



DATE: June 22, 2011
TO: Honorable Mayor and City Councilmembers
FROM: Financial Services Department
SUBJECT: **THREE-YEAR PROFESSIONAL SERVICES AGREEMENT WITH
VAVRINEK, TRINE, DAY & CO., LLP FOR ACCOUNTING SERVICES**

SYNOPSIS

Staff recommends that the City Council approve a three-year professional services agreement with Vavrinek, Trine, Day & Co., LLP of Rancho Cucamonga, California, in the total contract amount not to exceed \$622,980 for accounting services, and authorize the City Manager to execute the agreement.

BACKGROUND

The Financial Services Department's budget reduction plan for Fiscal Year 2011-2012 included the opportunity to outsource accounting services. This addresses the City Council direction to create "smaller government", consider outsourcing functions and programs, reduce management positions, and evaluate functions performed at management level that can be reassigned downward. This also addresses the department's need for accounting technical skills, mitigate turnover and weak recruitment of supervisory positions, and centralize City wide financial functions to comply with the auditor finding.

Day-to-day operational functions such as payroll, accounts payable, purchase orders and data entry are retained in-house. Outsourced functions, which require a higher accounting skill level, include audit preparation, grant management, fixed assets, investment reconciliation, debt service, bank reconciliations, and general ledger maintenance.

The Request for Proposal calls for a three-year contract with an option to extend the contract for two one-year periods. The City will provide on-site work space for the firm as needed, but the majority of work is expected to be performed off-site.

ANALYSIS

On April 7, 2011, a Request for Proposal was sent to accounting and auditor firms in four counties (San Diego, Orange, Riverside, San Bernardino), with a submittal deadline of May 6, 2011. Due to the specialized services requested, the City received proposals from three firms:

<u>Firm</u>	<u>Fee (3 years)</u>
Q5 Group, Inc.	\$779,000
Vavrinek, Trine, Day & Co. LLP	\$622,980
IntelliBridge Partners	\$543,625

The Finance Director, Accounting Manager and Revenue Manager interviewed all three firms on May 17, 2011. The firms were rated on their response to the proposal requirements, experience of the firm, experience and qualifications of the assigned individuals, approach towards the services, and fee.

Vavrinek, Trine, Day & Co. LLP (VTD) was chosen as the most qualified. VTD provides governmental services to over 300 governmental agencies throughout California. They have six offices state wide, with their company headquarters located in Rancho Cucamonga; they employ over 200 individuals, of which 75 percent are devoted to the firm's governmental auditing and consulting practice.

COMMISSION OR COMMITTEE REPORT

Does not apply.

FISCAL IMPACT

The Accounting Division has funded the contract in the upcoming FY 2011-2012 budget, and there is an available balance of \$207,600 in 220000101.5305 (professional services). This reflects an on-going savings to the budget of approximately \$50,000 annually due to the reduction of personnel.

CITY ATTORNEY'S ANALYSIS

The referenced documents have been reviewed by the City Attorney and approved as to form.

RECOMMENDATION

Staff recommends that the City Council approve a three-year professional services agreement with Vavrinek, Trine, Day & Co., LLP of Rancho Cucamonga, California, in the total contract amount not to exceed \$622,980, and authorize the City Manager to execute the agreement.

PREPARED BY:



Teri Ferro
Financial Services Director

SUBMITTED BY:



Peter A. Weiss
City Manager

REVIEWED BY:

Michelle Skaggs Lawrence, Deputy City Manager



Attachment: Professional Services Agreement
Proposal to Provide Accounting Services

**CITY OF OCEANSIDE
ACCOUNTING SERVICES RFP RATING FORM**

Evaluation Item	Points	Q5	Intellibrige	Vavrinek, Trine & Day
Responses to Proposal Requirements	25			
Met minimum requirements, quality of analysis, clarity of presentation, provided additional information, financial position of firm		20	20	20
Experience & Capabilities	30			
Assigned staff experience, professional qualifications, firm experience and capabilities, adequacy of staff and resources, specialized expertise of staff and firm, partnerships with other firms		30	20	30
Customer Satisfaction & Firm Reputation	25			
References, City's prior experience with staff or firm, ethical standards and disclosures, other information that comes to light during the evaluation period		20	15	25
Cost & Price	10			
Proposed fees		10	4	8
Other Factors	10			
Ability to comply with terms of City's PSA. Overall organization, presentation, and content of response.		5	10	10
TOTALS	100	85	69	93

The Interview Panel will evaluate the proposals. Rating and evaluation forms prepared by Panel members will not be revealed to the proposers. The scores in the rating form do not indicate a "winning score" and the highest score is not guaranteed selection. The final decision is at the discretion of the City and is based on the scores, reference checks, negotiated pricing, and further analysis of the proposals including any risks associated with selecting any proposal.

