

Malibu City Council
Administration and Finance Subcommittee
Special Meeting Agenda

Thursday, January 14, 2016

2:30 P.M.

**City Hall – Surfrider Room
23825 Stuart Ranch Road**

**Mayor Pro Tem Lou La Monte
Councilmember Joan House**

Call to Order

Approval of Agenda

Report on Posting of the Agenda – January 11, 2016

Public Comment *This is the time for the public to comment on any items not appearing on this agenda. Each public speaker shall be allowed up to three (3) minutes for comments. The Subcommittee may not discuss or act on any matter not specifically identified on this agenda, pursuant to the Ralph M. Brown Act.*

Discussion Items

1. Approval of Minutes – October 29, 2015

Recommended Action: Approve the minutes of the Administration and Finance Subcommittee Special meeting October 29, 2015.

Staff contact: Assistant City Manager Feldman, 456-2489 ext. 224

2. Appropriations for Civic Center Wastewater Treatment Facility (CCWWTF)

Recommended Action: Provide a recommendation to the City Council to: 1) Appropriate \$217,960 from the General Fund Undesignated Reserve to the Designated Reserve – CCWWTF for additional costs for the City Hall and Bluffs Park assessments; 2) Appropriate \$712,006 from the Legacy Park Project Fund to the Designated Reserve – CCWWTF for additional costs for the Legacy Park commercial properties assessment; and 3) Appropriate \$964,533 from the General Fund Undesignated Reserve to the Designated Reserve for the CCWWTF Phase Two Reimbursable for oversizing costs for Phase Two.

Staff contact: Assistant City Manager Feldman, 456-2489 ext. 224

3. Professional Services Agreement with Lance, Soll & Lunghard, LLP for Financial Auditing Services

Recommended Action: Provide a recommendation to the City Council to authorize the City Manager to execute a Professional Services Agreement with Lance, Soll & Lunghard, LLP for financial auditing services.

Staff contact: Assistant City Manager Feldman, 456-2489 ext. 224

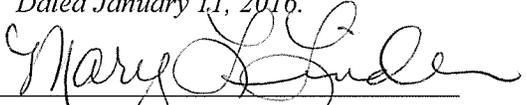
4. Amendment No. 2 to Agreement with David Taussig and Associates, Inc. (DTA)

Recommended Action: Provide a recommendation to the City Council to consider amending the Professional Services Agreement with DTA and consider the appropriation of \$14,500 from the General Fund Undesignated Reserve to provide additional consulting services for the formation of the Civic Center Wastewater Treatment Facility Assessment District.

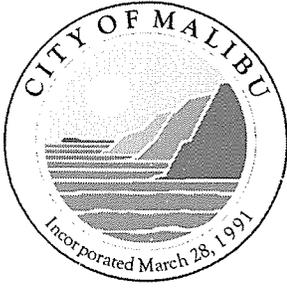
Staff contact: Assistant City Manager Feldman, 456-2489 ext. 224

Adjournment

I hereby certify under penalty of perjury, under the laws of the State of California, that the foregoing agenda was posted in accordance with the applicable legal requirements. Dated January 11, 2016.



Mary Linden, Executive Assistant



Administration and Finance Subcommittee Agenda Report

Administration &
Finance Subcommittee
Special Meeting
01-14-16

Item 1

To: Mayor Pro Tem La Monte and Councilmember House

Prepared by: Mary Linden, Executive Assistant 

Approved by: Jim Thorsen, City Manager 

Date prepared: January 4, 2016 Meeting date: January 14, 2016

Subject: Approval of Minutes – October 29, 2015

RECOMMENDED ACTION: Approve the minutes of the Administration and Finance Subcommittee Special meeting of October 29, 2015.

DISCUSSION: Staff has prepared draft minutes for the Administration and Finance Subcommittee Special meeting October 29, 2015, and hereby submits the minutes to the Subcommittee for approval.

ATTACHMENTS: Draft Minutes of the October 29, 2015 Administration and Finance Subcommittee Special meeting

MINUTES
MALIBU ADMINISTRATION AND FINANCE SUBCOMMITTEE
SPECIAL MEETING
OCTOBER 29, 2015
ZUMA ROOM
3:00 P.M.

CALL TO ORDER

Mayor Pro Tem La Monte called the meeting to order at 3:04 p.m.

ROLL CALL

The following persons were recorded in attendance:

PRESENT: Mayor Pro Tem Lou La Monte and Councilmember Joan House

ALSO PRESENT: City Manager Jim Thorsen and Assistant City Manager Reva Feldman

APPROVAL OF AGENDA

MOTION Councilmember House moved and Mayor Pro Tem La Monte seconded a motion to approve the agenda. The motion carried unanimously.

REPORT ON POSTING OF AGENDA

Assistant City Manager Feldman reported that the agenda for the meeting was properly posted on October 28, 2015.

DISCUSSION ITEMS

1. Approval of Minutes – September 10, 2015
Recommended action: Approve the minutes of the Administration and Finance Subcommittee Special meeting September 10, 2015.

MOTION Mayor Pro Tem La Monte moved and Councilmember House seconded a motion to approve the minutes of the Administration and Finance Subcommittee Special meeting September 10, 2015. The motion carried unanimously.

2. Fiscal Year 2014-2015 Fourth Quarter Financial Report
Recommended action: Receive and file Fiscal Year 2014-2015 Fourth Quarter financial information.

MOTION Mayor Pro Tem La Monte moved and Councilmember House seconded a motion to receive and file Fiscal Year 2014-2015 Fourth Quarter financial information. The motion carried unanimously.

3. Fiscal Year 2015-2016 First Quarter Financial Report
Recommended action: Receive and file Fiscal Year 2015-2016 First Quarter financial information.

MOTION Mayor Pro Tem La Monte moved and Councilmember House seconded a motion to receive and file Fiscal Year 2015-2016 First Quarter financial information.

ADJOURNMENT

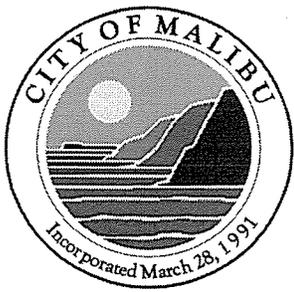
MOTION At 3:50 p.m., Councilmember House moved and Mayor Pro Tem La Monte seconded a motion to adjourn. The motion carried unanimously.

Approved and adopted by the Administration and Finance Subcommittee of the City of Malibu on _____.

LOU LA MONTE, Mayor Pro Tem

ATTEST:

MARY LINDEN, Executive Assistant



Administrative and Finance Subcommittee Agenda Report

To: Mayor Pro Tem La Monte and Councilmember House

Prepared by: Reva Feldman, Assistant City Manager 

Approved by: Jim Thorsen, City Manager 

Date prepared: January 4, 2016

Meeting date: January 14, 2016

Subject: Appropriations for Civic Center Wastewater Treatment Facility (CCWWTF)

RECOMMENDED ACTION: Provide a recommendation to the City Council to 1) Appropriate \$217,960 from the General Fund Undesignated Reserve to the Designated Reserve – CCWWTF for additional costs for the City Hall and Bluffs Park assessments; 2) Appropriate \$712,206 from the Legacy Park Project Fund to the Designated Reserve – CCWWTF for additional costs for the Legacy Park commercial properties assessment; and 3) Appropriate \$964,533 from the General Fund Undesignated Reserve to the Designated Reserve for the CCWWTF Phase Two Reimbursable for oversizing costs for Phase Two.

