

City of Capitola



Request for Proposal Auditing Services

Issue Date: February 7, 2024
Proposal Deadline: March 1, 2024

City of Capitola
Finance Department
420 Capitola Ave.
Capitola, CA 95010

Table of Contents

INTRODUCTION	3
BACKGROUND	3
SCOPE OF WORK.....	4
PROPOSAL REQUIREMENTS.....	6
EVALUATION OF PROPOSALS AND NEGOTIATIONS	6
CONDITIONS AND STIPULATIONS.....	7
ESTIMATED TIMELINE	7
CONTACTS	7
SUBMISSION INFORMATION	8
ATTACHMENTS	9

REQUEST FOR PROPOSAL AUDITING SERVICES

INTRODUCTION

The City of Capitola (City) is seeking proposals from qualified certified public accounting firms for the preparation of financial and compliance audit reports covering the City and its related operations. This Request for Proposal is expected to result in a firm fixed price contract. All proposals must be submitted to the Finance Department at 420 Capitola Ave, Capitola, CA 95010 by 5:00 P.M. on Friday March 1, 2024. All proposals must be in the format specified, enclosed in a sealed envelope and clearly identified with proposal title, name of proposer, and date of proposal closure. Responding firms shall be solely responsible for any expenses incurred in preparing proposals in response to this request.

The City may select an auditing firm (Auditor) based on proposal alone or may narrow the field to the top firms (not to exceed three) based on strength of proposal, and then conduct interviews to finalize a selection. The City will then initiate contract negotiations with the selected Auditor. Pending successful negotiations, the City will have the Auditor execute the City's Standard Professional Services Agreement (Attachment A).

It is the intent of the City to award the contract for an initial three-year period beginning with the fiscal year ending June 30, 2024, with the option to renew for two one-year periods at the sole discretion of the City. The City desires fixed pricing for the three-year contract period. Prices in subsequent years shall be negotiated based on satisfactory customer service. Proposals will be considered only from parties that are free of all obligation and interests that may conflict with the best interest of the City of Capitola and have the capacity to provide services on a timely basis.

BACKGROUND

The City of Capitola is a small coastal community located in Santa Cruz County that occupies approximately two square miles and serves a population of about 10,000. Located on the northern edge of Monterey Bay, approximately 35 miles north of Monterey and 75 miles south of San Francisco, Capitola enjoys a rich history and offers residents diverse recreational opportunities. Capitola Village is located along a sandy beach with expansive views of Monterey Bay and is home to numerous craft galleries, boutiques, and restaurants.

Capitola is a General Law City, which was incorporated on January 11, 1949. The City is subject to the framework and procedures established by State Law and operates under the Council – City Manager form of government. The Council is comprised of four Council Members and a Mayor, all of whom are directly elected by the citizens. The Council Members serve four-year staggered terms; and the Mayor and Vice-Mayor are elected annually by the Council. The City provides police protection, recreation, building, planning, zoning, administrative services, financial services, street, park and facilities maintenance for Capitola. Independent special districts provide fire protection, water, sewer, and limited drainage services.

The City is organized by functional activity with eight operating departments. Accounting and financial reporting for the City of Capitola and its component units are centralized. The finance department consists of three full-time positions (one Finance Director, two Accountant I, and one Account Clerk) and two part-time positions (one Account Technician and one Account Clerk.) The City employs approximately 70 permanent employees and up to 50 part-time seasonal workers. Total annual payroll is approximately \$9.5 million. Eligible employees participate in the California Public Employees Retirement System (PERS). Employees not eligible for PERS participate in the Public Agency Retirement System (PARS).

The basic fund structure of the City is as follows:

- General Fund – 1
- Capital Projects Fund - 1
- Special Revenue Funds – 19
- Internal Service Funds – 6
- Bond, Debt, Asset Funds – 4
- Successor Agency Fund - 1

The City will administer the proposal process in accordance with the terms and dates outlined in this RFP; however, the City reserves the right to modify the activities, timeline, or any other aspect of the process at any time, as deemed necessary. By requesting proposals, the City is in no way obligated to award a contract or pay the expenses of proposing firms in association with the preparation or submission of a proposal. The award of any contract shall be contingent on the requisite staff and City Council approvals.