FIRM RANKING

- 1 Vavrinek, Trine & Day
- 2 Q5
- 3 Intellibrige

RATED BY

Name Jane McGeehan
 Title Accounting Manager
 Date 5/18/11

**CITY OF OCEANSIDE
ACCOUNTING SERVICES RFP RATING FORM**

Evaluation Item	Points	Q5	IntelliBridge	Vavrinek, Trine & Day
Responses to Proposal Requirements	25			
Met minimum requirements, quality of analysis, clarity of presentation, provided additional information, financial position of firm		25	20	25
Experience & Capabilities	30			
Assigned staff experience, professional qualifications, firm experience and capabilities, adequacy of staff and resources, specialized expertise of staff and firm, partnerships with other firms		28	20	30
Customer Satisfaction & Firm Reputation	25			
References, City's prior experience with staff or firm, ethical standards and disclosures, other information that comes to light during the evaluation period		20	15	25
Cost & Price	10			
Proposed fees		7	10	9
Other Factors	10			
Ability to comply with terms of City's PSA. Overall organization, presentation, and content of response.		10	7	10
TOTALS	100	90	72	99

The Interview Panel will evaluate the proposals. Rating and evaluation forms prepared by Panel members will not be revealed to the proposers. The scores in the rating form do not indicate a "winning score" and the highest score is not guaranteed selection. The final decision is at the discretion of the City and is based on the scores, reference checks, negotiated pricing, and further analysis of the proposals including any risks associated with selecting any proposal.

FIRM RANKING

- 1 Vavrinek, Trine & Day
- 2 Q5
- 3 IntelliBridge

RATED BY

Name Teri Jones
 Title Financial Services Director
 Date 5-17-11

**CITY OF OCEANSIDE
ACCOUNTING SERVICES RFP RATING FORM**

Evaluation Item	Points	Q5	Intellibridge	Vavrinek, Trine & Day
Responses to Proposal Requirements	25			
Met minimum requirements, quality of analysis, clarity of presentation, provided additional information, financial position of firm		20	15	24
Experience & Capabilities	30			
Assigned staff experience, professional qualifications, firm experience and capabilities, adequacy of staff and resources, specialized expertise of staff and firm, partnerships with other firms		25	20	30
Customer Satisfaction & Firm Reputation	25			
References, City's prior experience with staff or firm, ethical standards and disclosures, other information that comes to light during the evaluation period		23	18	24
Cost & Price	10			
Proposed fees		8	9	9
Other Factors	10			
Ability to comply with terms of City's PSA. Overall organization, presentation, and content of response.		10	7	10
TOTALS	100	86	69	97

The Interview Panel will evaluate the proposals. Rating and evaluation forms prepared by Panel members will not be revealed to the proposers. The scores in the rating form do not indicate a "winning score" and the highest score is not guaranteed selection. The final decision is at the discretion of the City and is based on the scores, reference checks, negotiated pricing, and further analysis of the proposals including any risks associated with selecting any proposal.

FIRM RANKING

1	VAVRINEK, TRINE & DAY
2	Q5
3	INTELLIBRIDGE

RATED BY

Name	STEPH BROWN
Title	DIVISION MANAGER
Date	5/19/11



vavrinek. Trine, Day & Co., LLP
certified public accountants and consultants

Proposal to Provide Accounting Services For the City of Oceanside

Partner Contact – Joe Aguilar

Vavrinek, Trine, Day & Co., LLP
8270 Aspen
Rancho Cucamonga, CA 91730
(909) 466-4410
Email: jaquilar@vtdcpa.com

May 4, 2011

Letter of Transmittal



May 4, 2011

Teri Ferro
City of Oceanside
300 North Coast Highway
Oceanside, CA 92054

Dear Ms. Ferro:

We are pleased to respond to your request for services for the City of Oceanside. We feel that Vavrinek, Trine, Day & Co., LLP can provide the needed services contemplated by the City of Oceanside. This proposal demonstrates our capability and commitment to serve.

Vavrinek, Trine, Day & Co., LLP provides governmental services to over 300 governmental agencies. We currently provide services to numerous governmental agencies throughout California, including, but not limited to the City of Paramount, the City of Atwater, City of Sutter Creek and the City of Moreno Valley. Vavrinek, Trine, Day & Co., LLP has devoted a substantial amount of time and resources developing our governmental practice. Our governmental clients are provided with efficient and timely engagements. Our expertise in this industry has positioned us to be one of the leading firms in governmental finance throughout California.

Vavrinek, Trine, Day & Co., LLP places within the top five California based CPA firms. We employ over 200 individuals, including approximately 150 professionals. We currently have six offices located throughout California. The offices are located in Rancho Cucamonga (company headquarters), Laguna Hills, Pleasanton, Palo Alto, Fresno, and Sacramento. Our staff in the Rancho Cucamonga office will have the primary responsibility in servicing the engagement at the City of Oceanside.



VTD

A solid 63 years of growth

VTD

A large regional firm

Firm Profile

History and founding date of our firm

Vavrinek, Trine, Day & Co., LLP was established in 1948. Our firm now offers a full range of services for several different lines of businesses throughout California. Proudly, our governmental practice is a key to our firm's success. VTD has experienced a solid 63 years of growth and commitment to client service. We now have 34 partners and rank in the top five California based CPA firms.

Firm Size and Client Base

Vavrinek, Trine, Day & Co., LLP is a leader in several different areas including but not limited to governmental auditing and consulting, banking, commercial, and tax. Vavrinek, Trine, Day & Co., LLP is a large regional firm with six offices conveniently located throughout California. We currently have a total staff of over 200 individuals, of which, approximately 75% are devoted to the firm's governmental auditing and consulting practice. As governmental accounting is one of our primary practice areas, we do not use governmental clients to fill our down time. Our governmental auditing and consulting practices provide a year-round client base for VTD.



Firm Profile

Professional Associations

We are members of the American Institute of Certified Public Accountants, the California Society of Certified Public Accountants and we have registered with the Public Companies Accounting Oversight Board. In addition, our firm is a member of the AICPA's Governmental review Quality Center.