FISCAL IMPACT: Funding for these appropriations was not included in the Adopted Budget for Fiscal Year 2015-2016. The Adopted Budget includes funding of \$535,000 for the City Hall and Bluffs Park assessments; \$1,260,000 for the Legacy Park commercial properties assessment; and \$835,000 for oversizing costs for Phase Two. Due to an increase in the cost of construction, additional funding will be needed, including:

An appropriation of \$217,960 from the General Fund Undesignated Reserve to the Designated Reserve - CCWWTF City Share is needed for additional costs for the City Hall and Bluffs Park assessments.

An appropriation of \$712,206 from the Legacy Park Project Fund to the Designated Reserve – CCWWTF City Share is needed for additional costs for the Legacy Park commercial properties assessment. The City will be reimbursed for the Legacy Park assessment from the commercial tenants pursuant to their lease agreements.

An appropriation of \$964,533 from the General Fund Undesignated Reserve to the Designated Reserve for CCWWTF Phase I Reimbursable is needed to fund additional oversizing costs for Phase Two. This amount will be reimbursed to the City when an Assessment District is formed.

The projected General Fund Reserve at June 30, 2016 before the recommended appropriations is \$20.5 million.

The projected Legacy Park Project Fund Reserve at June 30, 2016 before the recommended appropriation is \$1.2 million.

DISCUSSION: Council Policy #44 requires that all proposed appropriations over \$10,000 be reviewed and discussed by the Administration and Finance Subcommittee prior to being presented to the City Council. The proposed appropriation item will be discussed by the Council on January 25, 2015.

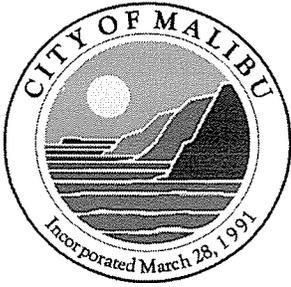
The Adopted Budget for Fiscal Year 2015-2016 included the establishment of two new designated reserve funds. The Civic Center Wastewater Treatment Facility – City Share Designated Reserve was established with \$1,795,000 from the General Fund Undesignated Reserve and Legacy Park Project Fund for the City's share of the proposed Assessment District for Phase One of the Wastewater Treatment Facility. The Civic Center Wastewater Treatment Facility Phase II – Reimbursable Designated Reserve was established with \$835,000 from the General Fund for oversizing costs of the facility attributable to Phase Two of the project.

Since the budget was adopted, the estimated costs and financing scenario for the CCWWTF project has changed and additional funding is needed.

The total amount of the assessments for City-owned properties is now \$2,725,166. Funding in the amount of \$1,795,000 was included in the Adopted Budget for Fiscal Year 2015-2016 in the Designated Reserve - CCWWTF City Share for the City's assessments. An additional \$930,166 will need to be appropriated from the General Fund Undesignated Reserve and the Legacy Park Project Fund Reserve in order for the City to make a payment during the cash collection period. The City will be reimbursed for the assessments associated with the Legacy Park commercial properties by the tenants pursuant to their leases.

The total amount of the oversizing for Phase Two is now \$1,799,533. An additional \$964,533 is needed for the oversizing costs that will be spent during Phase One of the project that are attributable to Phase Two. The costs attributable to Phase Two cannot be paid by the Assessment District formed by the property owners in Phase One. The City will be reimbursed the total \$1,799,533 once an Assessment District is formed for Phase Two.

ATTACHMENTS: None



Administrative and Finance Subcommittee Agenda Report

To: Mayor Pro Tem La Monte and Councilmember and House

Prepared by: Reva Feldman, Assistant City Manager 

Approved by: Jim Thorsen, City Manager 

Date prepared: January 4, 2016

Meeting date: January 14, 2016

Subject: Professional Services Agreement with Lance, Soll & Lunghard, LLP
for Financial Auditing Services

RECOMMENDED ACTION: Provide a recommendation to the City Council to authorize the City Manager to execute a Professional Services Agreement with Lance, Soll & Lunghard, LLP (LSL) for financial auditing services.

FISCAL IMPACT: Funding for this Agreement was included in the Adopted Budget for Fiscal Year 2015-2016 in Account No. 100-7054-5100-00 (Finance Professional Services). Funding for services in future years will be included in subsequent budgets.

DISCUSSION: On May 15, 2015, the City issued a Request for Proposal (RFP) for auditing services. The RFP was advertised in the local newspaper and posted to the City website and the California Society of Municipal Finance Officers (CSMFO) website.

The City received six proposals in response to the RFP from the following firms:

- Lance, Soll & Lunghard, LLP (LSL)
- Rogers, Anderson, Malody & Scott, LLP
- Moss, Levy & Hartzheim, LLP
- The Pun Group
- White Nelson Diehl Evans LLP
- Van Lant & Fankhanel, LLP

Staff reviewed all of the proposals, then invited three audit firms for an interview on August 13, 2015: The Pun Group, Lance, Soll & Lunghard, LLP (LSL), and White Nelson Diehl Evans LLP. After the interviews, LSL was selected from the three auditing firms.

The City has contracted with LSL for financial auditing services since May 2004. LSL conducts an interim audit, an annual audit and a single audit of the City each year. They prepare the City's financial statement, as well as the City's federal single audit report. Because of their familiarity with the City's finances and operations, they are extremely beneficial in the preparation of the annual financial statements. LSL is very conscientious in maintaining an unbiased and optimal auditing service by rotating the staff assigned to the City each year.

Staff recommends entering into an agreement with LSL for a three -year term in the total amount not to exceed \$82,700, which includes single audit services in the amount of \$12,300.

This item will be presented to the Council on January 25, 2016.

ATTACHMENTS: Professional Services Agreement with LSL

AGREEMENT FOR PROFESSIONAL SERVICES

This Agreement is made and entered into as of January 1, 2016 by and between the City of Malibu (hereinafter referred to as the "City"), and Lance, Soll & Lunghard, LLP (hereinafter referred to as "Consultant").

The City and the Consultant agree as follows:

RECITALS

A. The City does not have the personnel able and/or available to perform the services required under this Agreement.

B. The City desires to retain the services of the Consultant to perform the annual audit of the City's financial transactions.

C. The Consultant warrants to the City that it has the qualifications, experience and facilities to perform properly and timely the services under this Agreement.

D. The City desires to contract with the Consultant to perform the services as described in Exhibit A of this Agreement.

NOW, THEREFORE, the City and the Consultant agree as follows:

1.0 SCOPE OF THE CONSULTANT'S SERVICES. The Consultant agrees to provide the services and perform the tasks set forth in the Scope of Work, attached to and made part of this Agreement. The Scope of Work may be amended from time to time by way of a written directive from the City.

2.0 TERM OF AGREEMENT. This Agreement will become effective on January 1, 2016 and will remain in effect for a period of three (3) years from said date unless otherwise expressly extended and agreed to by both parties or terminated by either party as provided herein.

3.0 CITY AGENT. The City Manager, or his designee, for the purposes of this Agreement, is the agent for the City; whenever approval or authorization is required, Consultant understands that the City Manager, or his designee, has the authority to provide that approval or authorization.