SCOPE OF WORK

Prepare a Comprehensive Annual Financial Report (CAFR) that addresses the following tasks:

- A. Independent Auditor's Reports for the City on the fair presentation of the financial statements in conformity with generally accepted accounting principles based upon audits of the Basic Financial Statements of the City. The other supplementary information listed in the Table of Contents in the City's CAFR, including combining schedules and additional budgetary comparison schedules, are not a required part of the basic financial statements, however, the auditor is to provide a report on the combining and individual fund financial statements and supporting schedules. The information presented shall be based on the auditing procedures applied during the audits of these basic financial statements.
- B. Management and Statements on Auditing Standards (SAS) 114 Letters, which include findings, statements, observations, opinions, comments, or recommendations, related to:
 - I. Systems of internal control based upon the auditors' understanding of the control structure and assessment of control risk.
 - II. Compliance with applicable laws and regulations.
 - III. Accounting systems, functions, procedures and processes, especially with regard to cost effectiveness.
- C. Agreed Upon Procedures Performed.
- D. Single Audit Report of Federal Financial Assistance (if required).

- E. City's Financial Transactions Report to the State Controller (optional).
- F. State Compensation Report (optional).
- G. Reports on other audits or agreed-upon procedures may be agreed to in writing and as stated in a supplemental audit agreement. Prior to beginning work, the scope of the study and associated costs shall be approved by the City.
- H. CAFR - 10 bound copies and 1 pdf file.
- I. Management and SAS 114 Letters - 10 bound copies and 1 pdf file.
- J. Single Audit, if applicable, - 10 bound reports and 1 pdf file.
- K. To meet the requirements of this request for proposal, these audits are to be performed in accordance with all applicable and generally accepted auditing standards including, but not limited to: the standards set forth for financial audits by the Governmental Accounting Standards Board (GASB), in the General Accounting Office's (GAO) Government Auditing Standards, and in the U.S. Office of Management and Budget (OMB) Circular A-133, Audits of State, Local Governments, and Non-Profit Organizations.
- L. The schedule of federal financial assistance and related auditor's report, as well as the reports on the internal controls and compliance, are not to be included in the CAFR, but are to be issued separately.
- M. The City has received awards from the Government Finance Officers Association (GFOA) for the "Certificate of Achievement for Excellence in Financial Reporting" since Fiscal Year 2012. Prior to receiving the GFOA Award, the City received the Certificate for Outstanding Financial Reporting for its CAFR by the California Society of Municipal Finance Officers (CSMFO). This award was received consistently since FY 2000.

The City anticipates that it will continue to send its comprehensive annual financial report to the GFOA for review in their Certificate of Achievement for Excellence in Financial Reporting program. The format of reports shall allow the City to meet the requirements of that program. This also requires that the Auditor ensure that the audit report and financial statements are complete in time for submission to GFOA. The Auditor shall also assist with developing responses to any comments or deficiencies noted by GFOA.

- N. All working papers and reports must be retained, at the auditor's expense, for a minimum of five (5) years following completion of the audit, unless the firm is notified in writing by the City 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:
 - I. Parties designated by the federal or state governments or by the City as part of an audit quality review process.
 - II. Auditors of entities of which the City of Capitola is a sub-recipient of grant funds.
 - III. State of California, Office of the State Controller.
- O. In addition, the firm shall respond to the inquiries of successor auditors and allow successor auditors to review working papers relating to matters of accounting significance.

PROPOSAL REQUIREMENTS

In your proposal please provide the following:

Cover Letter: Shall be signed by an official authorized to bind the firm and shall contain a statement indicating that the proposal is valid for ninety days.

Project Understanding: Present your understanding of the project and the general approach to be used.

Scope of Work: Provide a detailed Scope of Work proposed to accomplish the tasks. The scope of work shall also clearly set forth services that are not included or anticipated as part of the proposal.