We are active members in the Governmental Finance Officers Association (GFOA) and attend training seminars provided by the GFOA, the California Redevelopment Association, California Society of Municipal Finance Officers (CSMFO), and the League of California Cities. We are able to provide the City of Oceanside with updates of new state and national issues affecting municipal finance standards and trends, including changes in federal/state accounting and reporting requirements.



Firm Profile

Professional Services

Vavrinek, Trine, Day & Co., LLP provides several services to our clients. Some of our additional services consist of:

- Outsourced Finance Department Services
- Interim Director Services
- Temporary Accounting Services
- Internal Auditing
- Fee and User Studies
- Cost Studies
- Auditing Services
- Arbitrage and Tax Consulting



VTD
Committed to Quality

Firm Profile

Our Commitment to Quality

Vavrinek, Trine, Day & Co., LLP continues to meet the SEC Private Companies Practice Section requirements by having its accounting and reviewing practice be subject to the scrutiny of a peer review program. The peer review program is very important to us because we feel that our aim is to provide our partners and professional staff with the knowledge and talent which is necessary to provide exceptional services to our clients. We also require that the peer review performed be in accordance with the American Institute of Certified Public Accountants (AICPA) standards to allow us to be a member of the Private Companies Practice Section of the AICPA.

Vavrinek, Trine, Day & Co., LLP is licensed to practice public accounting in the State of California and has complied with all applicable California Board of Accountancy requirements. In addition, we have had no regulatory or legal actions which have been taken against our firm.

To assist us in our quality assurance program Vavrinek, Trine, Day & Co., LLP participates in a peer review program. As a member of this program, our review procedures, working papers, and overall firm quality is examined on a regular basis by another CPA firm. As part of the quality control review, all aspects of the Firm are examined, including our commitment to extensive governmental training for all professional staff. All professional staff receive at least 24 hours per year of continuing professional education (CPE) relating to governmental auditing and accounting.



VTD
Committed to Quality

Service Approach

Training: Each year, all VTD staff attends continuing professional education to stay up to date with recent accounting rules and auditing standards. At a minimum, staff members attend 24 hours of governmental accounting training with a focus on municipalities. Most staff members attend about 40 hours of CPE including time covering fraud and ethics. An informed team provides to best results in obtaining quality accounting work for our clients.

Year End Closings: We have specialized in providing year end closing assistance to numerous cities and auditors of those cities have been highly pleased with the results of our work. We encourage you to contact Fausto Hinojosa (559-299-9540) at Price Paige & Co. regarding the City of Atwater, Charles Fedak (714-527-1818) at Fedak & Co. regarding the Water Facilities Authority and Joe Richardson at Richardson & Co. (916-564-8727) regarding the City of Lincoln.

Bank Reconciliations: Our firm uses a fraud tool known as a 'proof of cash' to perform bank reconciliations for cities and public agencies. This tool or spreadsheet template segregates bank receipts and disbursements for tracking banking activity to one's accounting system. All of our staff accountants are trained to perform their work using the 'proof of cash' which greatly reduces the time to perform the reconciliations and better identifies cash aberrations for follow up. Higher level accounting staff perform the reconciliations for the first and final month of the fiscal year while staff accountants perform the other ten months.

Documenting Processes and Cross-training: Our firm specializes in audits where all staff members become experts in documenting and narrating control systems and procedures. The accounting services side of the business takes these skills to help with the provision of outsourced accounting services. We use these narratives to cross train our staff and enhance the delivery of services by providing multiple persons who can perform the same job.



VTD
Committed to Quality

Service Approach

Our Commitment to Quality

Grants Reporting and Tracking: We audit numerous grants every year and our staff specializes in reconciling and adjusting grant records to general ledger systems. We translate our auditing of grants into useful tools in summarizing grant financial results and preparing such records for audits at year end. Grant scrutiny has increased tremendously and we have stayed at the forefront of these issues by constantly training our staff on the requirements of grant reporting and compliance.

Communication and Expectations: Our staff provides weekly updates to some of our clients and on the following page you will find a sample of these correspondences that highlight the progress of work to our clients. We know of no better way than to keep our clients abreast of our work so that we meet their expectations and create an environment for dialogue that can re-adjust resources to needed areas.



VTD
Committed to Quality

Service Approach: Communication

Monday April 11, 2011

- Journal entry review
- Reviewed monthly closing entry's, and followed up with departments
- Filed grant documents (Qtrly financial reports)
- Spoke with Chris O. from Planning access to payroll documents to track grant payroll, discussed w/Carol in Payroll

Tuesday April 12, 2011

- Looked over JAG grants and EECSBG grants for drawdown information
- Reviewed journal entries
- Created Dev Services Revenue/Recognition JE and checked with Brooke to ensure all cash receipts were posted
- Signed onto Well Fargo bank and downloaded March bank stmts. And sent copy to Brent and also saved on W: drive

Wednesday April 13, 2011

- Created Workers Comp claims paid journal and followed to get workers comp detail from Bridgette
- Created the bank reconciliation of fees journal
- Alice R. called and needed some changes to quarterly financial report online for the EECSBG grant since she didn't have rights
- Reviewed journal entries.



VTD

*Our staff sets us
apart from our
competition*

Engagement Team

Vavrinek, Trine, Day & Co.'s engagement team is comprised of key personnel who have first-hand knowledge and experience working with City operational reviews.

