audit examination.
14. **Assignment.** Consultant shall not assign any duties, responsibilities or obligations without prior consent of the City.
15. **Indemnification.** The Consultant shall, and does hereby agree, to defend and indemnify the City against, and to hold the City harmless from, any and all damages, claims of damages, including but not limited to attorney's fees, or liabilities of whatever nature arising out of, or in connection with, the services rendered to the City by the Consultant.

Should it become necessary for City, its agents, its employees, successors or assignees to incur any costs or expenses, whether direct or indirect, including but not limited to attorney's fees, investigator's fees, collection fees or court costs in connection with any claim or demand for which indemnification is provided by this agreement, or in connection with any attempt to recover losses incurred on such claims or demands, or in connection with the enforcement of this agreement or any portion thereof, Consultant agrees to pay City such reasonable costs or expenses for which expenditure is made or liability incurred by City, provided that reimbursement shall be only for such costs and expenses that consultant is held legally liable to pay by a court or forum of competent jurisdiction for negligent performance of consultant's professional services.

16. **Insurance.** The Consultant shall take out and maintain during the life of the contract insurance in the amounts specified herein. The City of Seaside, its officers, agents and employees shall be named as additional insured.

Right of general supervision by the city shall not make the Consultant an agent of the city, and the liability of the Consultant for all damages to persons or to the public or private property arising from the Consultant's execution of the work shall not be lessened because of such general supervision.

Without limiting Consultant's duty to indemnify, Consultant shall maintain in effect throughout the term of this contract a policy or policies of insurance covering all of its operations with the following types and limits of liability:

A. PROFESSIONAL ERRORS AND OMISSIONS INSURANCE

Consultant shall provide evidence of Professional Liability Insurance on a policy form appropriate to the Consultant's profession. Limits shall be no less than \$1,000,000.00 per claim.

B. AUTOMOBILE LIABILITY INSURANCE:

Comprehensive Automotive Liability covering all motor vehicles including owned, leased, non-owned, and hired vehicles, used in providing services under this Agreement, with a combined single limit of not less than \$1,000,000.00 per occurrence.

C. WORKER'S COMPENSATION INSURANCE:

If employees are hired by the Consultant, then Worker's compensation insurance will be required in accordance with California Labor Code section 3700 and with a minimum of \$1,000,000.00 per occurrence for employer's liability.

Certificate of Insurance. The Consultant will have a certificate of insurance completed and filed with the City within fifteen [15] days of execution of this agreement and prior to engaging any operation or activities set forth in this agreement. The foregoing policies shall provide that no cancellation, major change in coverage, or expiration by insurance company or insured during the term of this contract shall occur without thirty [30] days written notice to City prior to the effective date of such cancellation or change in coverage.

17. **Compliance with Laws, Rules, and Regulations.** Services performed by Consultant pursuant to this agreement shall be performed in accordance with full compliance to all applicable Federal, State, or City statutes and any rules or regulations promulgated thereunder.
18. **Inspection of Work.** The City representative or his/her designee shall at all times have the right to inspect the work, services or performance of Consultant. Consultant shall furnish all reasonable aid and assistance required by City for proper examination of the work or services. Such inspection shall not relieve Consultant of any obligation to perform said services in accordance with the law or this agreement.
19. **Waiver.** Consultant agrees that any waiver by City of any breach or violation of any term or condition of this agreement shall not be deemed to be a waiver of any subsequent breach or violation of the same or any other term or condition. The acceptance by City of the performance of any work or services by Consultant shall not be deemed to be a waiver of any term or condition of this agreement.
20. **Legal Action.** Should either party to this agreement bring legal action against the other, the case shall be handled in the Monterey County, California, and the party prevailing in such action shall be entitled to a reasonable attorney's fee which shall be fixed by the judge hearing the case, and such fee shall be included in the judgment, together with all costs.
21. **Notices.** All notices herein provided to be given, or which may be given by either party to the other, shall be considered fully received when made in writing and deposited in the United States mail, certified and postage prepaid, and addressed to the respective parties as follows:

City of Seaside
Administrative Services Department
440 Harcourt Avenue
Seaside, CA 93955

Consultant
CONSULTANT CONTACT INFORMATION

22. **Non-discrimination.** During the performance of this project, Consultant will not discriminate against any employee or applicant for employment because of race, religion, creed, color, national origin, sex or age. Consultant will take affirmative action to insure that applicants are employed and that employees are treated during employment without regard to their race, religion, creed, color, national origin, sex, or age.
23. **Interest of Consultant.** Consultant declares that he presently has no interest and shall not acquire any interest, direct or indirect, financial or otherwise, which would conflict in any manner or degree with the performance of the services hereunder. Consultant further declares that in the performance of this agreement no subcontractor or person having such interest shall be employed. Consultant certifies that if he hires any employees that no one who has or will have any financial interest in this agreement is an officer or employee of City. It is expressly agreed that in the performance of the services hereunder Consultant shall at all times be deemed an independent contractor and not an agent or employee of City.
24. **Termination of Contract.** This agreement may be terminated by either party upon thirty [30] days written notice to the other party. In the event of such termination, City shall pay Consultant for all services performed to the date of receipt of notice of termination. An itemized statement of the work performed to the date of termination shall be submitted to the City. In ascertaining the services actually rendered hereunder up to the date of termination of this agreement, consideration shall be given to both completed work and work in process of completion and to complete and incomplete drawings and other documents whether delivered to the City or in the possession of the Consultant.
25. **Ownership of Document.** All documents, original tracings, and specifications shall be the property of the City and may be reused by the City without additional compensation to the Consultant. Consultant shall have no responsibility nor liability for documents furnished for this project which are changed without its consent or reused on another project.
26. **Jurisdiction.** This agreement shall be administered and interpreted under the laws of the State of California. Jurisdiction of litigation arising from this agreement shall be in California. If any part of this agreement is found to be in conflict with applicable laws, such part shall be inoperative, null insofar as it is in conflict with said laws, but the remainder of the agreement shall continue to be in full force and effect.
27. **Integrated Agreement.** This agreement represents the entire understanding of City and Consultant as to those matters contained herein. No prior oral or written understanding shall be of any force or effect with respect to those matters covered in it. This agreement may not be

modified or altered except by amendment in writing signed by both parties.

IN WITNESS WHEREOF, the parties hereto have made and executed this agreement the day and year first above written.

CITY OF SEASIDE
"City"

"Consultant"

by _____
Ray Corpuz
City Manager

by _____