Personnel: Present the experience of the Audit Manager and other key personnel to be assigned to prepare the plan, including any sub-consultants. A resume shall be included for the Audit Manager and other key personnel, including education, employment history and experience relevant to the project, with corresponding dates. During the course of the project, the substitution of key personnel is subject to the approval of the City.

Relevant Experience: Provide a list of projects where the proposed Audit Manager and key team members have performed similar work. For each, provide the name of project, location, brief description, and name and phone number of a contact person.

Project Schedule: Provide a proposed project schedule for preparation of the CAFR.

Staff-Hour Allocation: Provide a table listing project tasks and subtasks, with proposed staff, staff hours and fee for each, plus project-related expenses.

Please limit the proposal to no more than ten (10) pages of text, exclusive of cover letter and resumes. Provide one electronic copy of the proposal via email to Jim Malberg, jmalberg@ci.capitola.ca.us **or** 3 hard copies to Finance Dept., 420 Capitola Ave., Capitola, CA 95010.

As a separate attachment to the submittal, provide a Cover Letter and Fee Summary. Provide the table mentioned above listing project tasks and subtasks, with proposed staff, staff hours and fee for each, plus project-related expenses. Include a proposed not-to-exceed total fee for all work to be completed. In addition, provide your current rate schedule. Please clearly mark the separate envelope “**Fee Summary**”.

EVALUATION OF PROPOSALS AND NEGOTIATIONS

A selection panel will be convened of City staff, which will include Finance and possibly other departments. A member of the City Council and/or City’s Finance Advisory Committee may also participate in the scoring of the final proposal selection process. The evaluation will consider technical approach, including project understanding, scope of work, overall project team, staff-hour allocation per task and fee schedule. The evaluation will also include relevant experience, including that of the Audit Manager, key team members including sub-consultants, and experience of the firm. At the completion of the proposal review, the panel may elect to invite the top scoring Audit firms to make a presentation at no cost to the City. The City may request Best and Final offers. Based on the presentation and the Best and Final offers, if requested, the panel will select the proposal that best fulfills the City’s requirements. The City may negotiate with that Audit firm to determine final pricing and contract form. There will be no public opening and reading of proposals.

CONDITIONS AND STIPULATIONS

The City reserves the right to reject any and all proposals, cancel all or part of this RFP, and waive any non-material irregularities or informalities and to request additional information and clarification regarding any particular service from the proposing Audit firms.

The City reserves the right to reject any proposal for any reason. The proposal should be the best effort possible by the Audit firm, since the City reserves the right to award the contract with no further negotiations. Conversely, the City reserves the right to negotiate with the successful proposer any additional terms and conditions not contained in their proposal, which are in the best interest of the City or to otherwise revise the scope of this RFP. All proposals, whether accepted or rejected, shall become the property of the City of Capitola. All proposals received become public records. The City's decision to award a contract will be based on many factors including, but not limited, to service, cost, experience, and ability to deliver, or for any other reason deemed by the selection committee to be in the best interest of the City. No single factor, such as cost, will determine the final decision to award a contract. This RFP and the Audit firms' responses, including all promises, warranties, commitments, and representations made in the successful proposal, shall become binding contractual obligations, and will be incorporated by reference in the final agreement between the City of Capitola and the selected Audit firm. All terms and conditions not specifically identified as exceptions will be considered acceptable to Auditor.

ESTIMATED TIMELINE (Dates are subject to change)

- | | |
|--|---------------------------|
| • Distribution of RFP | February 7, 2024 |
| • Deadline for Questions | February 20, 2024 |
| • Closing Date | March 1, 2024, at 5:00 PM |
| • Begin Selected Vendor Presentations/Interviews | Week of March 11, 2024 |
| • Review Recommendations with Finance Advisory Committee | March 19, 2024 |
| • Present Recommendations to City Council | March 28, 2024 |

CONTACTS

For questions regarding the scope of proposal or the proposal process, please submit questions through email or fax only to:

Jim Malberg, Finance Director
420 Capitola Ave.
Capitola, CA 95010
Phone: (831) 475-7300
Fax: (831) 479-8879
Email: jmalberg@ci.capitola.ca.us

SUBMISSION INFORMATION

Proposals must be submitted to:

**City of Capitola
Finance Department
Attention: Jim Malberg, Finance Director
420 Capitola Ave
Capitola, CA 95010**

All proposals must be delivered no later than **5:00 p.m. on March 1, 2024**. Late submissions or proposals delivered via fax or email will not be accepted.