4.0 COMPENSATION FOR SERVICES. The City shall pay the Consultant a fixed professional services fee for each of the fiscal years as follows:

<u>Engagement Service</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>
Financial Audit	\$22,780	\$23,460	\$24,160
Single Audit (if required)	<u>3,980</u>	<u>4,100</u>	<u>4,220</u>
Total Fee	\$26,760	\$27,560	\$28,380

The cost of services shall not exceed \$82,700. No additional compensation shall be paid for any other expenses incurred, unless first approved by the City Manager, or his designee.

4.1 The Consultant shall submit to the City, by no later than the 10th day of each month, its bill for services itemizing the fees and costs incurred during the previous month. The City shall pay the Consultant all uncontested amounts set forth in the Consultant's bill within 30 days after it is received.

5.0 CONFLICT OF INTEREST. The Consultant represents that it presently has no interest and shall not acquire any interest, direct or indirect, in any real property located in the City which may be affected by the services to be performed by the Consultant under this Agreement. The Consultant further represents that in performance of this Agreement, no person having any such interest shall be employed by it.

5.1 The Consultant represents that no City employee or official has a material financial interest in the Consultant's business. During the term of this Agreement and/or as a result of being awarded this contract, the Consultant shall not offer, encourage or accept any financial interest in the Consultant's business by any City employee or official.

5.2 If a portion of the Consultant's services called for under this Agreement shall ultimately be paid for by reimbursement from and through an agreement with a developer of any land within the City or with a City franchisee, the Consultant warrants that it has not performed any work for such developer/franchisee within the last 12 months, and shall not negotiate, offer or accept any contract or request to perform services for that identified developer/franchisee during the term of this Agreement.

6.0 GENERAL TERMS AND CONDITIONS.

6.1 Termination. Either the City Manager or the Consultant may terminate this Agreement, without cause, by giving the other party ten (10) days written notice of such termination and the effective date thereof.

6.1.1 In the event of such termination, all finished or unfinished documents, reports, photographs, films, charts, data, studies, surveys, drawings, models, maps, or other documentation prepared by or in the possession of the Consultant under this Agreement shall be returned to the City. If the City terminates this Agreement without cause, the Consultant shall prepare and shall be entitled to receive compensation pursuant to a close-out bill for services rendered and fees incurred pursuant to this Agreement through the notice of termination. If the Consultant terminates this Agreement without cause, the Consultant shall be paid only for those services completed in a manner satisfactory to the City.

6.1.2 If the Consultant or the City fail to fulfill in a timely and proper manner its obligations under this Agreement, or if the Consultant or the City violate any of the covenants, agreements, or stipulations of this Agreement, the Consultant or the City shall have the right to terminate this Agreement by giving written notice to the other party of such termination and specifying the effective date of such termination. The Consultant shall be entitled to receive compensation in accordance with the terms of this Agreement for any work satisfactorily completed hereunder. Notwithstanding the foregoing, the Consultants shall not be relieved of

liability for damage sustained by virtue of any breach of this Agreement and any payments due under this Agreement may be withheld to off-set anticipated damages.

6.2 Non-Assignability. The Consultant shall not assign or transfer any interest in this Agreement without the express prior written consent of the City.

6.3 Non-Discrimination. The Consultant shall not discriminate as to race, creed, gender, color, national origin or sexual orientation in the performance of its services and duties pursuant to this Agreement, and will comply with all applicable laws, ordinances and codes of the Federal, State, County and City governments.

6.4 Insurance. The Consultant shall submit to the City certificates indicating compliance with the following minimum insurance requirements no less than one (1) day prior to beginning of performance under this Agreement:

(a) Workers Compensation Insurance as required by law. The Consultant shall require all subcontractors similarly to provide such compensation insurance for their respective employees.

(b) Comprehensive general and automobile liability insurance protecting the Consultant in amounts not less than \$1,000,000 for personal injury to any one person, \$1,000,000 for injuries arising out of one occurrence, and \$500,000 for property damages or a combined single limit of \$1,000,000. Each such policy of insurance shall:

1) Be issued by a financially responsible insurance company or companies admitted and authorized to do business in the State of California or which is approved in writing by City.

2) Name and list as additional insured the City, its officers and employees.

3) Specify its acts as primary insurance.

4) Contain a clause substantially in the following words: "It is hereby understood and agreed that this policy shall not be canceled nor materially changed except upon thirty (30) days prior written notice to the City of such cancellation or material change."

5) Cover the operations of the Consultant pursuant to the terms of this Agreement.

6.5 Indemnification. Consultant shall indemnify, defend with counsel approved by City, and hold harmless City, its officers, officials, employees and volunteers from and against all liability, loss, damage, expense, cost (including without limitation reasonable attorneys fees, expert fees and all other costs and fees of litigation) of every nature arising out of or in connection with Consultant's performance of work hereunder or its failure to comply with

any of its obligations contained in this Agreement, regardless of City's passive negligence, but excepting such loss or damage which is caused by the sole active negligence or willful misconduct of the City. Should City in its sole discretion find Consultant's legal counsel unacceptable, then Consultant shall reimburse the City its costs of defense, including without limitation reasonable attorneys fees, expert fees and all other costs and fees of litigation. The Consultant shall promptly pay any final judgment rendered against the City (and its officers, officials, employees and volunteers) covered by this indemnity obligation. It is expressly understood and agreed that the foregoing provisions are intended to be as broad and inclusive as is permitted by the law of the State of California and will survive termination of this Agreement.

6.6 Compliance with Applicable Law. The Consultant and the City shall comply with all applicable laws, ordinances and codes of the Federal, State, County and City governments.

6.7 Independent Contractor. This Agreement is by and between the City and the Consultant and is not intended, and shall not be construed, to create the relationship of agency, servant, employee, partnership, joint venture or association, as between the City and the Consultant.

6.7.1. The Consultant shall be an independent contractor, and shall have no power to incur any debt or obligation for or on behalf of the City. Neither the City nor any of its officers or employees shall have any control over the conduct of the Consultant, or any of the Consultant's employees, except as herein set forth, and the Consultant expressly warrants not to, at any time or in any manner, represent that it, or any of its agents, servants or employees are in any manner employees of the City, it being distinctly understood that the Consultant is and shall at all times remain to the City a wholly independent contractor and the Consultant's obligations to the City are solely such as are prescribed by this Agreement.

6.8 Copyright. No reports, maps or other documents produced in whole or in part under this Agreement shall be the subject of an application for copyright by or on behalf of the Consultant.

6.9 Legal Construction.

(a) This Agreement is made and entered into in the State of California and shall in all respects be interpreted, enforced and governed under the laws of the State of California.

(b) This Agreement shall be construed without regard to the identity of the persons who drafted its various provisions. Each and every provision of this Agreement shall be construed as though each of the parties participated equally in the drafting of same, and any rule of construction that a document is to be construed against the drafting party shall not be applicable to this Agreement.

(c) The article and section, captions and headings herein have been

inserted for convenience only, and shall not be considered or referred to in resolving questions of interpretation or construction.

(d) Whenever in this Agreement the context may so require, the masculine gender shall be deemed to refer to and include the feminine and neuter, and the singular shall refer to and include the plural.