The staff for the proposed review services will include:

▪ Joe Aguilar	Engagement Partner
▪ Brent Miller	Project Manager
▪ Brent Kuhn	Supervisor
▪ Mona Broesel	Supervisor
▪ Kristen West	Accountant
▪ General Accounting Staff	To be designated

Staff Continuity, Retention, and Training

The Consulting Group at our firm has experienced very little turnover within the past five years. All of the managing staff that have been selected for your engagement team have at least 12 years of governmental experience. (Joe Aguilar, Brent Miller and Brent Kuhn) We strive to maintain a workplace that encourages our staff to stay with Vavrinek, Trine, Day & Co.



Engagement Team

The Vavrinek Trine Day & Co., LLP engagement team has been selected to meet all of your expectations. The team has worked together on numerous governmental assignments and will provide the level of service, which is deserved by the City. We feel the technical qualifications of the personnel selected for this engagement and the qualifications of the Firm allow us to provide the City with a comprehensive analysis of the highest quality.

Engagement Partner: Mr. Joe Aguilar has been with Vavrinek, Trine, & Day & Co. for the past 16 years and has over 32 years of governmental finance experience. Mr. Aguilar oversees one of our consulting divisions that specializes services to cities and counties. Mr. Aguilar spent numerous years working for public agencies in operational administration including tenure as a finance director for two cities. During his career he obtained his securities licenses and worked as a vice-president for an investment banking firm packaging municipal bonds. Mr. Aguilar currently directs numerous engagements each year including internal control reviews, interim finance director work, accounting services and operational consulting. Mr. Aguilar holds a considerable amount of expertise in the areas of operations including redevelopment, airports, mobile-home parks, and utility systems.

Project Manager: Mr. Brent Miller, has been with Vavrinek, Trine, Day & Co. for 13 years. Mr. Miller has provided a wide variety of professional services to municipalities, not-for-profit organizations, higher education and other local municipalities, including the City of Paramount, City of Moreno Valley, City of Atwater, City of Sutter Creek, Water Facilities Authority, City of Lincoln and the City of Chino Hills. He initially began his municipal career as a senior accountant with the City of Rialto and then progressed to the Accounting Manager for the City of La Verne before working with VTD. Mr. Miller specializes in assisting cities with year end closing and has performed such duties on an annual basis for the City of Paramount, the City of Sutter Creek and the Water Facilities Authority

Supervisor: Mr. Brent Kuhn has been with Vavrinek Trine Day & Co for the past 15 years. As a graduate from the University of Redlands, he began his municipal finance career as an auditor for VTD. For the past several years, Mr. Kuhn has specialized in performing accounting and consulting services to cities. Comparable assignments include work at the City of Los Banos, City of Modesto, City of Burbank and the Sacramento Library Authority.

Supervisor: Ms. Mona Broesel has been with Vavrinek Trine Day & Co., LLP for the past 6 years. As a graduate from Cal State San Bernardino, she began her municipal career as an auditor for VTD. For the past few years, Ms. Broesel has specialized in performing accounting and consulting services to cities and other public agencies. She recently has provided accounting services to the cities of Moreno Valley and South San Francisco whose needs are quite similar to the ones requested by the City of Oceanside.



Similar Engagements and References

VTD is proud of our high percentage of retained clients. We encourage you to contact our clients and get their feedback regarding our service, staff, partner involvement, and our ability to meet strict timelines. (Additional references can be provided upon request.)

City of Atwater
750 Bellevue Road
Atwater, CA 95301
Contact Greg Wellman (209) 777-1963

Scope of work: Outsourced Accounting Services and
Interim Finance Director
Timeframe: April 2004 to April 2005
Engagement Team Member: Joe Aguilar and Brent Miller

City of Moreno Valley
14177 Frederick Street
Moreno Valley, CA 92552
Contact Rick Teichert (951) 413-3024

Scope of work: Outsourced Accounting Services
Timeframe: January 2011 to Present
Engagement Team Member: Brent Miller and Mona Broesel

Water Facilities Authority
1775 N. Benson Avenue
Upland, CA 91784
Contact Glen Duncan (909) 590-3423

Scope of work: Outsourced Finance Department
Timeframe: 1998 to Present
Engagement Team Member: Brent Miller & Joe Aguilar

City of Sutter Creek
18 Main Street
Sutter Creek
Contact Sean Rabe (209) 267-5647 x284

Scope of work: Outsourced Finance Department
Timeframe: 2010 to Present
Engagement Team Member: Joe Aguilar, Brent Miller & Kristen West



Price Proposal

Below is our estimated annual cost of this engagement. Prices will hold firm for three years. Hourly rates for years beyond the third year will be increased by 2% per year for up to two years.

	Position	Monthly Hours	Hour Rate	Monthly Cost
▪	Partner	2	\$170	\$350
▪	Project Manager	80	\$150	\$12,000
▪	Supervisor	120	\$135	\$16,200
▪	Senior Accountant	48	\$110	\$5,280
▪	Accountant	128	\$70	<u>\$8,960</u>
▪	Monthly Cost			<u>\$42,790</u>
▪	Monthly Cost for entire year			\$171,160
▪	Additional Year End Closing Cost			<u>\$36,500</u>
▪	Total Annual Costs			\$207,660



Joe Aguilar

Partner

Length of Service 1995 to Present

Experience 30 years of Financial Experience. 15 years in city government and two years in the investment banking industry.