ATTACHMENTS

Attachment A: Standard City Professional Services Agreement – Insurance and Indemnifications

Thank you for your interest in working with the City of Capitola for this service. We look forward to receiving your proposal.

Attachment A

**CITY OF CAPITOLA
PROFESSIONAL SERVICES AGREEMENT**

_____ (insert brief description of contract)
_____ (insert consultant name)

THIS AGREEMENT is entered into on _____, 20__, by and between the City of Capitola, a Municipal Corporation, hereinafter called "City" and _____, hereinafter called "Consultant".

WHEREAS, City desires certain services described in Appendix One and Consultant is capable of providing and desires to provide these services;

NOW, THEREFORE, City and Consultant for the consideration and upon the terms and conditions hereinafter specified agree as follows:

**SECTION 1
Scope of Services**

The services to be performed under this Agreement are for _____ (insert brief contract description) and further detailed in Appendix One.

**SECTION 2
Duties of Consultant**

All work performed by Consultant, or under its direction, shall be sufficient to satisfy the City's objectives for entering into this Agreement and shall be rendered in accordance with the generally accepted practices, and to the standards of, Consultant's profession.

Consultant shall not undertake any work beyond the scope of work set forth in Appendix One unless such additional work is approved in advance and in writing by City. The cost of such additional work shall be reimbursed to Consultant by City on the same basis as provided for in Section 4.

If, in the prosecution of the work, it is necessary to conduct field operations, security and safety of the job site will be the Consultant's responsibility excluding, nevertheless, the security and safety of any facility of City within the job site which is not under the Consultant's control.

Consultant shall meet with _____, called "Director," or other City personnel, or third parties as necessary, on all matters connected with carrying out of Consultant's services described in Appendix One. Such meetings shall be held at the request of either party hereto. Review and City approval of completed work shall be obtained monthly, or at such intervals as may be mutually agreed upon, during the course of this work.

**SECTION 3
Duties of the City**

City shall make available to Consultant all data and information in the City's possession which City deems necessary to the preparation and execution of the work, and City shall actively aid and assist Consultant in obtaining such information from other agencies and individuals as necessary.

The Director may authorize a staff person to serve as his or her representative for conferring with Consultant relative to Consultant's services. The work in progress hereunder shall be reviewed from time to time by City at the discretion of City or upon the request of Consultant. If the work is satisfactory, it will be approved. If the work is not satisfactory, City will inform Consultant of the changes or revisions necessary to secure approval.

Professional Services Agreement _____ (insert date of contract)

_____ (insert brief description of contract)

_____ (insert name of vendor)

Page 2

SECTION 4 **Fees and Payment**

Payment for the Consultant's services shall be made upon a schedule and within the limit, or limits shown, upon Appendix Two. Such payment shall be considered the full compensation for all personnel, materials, supplies, and equipment used by Consultant in carrying out the work. If Consultant is compensated on an hourly basis, Consultant shall track the number of hours Consultant, and each of Consultant's employees, has worked under this Agreement during each fiscal year (July 1 through June 30) and Consultant shall immediately notify City if the number of hours worked during any fiscal year by any of Consultant's employees reaches 900 hours. In addition each invoice submitted by Consultant to City shall specify the number of hours to date Consultant, and each of Consultant's employees, has worked under this Agreement during the current fiscal year.

SECTION 5 **Changes in Work**

City may order major changes in scope or character of the work, either decreasing or increasing the scope of Consultant's services. No changes in the Scope of Work as described in Appendix One shall be made without the City's written approval. Any change requiring compensation in excess of the sum specified in Appendix Two shall be approved in advance in writing by the City.