6.10 Counterparts. This Agreement may be executed in counterparts and as so executed shall constitute an agreement which shall be binding upon all parties hereto.

6.11 Final Payment Acceptance Constitutes Release. The acceptance by the Consultant of the final payment made under this Agreement shall operate as and be a release of the City from all claims and liabilities for compensation to the Consultant for anything done, furnished or relating to the Consultant's work or services. Acceptance of payment shall be any negotiation of the City's check or the failure to make a written extra compensation claim within ten (10) calendar days of the receipt of that check. However, approval or payment by the City shall not constitute, nor be deemed, a release of the responsibility and liability of the Consultant, its employees, sub-consultants and agents for the accuracy and competency of the information provided and/or work performed; nor shall such approval or payment be deemed to be an assumption of such responsibility or liability by the City for any defect or error in the work prepared by the Consultant, its employees, sub-consultants and agents.

6.12 Corrections. In addition to the above indemnification obligations, the Consultant shall correct, at its expense, all errors in the work which may be disclosed during the City's review of the Consultant's report or plans. Should the Consultant fail to make such correction in a reasonably timely manner, such correction shall be made by the City, and the cost thereof shall be charged to the Consultant.

6.13 Files. All files of the Consultant pertaining to the City shall be and remain the property of the City. The Consultant will control the physical location of such files during the term of this Agreement and shall be entitled to retain copies of such files upon termination of this Agreement.

6.14 Waiver; Remedies Cumulative. Failure by a party to insist upon the performance of any of the provisions of this Agreement by the other party, irrespective of the length of time for which such failure continues, shall not constitute a waiver of such party's right to demand compliance by such other party in the future. No waiver by a party of a default or breach of the other party shall be effective or binding upon such party unless made in writing by such party, and no such waiver shall be implied from any omissions by a party to take any action with respect to such default or breach. No express written waiver of a specified default or breach shall affect any other default or breach, or cover any other period of time, other than any default or breach and/or period of time specified. All of the remedies permitted or available to a party under this Agreement, or at law or in equity, shall be cumulative and alternative, and invocation of any such right or remedy shall not constitute a waiver or election of remedies with respect to any other permitted or available right of remedy.

6.15 Mitigation of Damages. In all such situations arising out of this Agreement, the parties shall attempt to avoid and minimize the damages resulting from the conduct of the other party.

6.16 Partial Invalidity. If any provision in this Agreement is held by a court of competent jurisdiction to be invalid, void or unenforceable, the remaining provisions will nevertheless continue in full force without being impaired or invalidated in any way.

6.17 Attorneys' Fees. The parties hereto acknowledge and agree that each will bear his or its own costs, expenses and attorneys' fees arising out of and/or connected with the negotiation, drafting and execution of the Agreement, and all matters arising out of or connected therewith except that, in the event any action is brought by any party hereto to enforce this Agreement, the prevailing party in such action shall be entitled to reasonable attorneys' fees and costs in addition to all other relief to which that party or those parties may be entitled.

6.18 Entire Agreement. This Agreement constitutes the whole agreement between the City and the Consultant, and neither party has made any representations to the other except as expressly contained herein. Neither party, in executing or performing this Agreement, is relying upon any statement or information not contained in this Agreement. Any changes or modifications to this Agreement must be made in writing appropriately executed by both the City and the Consultant.

6.19 Notices. Any notice required to be given hereunder shall be deemed to have been given by depositing said notice in the United States mail, postage prepaid, and addressed as follows:

CITY:	Jim Thorsen City Manager City of Malibu 23825 Stuart Ranch Road Malibu, CA 90265-4861 TEL (310) 456-2489 x 226 FAX (310) 456-2760	CONSULTANT:	Richard Kikuchi CPA, Partner Lance, Soll & Lunghard, LLP 203 N. Brea Blvd., Suite 203 Brea, CA 92821-4056 TEL (714) 672-0022 FAX (714) 672-0331
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6.20 Warranty of Authorized Signatories. Each of the signatories hereto warrants and represents that he or she is competent and authorized to enter into this Agreement on behalf of the party for whom he or she purports to sign.

7.0 GENERAL TERMS AND CONDITIONS. (City and Consultant initials required at EITHER 7.1 or 7.2)

7.1 Disclosure Required. By their respective initials next to this paragraph, City and Consultant hereby acknowledge that Consultant is a "consultant" for the purposes of the California

Political Reform Act because Consultant's duties would require him or her to make one or more of the governmental decisions set forth in Fair Political Practices Commission Regulation 18701(a)(2) or otherwise serves in a staff capacity for which disclosure would otherwise be required were Consultant employed by the City. Consultant hereby acknowledges his or her assuming-office, annual, and leaving-office financial reporting obligations under the California Political Reform Act and the City's Conflict of Interest Code and agrees to comply with those obligations at his or her expense. Prior to consultant commencing services hereunder, the City's Manager shall prepare and deliver to consultant a memorandum detailing the extent of Consultant's disclosure obligations in accordance with the City's Conflict of Interest Code.

City Initials _____
Consultant Initials _____

7.2 Disclosure not Required. By their initials next to this paragraph, City and Consultant hereby acknowledge that Consultant is not a "consultant" for the purpose of the California Political Reform Act because Consultant's duties and responsibilities are not within the scope of the definition of consultant in Fair Political Practice Commission Regulation 18701(a)(2)(A) and is otherwise not serving in staff capacity in accordance with the City's Conflict of Interest Code.

City Initials _____
Consultant Initials _____

This Agreement is executed on _____, 2015, at Malibu, California, and effective as of January 1, 2016

CITY OF MALIBU:

JIM THORSEN, City Manager

ATTEST:

LISA POPE, City Clerk
(seal)

CONSULTANT:

By: Richard Kikuchi
Lance, Soll & Lunghard, LLP

APPROVED AS TO FORM:

CHRISTI HOGIN, City Attorney



**PROPOSAL FOR
PROFESSIONAL AUDIT SERVICES**

Prepared by:

Lance, Soll & Lunghard, LLP
Certified Public Accountants
203 N. Brea Blvd, Suite 203
Brea, CA 92821
(714) 672-0022



Contact Person:

Richard K. Kikuchi, CPA, Partner
richard.kikuchi@slcpas.com

June 19, 2015

CITY OF MALIBU
PROPOSAL FOR PROFESSIONAL AUDIT SERVICES

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June 19, 2015

Ruth Piyaman
Finance Manager
23825 Stuart Ranch Road
Malibu, CA 90265

Lance, Soll & Lunghard, LLP is pleased to respond to your Request for Proposal for Professional Audit Services. As a leader in the field of governmental accounting and auditing, we appreciate this opportunity given to us to present our professional qualifications. Because of our extensive public sector experience, dedication to excellence and determination to retain the brightest and most talented professionals, we are certain that Lance, Soll & Lunghard, LLP (LSL) is the most qualified accounting firm to provide professional auditing services to the City of Malibu.

Lance, Soll & Lunghard, LLP agrees to provide to the City of Malibu the annual services described in the following proposal for the three fiscal years beginning with fiscal year ending June 30, 2016 with the option of extending the agreement for two (2) additional one-year periods.