Has extensively worked in the areas of year-end accounting services, fraud audits, bank reconciliations, cash flows, and arbitrage rebates. Worked as the Director of Finance for two cities with responsibilities over cash management, budgeting, accounting, data processing, debt-management, risk management, purchasing, and various other administrative functions. Also worked as an Assistant Finance Director and Accountant for other cities.

Mr. Aguilar has completed several management studies and financial feasibility studies. Provides on-going accounting services and arbitrage compliance assistance to public agencies. A frequent lecturer and speaker on cash management and bonded debt. Formulated first time GFOA award winning annual financial reports (CAFR's) for two different cities. Developed long-range capital improvement plans and financing strategy plans for various public agencies.

Served as a licensed investment banker and a financial advisor for an investment banking firm. Extensive knowledge and background in the areas of bonded debt, internal auditing, redevelopment, Developer fees, Mello-Roos districts, arbitrage rebate calculations, insurance joint powers agencies, and investment strategies.

Education Bachelor of Arts - Business Administration
University of La Verne, La Verne, California

Graduate studies at Cal State University, San Bernardino
Seeking a Masters in Public Administration

Affiliations Government Finance Officers Association (GFOA)
California Society of Municipal Finance Officers (CSMFO)

Vavrinek, Trine, Day & Co., LLP ★★★

BRENT MILLER **Consultant**

Firm Position

Consultant
Vavrinek, Trine, Day & Co., LLP
Certified Public Accountants

Length of Service

1998 to present, over 25 years financial experience, including 11 years with public agencies

Consulting Positions with Vavrinek, Trine, Day & Co., LLP

Water Facilities Authority

1999 to present. Serving as Accounting Manager for the WFA in Upland, CA. Responsible for all accounting functions of the WFA including month end and year end close, financial statement preparation, budget preparation and monthly reports and reconciliations required by the Authority.

City of South Pasadena

December 2001 to June 2002. Served as Interim Assistant Finance Director. Responsible for monthly reporting and reconciliations required by the City. Managed the general ledger and prepared required grant reports. Assisted the City in month end and year end close and other duties as assigned by the Finance Director.

City of San Gabriel

February 2000 to May 2000. Served as the Interim Finance Director for the City during the Finance Director recruitment. Responsible for month end close and monthly investment activity. Managed the Finance Department and prepared staff reports for City Manager and attended Department Head meetings. Prepared analysis and status of computer system implementation and other projects assigned by the City Manager.

City of Grand Terrace

July 1999 to October 1999. Served as the Interim Finance Director for the City during the Finance Director recruitment. Responsible for month end and year end close and managed the Finance Department.

Other Professional Experience

Served as an Accounting Manager and a Senior Accountant for two different cities. Spent 11 years working in municipal government. Responsible for and supervised all accounting functions, including accounts payable, payroll, accounts receivable, collections, month-end and year-end closings. Prepared reports for various governmental agencies and produced monthly reports for City Department Heads and City Council. Responsible for recording all bank accounts. Supervised all the audits and provided data for the auditors. Also had an extensive roll in preparing the annual budget.

Supervised other accountants and technicians. Assisted in

preparation of award winning CAFR's from both the CSMFO and the GFOA. Prepared reports for various governmental agencies and produced monthly reports for City Department Heads.

Extensive experience preparing City and Redevelopment Agency State Controller's report, Statements of Indebtedness, Annual Street Reports, and quarterly investment reports. Currently specialize in preparing these reports in addition to arbitrage calculations, year-end closing assistance, interim Finance Director work, bank reconciliations, and proofs of cash. Also, experience preparing Block Grant reports, State Mandated Cost Reimbursement reports, COPS Grant reporting, and State Fuel Excise Tax reports.

Education

Bachelor of Arts – Accounting
Goshen College, Goshen, Indiana

References:

Water Facilities Authority:

Glen Duncan City of Chino Council Member
Current Board Member of the Water Facilities Authority
City of Chino
13220 Central Ave.
Chino, CA 91710
(909) 590-3423

Eric Fraser Past Plant Manager for the Water Facilities Authority
160 S. 10th Street
Colton, CA 92324
(909) 370-6131

City of South Pasadena:

Josh Betta City Finance Director
1414 Mission Street
South Pasadena, CA 91030
(626) 403-7250

City of San Gabriel:

P. Michael Paules City Manager
425 South Mission Drive
San Gabriel, CA 91776
(626) 308-2803

City of Grand Terrace:

Thomas Schwab City Manager
22795 Barton Road
Grand Terrace, CA 92313
(909) 824-6621

"The CPA Firm you can trust for Personalized Service"

Vavrinek, Trine, Day & Co., LLP

BRENT KUHN City Services Consultant

Firm Position

City Services Consultant
Vavrinek, Trine, Day & Co., LLP

Length of Service

August 1995 to Present
Eleven (12) years of Municipal Accounting Experience

Experience

Mr. Kuhn has managed numerous audits for cities, special districts and governmental agencies. Specializes in drafting year end financial statements, redevelopment, bonded indebtedness, investments, Single Audit compliance, Federal grants, assessment districts, and reviews of internal controls.

Mr. Kuhn has provided consulting services to a variety of cities and public agencies in the areas of year end closings, redevelopment accounting, grant accounting, fiscal agent statement reconciliations, bank reconciliations and arbitrage rebate compliance.

In addition, Mr. Kuhn has prepared individual, partnership, corporate and nonprofit agency tax returns with a specialty in 501.C.3 entities.