SECTION 6 **Time of Beginning and Schedule for Completion**

This Agreement will become effective when signed by both parties and will terminate on the earlier of:

- The date Consultant completes the services required by this Agreement, as agreed by the City; or
- The date either party terminates the Agreement as provided below.

Work shall begin on or about _____, 20__.

In the event that major changes are ordered or Consultant is delayed in performance of its services by circumstances beyond its control, the City will grant Consultant a reasonable adjustment in the schedule for completion provided that to do so would not frustrate the City's objective for entering into this Agreement. Consultant must submit all claims for adjustments to City within thirty calendar days of the time of occurrence of circumstances necessitating the adjustment.

SECTION 7 **Termination**

City shall have the right to terminate this Agreement at any time upon giving ten days written notice to Consultant. Consultant may terminate this Agreement upon written notice to City should the City fail to fulfill its duties as set forth in this Agreement. In the event of termination, City shall pay the Consultant for all services performed and accepted under this Agreement up to the date of termination.

SECTION 8 Insurance

Consultant shall procure and maintain for the duration of the contract and for ___ years thereafter, insurance against claims for injuries to persons or damages to property which may arise from or in connection with the performance of the work hereunder by the Consultant, his agents, representatives, or employees.

Minimum Scope of Insurance

Coverage shall be at least as broad as:

1. Insurance Services Office Commercial General Liability coverage (Occurrence Form CG 0001).
2. Insurance Services office Form Number CA 0001 covering Automobile Liability, Code 1 (any auto).
3. Workers' Compensation insurance as required by the State of California, and Employer's Liability Insurance.
4. Professional (Errors and Omissions) Liability insurance appropriate to the consultant's profession. Architects' and engineers' coverage shall include contractual liability.

Minimum Limits of Insurance

Consultant shall maintain limits no less than:

- | | |
|--|---|
| 1. General Liability:
(including operations,
products and completed
operations) | \$1,000,000 per occurrence and \$2,000,000 in
aggregate (including operations, for bodily injury,
personal and property damage. |
| 2. Automobile Liability: | \$1,000,000 per accident for bodily injury and
property damage. |
| 3. Employer's Liability Insurance | \$1,000,000 per accident for bodily injury and
property damage. |
| 4. Errors and Omissions
Liability:
Limits | \$1,000,000 per claim and \$2,000,000 in the
aggregate. |

Professional Services Agreement _____ (insert date of contract)

_____ (insert brief description of contract)

_____ (insert name of vendor)

Page 4

Other Insurance Provisions

The commercial general liability and automobile liability policies are to contain, or be endorsed to contain, the following provisions:

1. The City of Capitola, its officers, officials, employees and volunteers are to be covered as additional insured's as respects: liability arising out of work or operations performed by or on behalf of the Consultant or automobiles owned, leased, hired or borrowed by the Consultant.
2. For any claims related to this project, the Consultant's insurance coverage shall be primary insurance as respects the City, its officers, officials, employees and volunteers. Any insurance or self-insurance maintained by the City, its officers, officials, employees or volunteers shall be excess of the Consultant's insurance and shall not contribute with it.
3. Each insurance policy required by this clause shall be endorsed to state that coverage shall not be canceled except after prior written notice has been given to the City.

Acceptability of Insurers

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

Waiver of Subrogation

Contractor hereby agrees to waive rights of subrogation which any insurer of Contractor may acquire from Contractor by virtue of the payment of any loss. Contractor agrees to obtain any endorsement that may be necessary to affect this waiver of subrogation. **The Workers' Compensation policy shall be endorsed with a waiver of subrogation in favor of the City of Capitola** for all work performed by the Contractor, its employees, agents and subcontractors.

Verification of Coverage

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

SECTION 9 Indemnification

For General Services: To the fullest extent permitted by law, Consultant agrees to indemnify, defend, and hold harmless the City, its directors, officers, employees from and against any and all claims, demands, actions, liabilities, damages, judgments, or expenses (including attorneys' fees and costs) arising from the acts or omissions of Consultant's employees or agents in any way related to the obligations or in the performance of services under this Agreement, except for design professional services as defined in Civil Code § 2782.8, and except where caused by the sole or active negligence, or willful misconduct of the City.