The sections that follow describe the benefits your organization would receive from Lance, Soll & Lunghard, LLP. **We are committed to provide the services discussed in our proposal in accordance with the timetable indicated.** For purposes of this proposal, Richard K. Kikuchi, Partner, is authorized to make representations for our firm, empowered to submit this bid and authorized to sign a contract with the City of Malibu. I can be reached at the address above, by phone at (714) 672-0022 or through email at richard.kikuchi@lslcpas.com.

Very truly yours,



Richard K. Kikuchi, Partner
LANCE, SOLL & LUNGHARD, LLP

PROPOSAL

1. ORGANIZATION, CREDENTIALS AND EXPERIENCE

a. QUALIFICATIONS, CREDENTIALS AND RELATED PAST EXPERIENCE

License to Practice in California

Lance, Soll & Lunghard, LLP is a public accounting firm licensed by the State of California, Department of Consumer Affairs, as a Public Accounting Partnership. All of our partners are Certified Public Accountants licensed by the State of California. As a firm, we are members of the American Institute of Certified Public Accountants and the California Society of Certified Public Accountants. All key staff to be assigned to this engagement are or will be licensed by the State of California to practice as Certified Public Accountants.

Independence

Lance, Soll & Lunghard LLP meets the independence requirements as defined by **Auditing Standards Generally Accepted in the United States of America and the U.S. General Accounting Office's Government Auditing Standards (2011 revision)**. We are a partnership consisting of nine partners who do not own any other business organization that has in the past, or will in the future, be providing services, supplies, materials or equipment to the City of Malibu or its component units.

Experience

We are a regional public accounting firm that has met the auditing needs of governmental entities throughout California for over 85 years. This experience has led to the development of efficient procedures that provide numerous client benefits. Our clients have grown to understand that an audit from Lance, Soll & Lunghard, LLP provides them with a wealth of knowledge, confidence and value added services.

Peer Review

We are members of the American Institute of Certified Public Accountant's Private Companies Practice Section, which has the requirement for peer review along with Generally Accepted Government Auditing Standards. We have participated in the peer review program since its inception and have undergone several peer reviews. The first review was conducted by Arthur Young & Company (now Ernst & Young) and the most recent by R.H. Johnston Accountancy Inc. Overall, they confirmed what we already knew, that our approach and procedures are in compliance with technical and professional pronouncements. All of these peer reviews covered governmental engagements. Our most recent peer review, conducted by R.H. Johnston Accountancy Inc., is included in **Appendix A** to this proposal.

b. SIZE OF THE FIRM AND PERSONNEL ASSIGNED TO THE PROJECT

Our firm has approximately 65 employees including nine partners and professional staff of approximately forty-five. Governmental staff consists of three partners, one senior manager, four managers, two supervisors, seven seniors and fifteen staff auditors. All personnel assigned to this engagement work on a full-time basis.

PROPOSAL

1. ORGANIZATION, CREDENTIALS AND EXPERIENCE (Continued)

Local government expertise is led by the following partners:

Richard K. Kikuchi, CPA, Partner
Bryan S. Gruber, CPA, Partner
Deborah A. Harper, CPA, Partner

We have three offices in California which provide services to the western region of the United States. Our headquarters are located in Orange County in the City of Brea, California. We also have two other offices in Temecula Valley and Silicon Valley. The audit for the City of Malibu will be staffed from our Orange County office.

Partner, Supervisory and Staff Assigned to the Project

The most critical component in the successful completion of an audit is the personnel assigned to carry out the responsibilities. We have assembled a **Lance, Soll & Lunghard, LLP Team** composed of individuals with the optimum mix of talents. The individuals assigned have experience in performing the tasks for which they are responsible, as well as familiarity with all government accounting operations. In addition, each has developed extensive skills in a variety of other complementary subjects through their work with clients in other industries. Thus, the experience gained on previous assignments can be applied and tailored to the unique needs of your organization. The partners at Lance, Soll & Lunghard, LLP are an integral part of the audit process and will routinely be overseeing and supervising staff personnel in the field.

For the City of Malibu, the personnel assigned to the engagement will be as follows:



Engagement Partner
Richard K. Kikuchi, CPA



Concurring Partner
Deborah A. Harper, CPA



Audit Manager
Maria-Luisa Valdez, CPA

In-Charge Auditor
Jocelyn Esparza

Additional Professional Staff of 1 to 2 on the LSL team.

Resumes for these individuals are located in **Appendix B**.

PROPOSAL

1. ORGANIZATION, CREDENTIALS AND EXPERIENCE (Continued)

Continuing Education

As a firm policy, and in compliance with the continuing education requirements promulgated by the AICPA, General Accounting Office and the California Society of CPAs, all our staff auditors (certified and non-certified) meet the requirement of 40 hours of continuing education every year, with at least 24 hours in governmental accounting and auditing in a two year period. For our educational programs, we utilize in-house programs developed by our talent Development Director, California Society of CPAs courses, AICPA Government Audit Quality Center courses, and Government Finance Officers Association courses. Our formal education program was reviewed by independent firms during our peer review process and no exceptions were noted

Staff Auditors

The firm's policy of assigning in-charge to an engagement requires that the in-charge have at least three years of government auditing experience. He or she must have demonstrated a high degree of understanding of governmental accounting and auditing, as well as of the firm's overall client philosophy. Having been assigned to the engagement before is also an important factor in assigning an in-charge supervisor or senior to an engagement. Any changes in personnel at the senior level or above will be approved by the City of Malibu. Lance, Soll & Lunghard, LLP's philosophy is to provide **quality audit services with minimal disruption to City staff**. Our focused efforts to obtain and retain quality staff have further enabled us to provide this to our clients.



PROPOSAL

1. ORGANIZATION, CREDENTIALS AND EXPERIENCE (Continued)

c. LIST OF THREE SIMILAR CLIENTS

Following is a list of three similar clients with the names, titles, addresses and telephone numbers of the appropriate persons which the City can contact:

City of Irwindale Ms. Eva Carreon Finance Director (626)430-2221 ecarreon@ci.irwindale.ca.us 5050 N. Irwindale Avenue, Irwindale, CA 91706
City of Redlands Ms. Tina Kundig Finance Director (909)798-7543 tkundig@cityofredlands.org 35 Cajon Street, Redlands, CA 92373
City of San Marino Ms. Lisa Bailey Finance Director (626)300-0700 lbailey@sanmarinoca.gov 2200 Huntington Drive, San Marino, CA 9118

2. UNDERSTANDING OF THE SCOPE OF WORK/PROJECT

Lance, Soll & Lunghard, LLP agrees to provide the following annual services to the City of Malibu for the three fiscal years beginning with fiscal year ending June 30, 2016 with the option of extending the agreement for two (2) additional one-year periods:

- Perform an audit of the financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City of Malibu. The purpose of the audit will be to express our auditor's opinion on the fairness of the basic financial statements presented, and whether they comply with generally accepted accounting principles applied on a basis consistent with that of the preceding year. The audit will be conducted in accordance with generally accepted auditing standards, the standards set for financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the provisions of the Federal Single Audit Act as amended, and U.S. Office of Management and Budget (OMB) Circular A-133 *Audits of States, Local Governments, and Non-Profit Organizations*.
- Issue an audit report with an in-relation to section for the supplementary information.
- Issue a report on compliance and on the internal control over financial reporting based on an audit of financial statements performed in accordance with Government Auditing Standards.
- If applicable, issue a report on compliance with requirements applicable to each major program and internal control over compliance in accordance with OMB Circular A-133 and a schedule of findings and questioned costs. (Single Audit)
- If applicable, issue an "in-relation-to" report on the schedule of expenditures of federal awards. (Single Audit)

PROPOSAL

2. UNDERSTANDING OF THE SCOPE OF WORK/PROJECT (Continued)

Regarding the *management discussion and analysis*, we will apply the procedures required by the auditing standards which include obtaining an understanding of the method of preparation, the source and basis for the information presented, comparing for consistency to the audited data, and ascertaining that the *management's discussion and analysis* contains all of the required information.