Professional Development

Served as an auditing training instructor in the areas of federal compliance, cash and internal controls. He attends 40 hours a year of governmental audit training.

Education

Bachelor of Science - Accounting - 1995
University of Redlands, Redlands, California

"The CPA Firm you can trust for Personalized Service"

CITY OF OCEANSIDE

PROFESSIONAL SERVICES AGREEMENT

SERVICES: ACCOUNTING SERVICES

THIS AGREEMENT, dated June 22, 2011 for identification purposes, is made and entered into by and between the CITY OF OCEANSIDE, a municipal corporation, hereinafter designated as "CITY", and Vavrinek, Trine, Day & Co., LLP, hereinafter designated as "CONSULTANT."

NOW THEREFORE, THE PARTIES MUTUALLY AGREE AS FOLLOWS:

1. **SCOPE OF WORK.** The project is defined in the attached "Proposal to Provide Accounting Services" dated May 4, 2011, and is more particularly described as follows:

- 1.1 Duties of the Firm

- A. Municipal services to be provided for within the scope of this RFP are for general government and enterprise financial services. The scope of work includes all required tasks as outlined in this RFP for accounting services.

The firm will:

- 1) Provide all deliverables under the direction of the City's Director of Finance to ensure the requirements of this contract are effectively and efficiently performed. Such services shall encompass all those duties and functions reasonably and customarily associated with delivery of the services in accordance with the City Charter, City Ordinances and laws of the State of California and best practices established by industry standards.
- 2) Provide for the benefit of the City all labor, supervision and equipment not otherwise provided which are necessary and proper for the purpose of performing the services, duties and responsibilities set forth and as necessary to maintain the level of service to be rendered hereunder.
- 3) Develop, implement, maintain and improve strategies to attract, retain and formally develop highly-qualified employees in the appropriate number to comply with the requirements of this contract and to fill vacancies in staffing promptly.

ACCOUNTING SERVICES

- 4) Devise, recommend and employ technology and process improvements to maximize efficiencies while maintaining reliable capabilities.
- 5) Establish and maintain team-oriented working relationships with the City, City employees and other City contractors and work cooperatively to ensure and maintain the effective delivery of services to the City.
- 6) Work cooperatively with the City, City employees and other City contractors to maximize performance, as well as to ensure financial and accounting requirements are clearly communicated, understood and satisfied for all City operations.
- 7) Meet regularly on schedules determined by the Director of Finance to ensure the smooth operation and administration of the contract.
- 8) Use the City's address, letterhead and forms for all City related matters and only for City related matters, including both incoming and outgoing mail.
- 9) The firm may perform on-site work during standard work hours which are between 7:30 a.m. and 5:00 p.m. Monday through Thursday. The City is on a 9/80 work schedule, and is open every other Friday from 8:00 a.m. – 4 p.m. Work can be performed offsite from the City's premises via remote desk protocol (RDP) i.e., terminal services, but in all cases, such work must be maintained and documented on the City's servers and the appropriate care must be maintained when accessing and printing City data. Firm's network must also adhere to general computer security standards, such as ensuring passwords are changed on a 90 day cycle and that passwords maintain a minimum complexity standard of 8 characters including of one numeric and one upper case character. Additionally, firm's computers must maintain a current anti-virus application and be current on all operating system service packs and or updates. Firm is subject to an annual security audit by the City's Chief Information Officer or designee while under contract.
- 10) Background Check, and Legal Right to Work Information – the firm's staff must pass a background check (consisting of inquiries into criminal, employment, driving record, credit history, education and civil records), and submit verification of their legal right to work in the United States.

B. The firm shall perform the following accounting services:

ACCOUNTING SERVICES

- 1) Maintain the general ledgers for the City in accordance with applicable laws, guidelines, standards and best practices for municipal accounting, including but not limited to General Accepted Accounting Principles (GAAP), pronouncements of the Governmental Accounting Standards Board (GASB), and best practices and advisories of the Governmental Finance Officers Association (GFOA).
- 2) Prepare and review journal entries.
- 3) Maintain fixed asset records.
- 4) Maintain accounting subsidiary ledgers and supporting schedules to support account balances in the general ledger.
- 5) Perform monthly bank reconciliations.
- 6) Identify and maintain records and accounting for all grants and capital projects.
- 7) Reconcile and maintain monthly debt service accounts and related schedules.
- 8) Analysis, reconciliation and approval of debt service transactions, including budget preparation, verification of budget postings, payments, inter-fund transfers, year-end reconciliations of short-term and long-term debt and general ledger balances.
- 9) Monthly analysis and reconciliation of investment transactions.
- 10) Monthly preparation of adjustments for bank charges and merchant fees.
- 11) Quarterly analysis of bank charges and merchant fees.
- 12) Monthly analysis of miscellaneous cash transactions (i.e. wires, voids, stop payments).
- 13) Quarterly analysis, processing and verification of submittal of unclaimed funds.

ACCOUNTING SERVICES

- 14) Prepare and provide requested information, schedules and reports for the auditors for year end and interim reporting as well as special audits as needed (i.e. TransNET, SBOE, etc.).
- 15) Cooperate and assist grant coordinators as needed in fulfilling all obligations that accompany grants from various funding sources.
- 16) Monitor and reconcile all receivable accounts on a monthly basis.
- 17) Prepare and review journal entries for revenue and receivable accounts.
- 18) Assist with internal audits as requested by the Financial Services Director.
- 19) Monitor City revenues and prepare analytical reviews as directed.
- 20) Monitor and report on the timely collection of all monies due to the City.
- 21) Identify and analyze revenue trends and variances, and report finding to the City on a monthly basis.
- 22) Provide recommendations for improvements in internal control, accounting processes and systems.
- 23) Research current and relevant trends and laws that might have an impact on the City and provide communication on the events' impact(s) to the City.
- 24) Perform other accounting responsibilities not specifically set forth above, at the direction of the City.