For Design Professional Services under Civil Code §2782.8: To the fullest extent permitted by law, Consultant agrees to indemnify, defend, and hold harmless the City, its directors, officers, and employees

Professional Services Agreement _____ (insert date of contract)

_____ (insert brief description of contract)

_____ (insert name of vendor)

Page 5

from and against any and all claims, demands, actions, liabilities, damages, or expenses (including attorneys' fees and costs) arising from the negligence, recklessness, or willful misconduct of the Consultant, Consultant's employees, or agents in any way related to the obligations or in the performance of design professional services under this Agreement as defined in Civil Code §2782.8, except where caused by the sole or active negligence, or willful misconduct of the City. The costs to defend charged to the Consultant relating to design professional services shall not exceed the Consultant's proportionate percentage of fault per Civil Code §2782.8 and against all claims, damages, losses, and expenses including attorney fees arising out of the performance of the work described herein, caused in whole or in part by any negligent act or omission of the Consultant, Consultant's employees, agents or subcontractors, except where caused by the active negligence, sole negligence, or willful misconduct of the City.

SECTION 10

Civil Rights Compliance/Equal Opportunity Assurance

Every supplier of materials and services and all consultants doing business with the City of Capitola shall be in compliance with the applicable provisions of the Americans with Disabilities Act of 1990, and shall be an equal opportunity employer as defined by Title VII of the Civil Rights Act of 1964 and including the California Fair Employment and Housing Act of 1980. As such, consultant shall not discriminate against any person on the basis of race, religious creed, color, national origin, ancestry, disability, medical condition, marital status, age or sex with respect to hiring, application for employment, tenure or terms and conditions of employment. Consultant agrees to abide by all of the foregoing statutes and regulations.

SECTION 11

Legal Action/Attorneys' Fees

If any action at law or in equity is brought to enforce or interpret the provisions of this Agreement, the prevailing party shall be entitled to reasonable attorney's fees in addition to any other relief to which he or she may be entitled. The laws of the State of California shall govern all matters relating to the validity, interpretation, and effect of this Agreement and any authorized or alleged changes, the performance of any of its terms, as well as the rights and obligations of Consultant and the City.

SECTION 12

Assignment

This Agreement shall not be assigned without first obtaining the express written consent of the Director after approval of the City Council.

SECTION 13

Amendments

This Agreement may not be amended in any respect except by way of a written instrument which expressly references and identifies this particular Agreement, which expressly states that its purpose is to amend this particular Agreement, and which is duly executed by the City and Consultant. Consultant acknowledges that no such amendment shall be effective until approved and authorized by the City Council, or an officer of the City when the City Council may from time to time empower an officer of the City to approve and authorize such amendments. No representative of the City is authorized to obligate the City to pay the cost or value of services beyond the scope of services set forth in Appendix Two. Such authority is retained solely by the City Council. Unless expressly authorized by the City Council, Consultant's compensation shall be limited to that set forth in Appendix Two.

SECTION 14
Miscellaneous Provisions

1. *Project Manager.* Director reserves the right to approve the project manager assigned by Consultant to said work. No change in assignment may occur without prior written approval of the City.
2. *Consultant Service.* Consultant is employed to render professional services only and any payments made to Consultant are compensation solely for such professional services.
3. *Licensure.* Consultant warrants that he or she has complied with any and all applicable governmental licensing requirements.
4. *Other Agreements.* This Agreement supersedes any and all other agreements, either oral or in writing, between the parties hereto with respect to the subject matter, and no other agreement, statement or promise related to the subject matter of this Agreement which is not contained in this Agreement shall be valid or binding.
5. *City Property.* Upon payment for the work performed, or portion thereof, all drawings, specifications, records, or other documents generated by Consultant pursuant to this Agreement are, and shall remain, the property of the City whether the project for which they are made is executed or not. The Consultant shall be permitted to retain copies, including reproducible copies, of drawings and specifications for information and reference in connection with the City's use and/or occupancy of the project. The drawings, specifications, records, documents, and Consultant's other work product shall not be used by the Consultant on other projects, except by agreement in writing and with appropriate compensation to the City.
6. *Consultant's Records.* Consultant shall maintain accurate accounting records and other written documentation pertaining to the costs incurred for this project. Such records and documentation shall be kept available at Consultant's office during the period of this Agreement, and after the term of this Agreement for a period of three years from the date of the final City payment for Consultant's services.
7. *Independent Contractor.* In the performance of its work, it is expressly understood that Consultant, including Consultant's agents, servants, employees, and subcontractors, is an independent contractor solely responsible for its acts and omissions, and Consultant shall not be considered an employee of the City for any purpose.
8. *Conflicts of Interest.* Consultant stipulates that corporately or individually, its firm, its employees and subcontractors have no financial interest in either the success or failure of any project which is, or may be, dependent on the results of the Consultant's work product prepared pursuant to this Agreement.
9. *Notices.* All notices herein provided to be given, or which may be given by either party to the other, shall be deemed to have been fully given and 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:

Professional Services Agreement _____ (insert date of contract)

_____ (insert brief description of contract)

_____ (insert name of vendor)

Page 7

CITY
CITY OF CAPITOLA
420 Capitola Avenue
Capitola, CA 95010
831-475-7300

CONSULTANT
Name
Address
Phone

By: _____
Benjamin Goldstein, City Manager

By: _____

Dated: _____

Dated: _____

Approved as to Form:

Samantha Zutler, City Attorney

Professional Services Agreement _____ (insert date of contract)

_____ (insert brief description of contract)

_____ (insert name of vendor)

Page 8

APPENDIX ONE
Scope of Services

[To be completed for each consultant]

Professional Services Agreement _____ (insert date of contract)

_____ (insert brief description of contract)

_____ (insert name of vendor)

Page 9

APPENDIX TWO Fees and Payments

For the services performed, City will pay consultant on a not-to-exceed, lump sum basis upon satisfactory completion of the services and delivery of work products. Payments will be issued monthly as charges accrue, the sum of consultant's salary expenses and non-salary expenses.

Consultant hereby represents and warrants, based upon Consultant's independent determination of the time and labor, including overtime, which will be required to perform said services, that Consultant will provide all said services at a cost which will not exceed the maximum price set forth in this agreement for Consultant's services. Consultant hereby assumes the risk that Consultant will perform said services within this maximum price constraint and Consultant acknowledges that its inability to do so shall not excuse completion of the services and shall not provide a basis for additional compensation.

Salary expenses include the actual direct pay of personnel assigned to the project (except for routine secretarial and account services) plus payroll taxes, insurance, sick leave, holidays, vacation, and other fringe benefits. The percentage of compensation attributable to salary expenses includes all of Consultant's indirect overhead costs and fees. For purposes of this Agreement, Consultant's salary expenses and non-salary expenses will be compensated at the rates set forth in the fee schedule attached to this appendix and in accordance with the terms set forth therein. Non-salary expenses include travel, meals and lodging while traveling, materials other than normal office supplies, reproduction and printing costs, equipment rental, computer services, service of subconsultants or subcontractors, and other identifiable job expenses. The use of Consultant's vehicles for travel shall be paid at the current Internal Revenue Service published mileage rate.

Salary payment for personnel time will be made at the rates set forth in the attached fee schedule for all time charged to the project. Normal payroll rates are for 40 hours per week. Consultant shall not charge the City for personnel overtime salary at rates higher than those set forth in the attached fee schedule without the City's prior written authorization.

In no event shall the total fee charged for the scope of work set forth in Appendix One exceed the total budget of \$_____ (_____ Thousand Dollars and Zero Cents), without specific, written advance authorization from the City.

Payments shall be made monthly by the City, based on itemized invoices from the Consultant which list actual costs and expenses. Such payments shall be for the invoice amount. The monthly statements shall contain the following affidavit signed by a principal of the Consultant's firm:

"I hereby certify as principal of the firm of _____, that the charge of \$_____ as summarized above and shown in detail on the attachments is fair and reasonable, is in accordance with the terms of the Agreement dated _____, __, and has not been previously paid."