At the request of the City, we will present and discuss the annual basic financial statements and results of operations at a City Council meeting. We will also be available to attend, participate and staff up to two Administrative and Finance Subcommittee meetings during the year.

At the conclusion of our audit, we will issue a management letter to report items noted during the audit and provide recommendations to improve the City's internal controls.

Upon identification or indication of irregularities or illegal acts, we will make an immediate written report to the City Manager and the Administrative Services Director.

At the start and at the conclusion of our audit, we will communicate to the Administration and Finance Subcommittee our responsibility under generally accepted auditing standards including significant accounting policies, management judgments and accounting estimates, significant audit adjustments, other information in documents containing audited financial statements, disagreements with management, management consultation with other accountants, major issues discussed with management prior to retention and difficulties encountered in performing the audit.

Throughout the year, we will communicate periodically new state and national developments affecting municipal finance and reporting, standards and trends including changes in federal/state grant program accounting and reporting requirements. Also, the City's Finance staff will be invited to our annual GASB update which is usually held in the spring. Throughout the year, we will be available to answer questions and provide general consultation on financial reporting matters and we will assist the City with the Triple Flip true up calculation.

All working papers and reports will be retained (at our expense) for a minimum of seven (7) years, unless we are notified in writing by the City of Malibu of the need to extend that retention period. Upon written request, we will make working papers available to parties designated by the City. In addition, we will respond to the reasonable inquiries of successor auditors and allow successor auditors to review working papers relating to matters of continuing accounting significance.

We understand that the City will prepare the draft financial statements, notes and all required supplementary schedules and statistical by the end of November. We will review the draft for full compliance with the latest Government Accounting Standard Board (GASB) pronouncements for submission under the Government Finance Officers Association of the United States and Canada's "Certificate of Achievement for Excellence in Financial Reporting" program and provide recommendations and suggestions to the Administrative Services Director one week after receiving it.

PROPOSAL

2. UNDERSTANDING OF THE SCOPE OF WORK/PROJECT (Continued)

From time to time, the City may require special services or assistance which could be subject to a new contract or amendments to this contract entered into in accordance with all applicable City regulations. Any such additional work agreed to between the City and the firm will be performed at the rates set forth in the schedule of fees presented on the following page.

3. PROFESSIONAL SERVICE AGREEMENT

We reviewed the agreement for professional services attached to the request for proposals for professional audit services and have no exception to the agreement. Lance, Soll & Lunghard LLP agrees to comply with the terms and conditions of the City's standard Professional Service Agreement.

4. COMPLIANCE

Lance, Soll & Lunghard LLP certifies that it is in full compliance and will continue to comply with the California Labor Code including the Federal Labor Standards provisions, the Federal Prevailing Wage Decision and the State of California Prevailing Wage Rates.

It is the policy of Lance, Soll & Lunghard, LLP to conduct its relations with employees and applicants for employment without regard to race, color, religion, sex, gender, sexual orientation, pregnancy, age, disability, national origin, marital status, ancestry, medical condition, veteran's status or any other characteristics protected by federal or state law. This policy applies to all employment terms and conditions including hiring, compensation decisions, benefits, discipline, training, promotions and terminations.

5. LITIGATION

There have been no disciplinary actions against our organization since its inception. All of our Single Audit reports are desk reviewed either by the Federal cognizant agency or the State Controller's Office acting as the Oversight Agency. We have never had a report rejected by any of these agencies. In fact, we are highly regarded and recognized by the staff of the State controller's Office as a firm that always submits top quality reports.

6. REFERENCES

Similar engagements performed would be as follows:

City of Irwindale - Audit of a Comprehensive Annual Financial Report (CAFR) in accordance with GASB 34, which received the GFOA award. This service has been provided to the City for the last 18 years. Last completed audit was for June 30, 2014. The engagement partner is Mr. Richard K. Kikuchi. Contact person: Ms. Eva Carreon, Finance Director (626)430-2221
ecarreon@ci.irwindale.ca.us

City of Redlands - Audit and preparation of a Comprehensive Annual Financial Report (CAFR) which receives the GFOA award and a single audit in accordance with OMB A-133. The engagement partner is currently Mr. Richard K. Kikuchi. These services have been provided to the City for the last 5 years. Contact person: Ms. Tina Kundig, Finance Director(909) 798-7543.
tkundig@cityofredlands.org

PROPOSAL

6. REFERENCES (Continued)

City of San Marino - Audit of a Comprehensive Annual Financial Report (CAFR) in accordance with GASB 34. This service has been provided to the City for the last 21 years. Last completed audit was for June 30, 2014. The engagement partner is Mr. Richard K. Kikuchi. Contact person: Ms. Lisa Bailey, Finance Director (626) 300-0700
lbailey@sanmarinoca.gov

A complete listing of our government audit clients, along with phone numbers of contact personnel and references as to services provided, is included in **Appendix C** of this proposal. We welcome you contacting any or all of these to get their opinion on the services we provide.

7. FEES

The maximum fees for professional audit services for the three fiscal years beginning with fiscal year ending June 30, 2016 with the option of extending the agreement for two (2) additional one-year periods will be as follows:

Nature of Services to Be Provided	2016	2017	2018	Option	
				2019	2020
Annual Audit Services	\$22,780	\$23,460	\$24,160	\$24,880	\$25,630
Single Audit Services (if required)	3,980	4,100	4,220	4,350	4,480
Total All Inclusive Maximum Price	\$ 26,760	\$ 27,560	\$ 28,380	\$ 29,230	\$ 30,110

If it should become necessary for the City to request additional service to either supplement the services required in this proposal or to perform additional work, then such additional work will be performed as an addendum to the contract between the City and our firm using the following rates:

Position	2016	2017	2018	Option	
				2019	2020
Partner	\$246	\$253	\$261	\$269	\$277
Manager	163	168	173	179	184
Senior	123	127	130	134	138
Staff	110	114	117	121	124
Clerical	Included	Included	Included	Included	Included

The fees and rates quoted above are all inclusive of clerical, typing, printing services, meals and lodging, mileage and transportation, and miscellaneous out of pocket expenses.

PROPOSAL

8. TIMELINE

The proposed schedule dates for the audit will be as follow:

Interim fieldwork will be conducted during the month of June and will take two to three days. Audit planning, documentation of systems of internal control and compliance, and transaction testing will be completed during the interim stage. A month prior to the start of the interim work, we will provide a list of schedules and items to be provided by the City. At the conclusion of the interim fieldwork, the plan for the year-end audit will be discussed and a list of schedules and items needed for the year-end fieldwork will be provided.

Year-end fieldwork will start in the middle of the month of October and will take about a week. Financial statements testing, internal controls evaluation, and preparation of reports and letters will be completed during the year-end fieldwork.