1.2 Duties of the City

- A. The City will provide the firm's staff with reasonable work space, desk, chair, computer, telephone and office supplies.
- B. The City staff will provide training on software, utilization of our network, processes and procedures, and City policies.
- C. Director of Finance and Accounting Manager will be available for any questions.

ACCOUNTING SERVICES

2. **INDEPENDENT CONTRACTOR.** CONSULTANT'S relationship to the CITY shall be that of an independent contractor. CONSULTANT shall have no authority, express or implied, to act on behalf of the CITY as an agent, or to bind the CITY to any obligation whatsoever, unless specifically authorized in writing by the Financial Services Director. CONSULTANT shall be solely responsible for the performance of any of its employees, agents, or subcontractors under this Agreement.

CONSULTANT shall report to the CITY any and all employees, agents, and consultants performing work in connection with this project, and all shall be subject to the approval of the CITY.

3. **WORKERS' COMPENSATION.** Pursuant to Labor Code section 1861, the CONSULTANT hereby certifies that the CONSULTANT is aware of the provisions of Section 3700 of the Labor Code which require every employer to be insured against liability for Workers' Compensation or to undertake self-insurance in accordance with the provisions of that Code, and the CONSULTANT will comply with such provisions, and provide certification of such compliance as a part of this Agreement.

4. **LIABILITY INSURANCE.**

- 4.1. CONSULTANT shall, throughout the duration of this Agreement maintain comprehensive general liability and property damage insurance, or commercial general liability insurance, covering all operations of CONSULTANT, its agents and employees, performed in connection with this Agreement including but not limited to premises and automobile.

- 4.2 CONSULTANT shall maintain liability insurance in the following minimum limits:

Comprehensive General Liability Insurance
(bodily injury and property damage)

Combined Single Limit Per Occurrence	\$ 1,000,000
General Aggregate	\$ 2,000,000*

Commercial General Liability Insurance
(bodily injury and property damage)

General limit per occurrence	\$ 1,000,000
General limit project specific aggregate	\$ 2,000,000

ACCOUNTING SERVICES

Automobile Liability Insurance

\$ 1,000,000

*General aggregate per year, or part thereof, with respect to losses or other acts or omissions of CONSULTANT under this Agreement.

- 4.3** If coverage is provided through a Commercial General Liability Insurance policy, a minimum of 50% of each of the aggregate limits shall remain available at all times. If over 50% of any aggregate limit has been paid or reserved, the CITY may require additional coverage to be purchased by the CONSULTANT to restore the required limits. The CONSULTANT shall also notify the CITY'S Project Manager promptly of all losses or claims over \$25,000 resulting from work performed under this contract, or any loss or claim against the CONSULTANT resulting from any of the CONSULTANT'S work.
- 4.4** All insurance companies affording coverage to the CONSULTANT for the purposes of this Section shall add the City of Oceanside as "additional insured" under the designated insurance policy for all work performed under this agreement. Insurance coverage provided to the City as additional insured shall be primary insurance and other insurance maintained by the City of Oceanside, its officers, agents, and employees shall be excess only and not contributing with insurance provided pursuant to this Section.
- 4.5** All insurance companies affording coverage to the CONSULTANT pursuant to this agreement shall be insurance organizations admitted by the Insurance Commissioner of the State of California to transact business of insurance in the state or be rated as A-X or higher by A.M. Best.
- 4.6** All insurance companies affording coverage shall provide thirty (30) days written notice to the CITY should the policy be cancelled before the expiration date. For the purposes of this notice requirement, any material change in the policy prior to the expiration shall be considered a cancellation.
- 4.7** CONSULTANT shall provide evidence of compliance with the insurance requirements listed above by providing a Certificate of Insurance and applicable endorsements, in a form satisfactory to the City Attorney, concurrently with the submittal of this Agreement.
- 4.8** CONSULTANT shall provide a substitute Certificate of Insurance no later than thirty (30) days prior to the policy expiration date. Failure by the CONSULTANT to provide such a substitution and extend the policy expiration date shall be considered a default by CONSULTANT and may subject the CONSULTANT to a suspension or termination of work under the Agreement.

ACCOUNTING SERVICES

- 4.9 Maintenance of insurance by the CONSULTANT as specified in this Agreement shall in no way be interpreted as relieving the CONSULTANT of any responsibility whatsoever and the CONSULTANT may carry, at its own expense, such additional insurance as it deems necessary.
5. **PROFESSIONAL ERRORS AND OMISSIONS INSURANCE.** Throughout the duration of this Agreement and four (4) years thereafter, the CONSULTANT shall maintain professional errors and omissions insurance for work performed in connection with this Agreement in the minimum amount of One Million Dollars (\$1,000,000.00).

CONSULTANT shall provide evidence of compliance with these insurance requirements by providing a Certificate of Insurance.