The first day of the audit fieldwork at interim and year-end will include an entrance conference to establish liaison for the audit, discuss the work to be performed and obtain an update on the City's events since the last audit contact. Upon completion of the audit fieldwork and prior to issuing any audit reports or letters, we will schedule an exit conference with the Administrative Services Director to discuss observations, proposed adjustments, findings and potential recommendations for improvements. A copy of the proposed adjustments will be provided to the City the week following the year-end field work.

Preliminary draft of the reports and letters will be provided during the first part of November to the Administrative Services Director. We will be available for any meetings that may be necessary to discuss the draft audit reports and letters.

Final reports and letters will be delivered to the Administrative Services Director no later than December 23th for timely submission to the GFOA award program.

We understand that the City will prepare the draft financial statements, notes and all required supplementary schedules and statistical by the end of November. We will review the draft for full compliance with the latest Government Accounting Standard Board (GASB) pronouncements for submission under the Government Finance Officers Association of the United States and Canada's "Certificate of Achievement for Excellence in Financial Reporting" program and provide recommendations and suggestions to the Administrative Services Director one week after receiving it.

The above timeline will stay consistent from year to year for the duration of the contract unless the City notifies us of its desire to change the above dates.

R.H. JOHNSTON ACCOUNTANCY INC.

Appendix A

A Professional Corporation
21300 Victory Boulevard, Suite 750
Woodland Hills, California 91367
(818) 346-9800
Fax (818) 346-0609

System Review Report

November 13, 2013

To the Partners of Lance, Soll & Lunghard, LLP
and the Peer Review Committee of the California Society of CPAs

We have reviewed the system of quality control for the accounting and auditing practice of Lance, Soll & Lunghard, LLP (the firm) in effect for the year ended May 31, 2013. Our peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants. As part of our peer review, we considered reviews by regulatory entities, if applicable, in determining the nature and extent of our procedures. The firm is responsible for designing a system of quality control and complying with it to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Our responsibility is to express an opinion on the design of the system of quality control and the firm's compliance therewith based on our review. The nature, objectives, scope, limitations of, and the procedures performed in a System Review are described in the standards at www.aicpa.org/prsummary.

As required by the standards, engagements selected for review included engagements performed under *Government Auditing Standards*, and an audit of employee benefit plan.

In our opinion, the system of quality control for the accounting and auditing practice of Lance, Soll & Lunghard, LLP in effect for the year ended May 31, 2013, has been suitably designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of *pass*, *pass with deficiency(ies)* or *fail*. Lance, Soll & Lunghard, LLP has received a peer review rating of *pass*.

R.H. Johnston Accountancy Inc.

RICHARD K. KIKUCHI, CPA ENGAGEMENT PARTNER



Education: Bachelor of Arts Degree in Business Administration with an emphasis in Accounting - California State University, Fullerton 1985

License: Certified Public Accountant - California 1991

Continuing Education: Total hours were 142 in last three years of which 64 were in governmental accounting and auditing subjects. Mr. Kikuchi has met the Governmental Auditing Standards requirement for governmental CPE

Memberships: California Society of Certified Public Accountants
American Institute of Certified Public Accountants
California Society of Municipal Finance Officers (Associate Member)
Government Finance Officers Association (Associate Member)

Experience: Over twenty years experience in governmental audits.

He is currently involved on the following major municipal engagements.

City of Bell Gardens	City of Canyon Lake
City of Big Bear Lake	City of Redlands
City of Pomona	City of Ontario
City of Rancho Cucamonga	City of Imperial Beach
City of Coronado	City of Santa Barbara
City of Chula Vista	City of Monrovia
City of La Quinta	City of Malibu
City of Manhattan Beach	City of Indian Wells
San Diego County Water Authority	City of Wildomar
American Water Work Association	

- This work entailed the preparation of the Comprehensive Annual Financial Report for those entities involved in the award programs of the California Society of Municipal Finance Officers and the Government Finance Officers Association of the United States and Canada.
- Mr. Kikuchi has the responsibility for overseeing federal single audits for these and other clients of our firm. These audits have met the requirements of the OMB and have been desk reviewed by the State Controller's Office.

Richard K. Kikuchi, CPA, Partner (Continued)

Achievements: Mr. Kikuchi recently sat on the California State Board of Accountancy's Qualifications Committee, which is an advisory committee established to examine and to make recommendations for all applicants for the license of Certified Public Accountant.

He currently serves as a technical reviewer for the Government Finance Officers Association (GFOA) and the California Society of Municipal Finance Officers (CSMFO).

Mr. Kikuchi sat on the CSMFO Special Districts Technical Committee and teaches an Introductory Governmental Accounting course through the CSMFO Career Development Committee.

**DEBORAH A. HARPER, CPA
CONCURRING PARTNER**



Education: Bachelor of Arts Degree in Business Administration with an emphasis in Accounting - California State University, Fullerton 2000

License: Certified Public Accountant – California 2005

Continuing Education: Total hours were 132 in last three years of which 68 were in governmental accounting and auditing subjects. Ms. Harper has met the Governmental Auditing Standards requirement for governmental CPE.

Memberships: California Society of Certified Public Accountants
American Institute of Certified Public Accountants
California Society of Municipal Finance Officers (Associate Member)
Government Finance Officers Association (Associate Member)
Governmental Accounting and Auditing Committee

Experience: Over fourteen years of experience in governmental audits. During her time with the firm, Ms. Harper has performed all phases of our government audits and made numerous presentations to Boards of Directors and Audit Committees. She has been involved on the following similar engagements:

- | | |
|---------------------------------|---------------------|
| Cucamonga Valley Water District | City of Chino Hills |
| Moulton Niguel Water District | City of Azusa |
| Coachella Valley Water District | City of Glendora |
| City of Irvine | City of Menifee |
| City of Aliso Viejo | City of Corona |
| City of Laguna Niguel | City of Diamond Bar |
| City of Monrovia | City of Banning |
| City of Orange | City of Claremont |
| City of Seal Beach | City of Brea |
| City of Simi Valley | City of Fullerton |
| City of Thousand Oaks | |

- This work entailed the preparation of the Comprehensive Annual Financial Report for those entities involved in the award programs of the California Society of Municipal Finance Officers and the Government Finance Officers Association of the United States and Canada.

Deborah A. Harper, CPA, Partner (Continued)

- Review the audit of these entities and provide technical assistance throughout the year to provide the most up to date information with current GASB pronouncement.
- Present the overall audit results to audit committees or other Board Members.

Achievements: Ms. Harper has developed and conducts various Lance, Soll & Lunghard, LLP municipal training courses for new associates and members of the firm.

MARIA-LUISA VALDEZ, CPA AUDIT MANAGER



Education: Bachelor of Science Degree in Accountancy, Minor in Applied Mathematics – Loyola Marymount University, Los Angeles

License: Certified Public Accountant – California 2009

Continuing Education: Total hours were 160 in last four years of which 100 were in governmental accounting and Yellow Book auditing subjects. Ms. Valdez has met the Governmental Auditing Standards requirement for governmental CPE.