6. **CONSULTANT'S INDEMNIFICATION OF CITY.** CONSULTANT shall indemnify and hold harmless the CITY and its officers, agents and employees against all claims for damages to persons or property arising out of CONSULTANT'S work, including the negligent acts, errors or omissions or wrongful acts or conduct of the CONSULTANT, or its employees, agents, subcontractors, or others in connection with the execution of the work covered by this Agreement, except for those claims arising from the willful misconduct, sole negligence or active negligence of the CITY, its officers, agents, or employees. CONSULTANT'S indemnification shall include any and all costs, expenses, attorneys' fees, expert fees and liability assessed against or incurred by the CITY, its officers, agents, or employees in defending against such claims or lawsuits, whether the same proceed to judgment or not. Further, CONSULTANT at its own expense shall, upon written request by the CITY, defend any such suit or action brought against the CITY, its officers, agents, or employees founded upon, resulting or arising from the conduct, tortious acts or omissions of the CONSULTANT.

CONSULTANT'S indemnification of CITY shall not be limited by any prior or subsequent declaration by the CONSULTANT.

7. **COMPENSATION.** CONSULTANT'S compensation for all work performed in accordance with this Agreement, shall not exceed the total contract price of \$622,980 for three years with annual costs not to exceed \$207,600. Hourly rates will hold firm for three years. Hourly rates for years beyond the third year will be increased by 2% per year for up to two years.

Payments will be made on a monthly basis, based on hours worked for the month, not to exceed the annual cost of \$207,600.

ACCOUNTING SERVICES

<u>Position</u>	<u>Hourly Rate</u>
Partner	\$170
Project Manager	\$150
Supervisor	\$135
Senior Accountant	\$110
Accountant	\$ 70

This agreement includes an option to extend the agreement for two one-year periods (possible five-year total), subject to the annual review and recommendation of the Director of Financial Services, the satisfactory negotiation of terms (including a price acceptable to both the CITY and CONSULTANT), the concurrence of the City Council, and the annual availability of an appropriation.

No work shall be performed by CONSULTANT in excess of the total contract price without prior written approval of the Financial Services Director.

8. **TIMING REQUIREMENTS.** Time is of the essence in the performance of work under this Agreement and the timing requirements shall be strictly adhered to unless otherwise modified in writing. All work shall be completed in every detail to the satisfaction of the Financial Services Director as defined in the Request for Proposal and confirmed by CONSULTANT in the Proposal to Provide Accounting Services dated May 4, 2011.
9. **TERMINATION FOR CONVENIENCE AGREEMENT.** The CITY may terminate this Agreement for any reason by providing thirty (30) days written notice to the CONSULTANT. CONSULTANT shall be paid for the reasonable value of the services provided as of the date of termination.
10. **ENTIRE AGREEMENT.** This Agreement comprises the entire integrated understanding between CITY and CONSULTANT concerning the work to be performed for this project and supersedes all prior negotiations, representations, or agreements.
11. **INTERPRETATION OF THE AGREEMENT.** The interpretation, validity and enforcement of the Agreement shall be governed by and construed under the laws of the State of California. The Agreement does not limit any other rights or remedies available to CITY.

ACCOUNTING SERVICES

The CONSULTANT shall be responsible for complying with all local, state, and federal laws whether or not said laws are expressly stated or referred to herein.

Should any provision herein be found or deemed to be invalid, the Agreement shall be construed as not containing such provision, and all other provisions, which are otherwise lawful, shall remain in full force and effect, and to this end the provisions of this Agreement are severable.

- 12. **AGREEMENT MODIFICATION.** This Agreement may not be modified orally or in any manner other than by an agreement in writing signed by the parties hereto.

- 13. **SIGNATURES.** The individuals executing this Agreement represent and warrant that they have the right, power, legal capacity and authority to enter into and to execute this Agreement on behalf of the respective legal entities of the CONSULTANT and the CITY.

IN WITNESS WHEREOF, the parties hereto for themselves, their heirs, executors, administrators, successors, and assigns do hereby agree to the full performance of the covenants herein contained and have caused this Professional Services Agreement to be executed by setting hereunto their signatures on the dates set forth below.

VAVRINEK, TRINE, DAY & CO, LLP

CITY OF OCEANSIDE

By: 
Name/Title Joseph Aguilar, Partner

By: _____
City Manager

Date: 6/8/11

Date: _____

By: _____
Name/Title

APPROVED AS TO FORM:

Date: _____


City Attorney

Employer ID No.

NOTARY ACKNOWLEDGMENTS OF CONSULTANT MUST BE ATTACHED.

**CALIFORNIA ALL-PURPOSE CERTIFICATE
OF ACKNOWLEDGMENT**

State of California

County of ALAMEDA

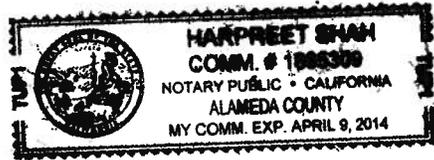
On 06/08/11 before me, HARPREET SHAH, Notary Public

personally appeared JOSEPH MICHAEL AGUILAR

_____ who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under penalty of perjury under the laws of the state of California that the foregoing paragraph is true and correct.

H. Shah
Signature of Notary



Optional Information

Date of Document: _____

Type or Title of Document: W/A

Number of Pages in Document: _____

Document in a Foreign Language: _____

Type of Satisfactory Evidence:

- Personally known with Paper Identification
- Paper Identification
- Credible Witness(es)

Other Information

Capacity of Signer:

- Trustee
- Power of Attorney
- CEO/CFO/COO
- President/Vice-President/Secretary/Treasurer
- Other: _____