Memberships: California Society of Certified Public Accountants
American Institute of Certified Public Accountants

Experience: Over seven years of experience in governmental audits. Ms. Valdez has established herself as an outstanding asset and resource at LSL. She has demonstrated his talent in the area of municipal accounting and auditing. During her time with the firm, Ms. Valdez has performed all phases of our municipal audits, including CAFR audits, redevelopment agency audits and Single Audits. He has been involved in the following municipal engagements:

City of Whittier

Ms. Valdez served as the audit lead for the City of Whittier. As the audit lead, it has been Ms. Valdez's responsibility to supervise all areas of the financial audit, which includes both the basic financial statements (CAFR) and Single Audit.

City of Malibu

Ms. Valdez serves as the Audit Manager for the City of Malibu in the current year. As the Audit Manager, it has been Ms. Valdez's responsibility to oversee the fieldwork for all areas of the Financial Audit and the Single Audit in accordance with A-133. The City of Malibu receives the GFOA Award for Excellence in Financial Reporting each year.

Maria-Luisa Valdez, CPA, Audit Manager (Continued)

Ms. Valdez has also served the following engagements:

County of San Bernardino	City of La Habra
County of San Diego	County of Ventura
County of Los Angeles	City of Oceanside
City of Agoura Hills	City of Barstow
City of San Buenaventura	City of Garden Grove
City of Santa Ana	City of Compton
City of Malibu	City of Glendora
City of Solana Beach	City of Monrovia
California Prison Authority	First 5 Los Angeles
Ventura County Air Pollution Control District	City of Vernon
California State University System	City of Whittier
Henry Mayo Newhall Memorial Hospital	City of Covina
California State Auditor – Bureau of State Audits	City of Rialto

Achievements: Ms. Valdez has been involved with teaching current audit and accounting related material at Lance, Soll & Lunghard, LLP's in house training seminars.

JOCELYN ESPARZA AUDITOR IN-CHARGE

Education: Bachelor of Arts Degree in Business Administration, Concentrations in Accounting & Information Systems – California State University, Fullerton, 2013

License: Certified Public Accountant – In Process

Continuing Education: Total hours were 125 in last three years of which 74 were in governmental accounting and auditing subjects. Ms. Esparza has met the Governmental Auditing Standards requirement for governmental CPE.

Experience: Ms. Esparza has progressed in an outstanding manner. During her time with the firm, Ms. Esparza has performed all phases of our government audits, including water districts, other special districts, CAFR audits, successor agency audits and Single Audits. She has been involved in the following municipal engagements:

City of Irvine
City of Irwindale
City of Cathedral City
City of Diamond Bar
City of Azusa
City of Moreno Valley

City of Pomona
City of Fullerton
City of Duarte
City of Thousand Oaks
City of Chino Hills
City of South Pasadena

LISTING OF CURRENT GOVERNMENT AUDIT CLIENTS

Client	Contact Person	Service Code	Years	Telephone
Agricultural Hills	Ms. C. E. Inojelas	F, S	New	818-597-7319
* Aliso Viejo	Ms. G. Tharani, Director of Financial Services/City Treasurer	F	4	949-425-2520
American Water Works Association	Ms. S. Ramakrishnan, Asst. Exec. Director	F	3	909-291-2114
* Azusa	Mr. S. Paragas, Finance Director	F, S	17	626-812-5291
Banning	Ms. M. Green, Accounting Manager	F, S	15	951-922-3118
Bell	Mr. H. Vazquez, Accounting Manager	F	1	323-588-6211
Big Bear Lake	Ms. K. Ent, Director of Admin. Services	F, S	16	909-866-5831
* Brea	Mr. L. Squire, Financial Services Manager	F, S	3	714-990-7683
Burbank	Ms. C. Giraldo, Financial Services Dir.	F, S	4	818-238-5487
Canyon Lake	Mr. T. Shea, Finance Director	F	19	909-244-2955
Cathedral City	Mr. K. Biersack, Fiscal Officer	F, S	5	760-770-0878
* Chino Hills	Ms. J. Lancaster, Finance Director	F, S	16	909-364-2600
Chula Vista	Ms. M. Kachadonian, Finance Director	F, S	1	619-409-5815
* Claremont	Mr. A. Pirrie, Acting Finance Director	F, S	9	909-399-5460
Coachella Valley Water District	Ms. Kay Godbey, Director of Finance	F, S	2	760-398-2661
* Corona	Ms. K. Eden, Administrative Service Director	F, S	5	951-736-2315
Coronado	Ms. L. Stelter, Finance Director	F, S	7	619-522-7300
* Cucamonga Valley Water District	Mr. C. Brantley, Finance Officer	F, S	3	909-483-7453
Diamond Bar	Ms. D. Honeywell, Finance Director	F, S	5	909-839-7051
Dixon	Ms. J. Michaels-Aguilar, Finance Director	F, S	New	707-678-7000 x108
Downey	Mr. A. Gandhi, Director of Finance	F, S	1	562-904-7265
Duarte	Ms. K. Petersen, Finance Director	F	7	626-357-7931
Emeryville	Ms. M. Oberg, Finance Director	F, S	10	510-596-4352
* Escondido	Ms. J. Ryan, Asst Finance Director	F, S	5	760-839-4338
Fillmore	Ms. J. James, Director of Admin. Services	F, S	4	714-738-6522
* Glendora	Ms. E. Stoddard, Accounting Manager	F, S	10	626-914-8238
Grand Terrace	Ms. C. Fortune, Finance Director	F	1	909-824-6622
Greater Los Angeles Vector Control	Mr. K. Bayless, District Manager	F	5	562-758-6501
Hidden Hills	Ms. C. Paglia, City Clerk	F	28	818-888-9281
Imperial Beach	Ms. K. Vonachen, Administrative Services Director	F	13	619-628-1361
Indian Wells	Mr. K. McCarthy, Finance Director	F, S	4	760-346-2489
* Irvine	Ms. D. Mullally, Manager of Fiscal Services	F, S	3	949-724-6037
Indio	Ms. E. Carreon, Finance Director	F	18	626-430-2221
* La Mirada	Ms. M. Pasqual, Finance Manager	F, S	11	562-943-0131
La Quinta	Ms. R. Conrad, Finance Director	F, S	8	760-777-7150
* Laguna Niguel	Mr. S. Erlandson, Finance Director	F, S	3	949-362-4358
Los Alamitos	Mr. J. Al-Imam, Administrative Services Director/Treasurer	F, S	New	562-431-3538
* Malibu	Ms. R. Feldman, Finance Director	F	10	310-456-2489
Manhattan Beach	Mr. B. Moe, Finance Director	F	11	310-802-5553
* Monrovia	Mr. M. Alvarado, Director of Admin. Services	F, S	13	626-932-5510
Monterey Regional Water Pollution Control Agency	Ms. T. Hannah, Chief Financial Officer	F	New	831-545-4623
Moulton Niguel Water District	Ms. R. Yuen, Controller	F	1	949-831-2500
Oceanside	Ms. J. McPherson, Interim Finance Director	F, S	8	760-435-3839
* Ontario	Ms. D. Nunes, Director of Fiscal Services	F, S	18	909-395-2352
Orange	Mr. W. Kolbow, Finance Director	F, S	3	714-744-2235
* Orange County Fire Authority	Mr. J. Ruane, Finance Manager	F, S	3	714-573-6304
* Orange County Water District	Mr. R. Fick, Chief Financial Officer	F, S	4	714-378-3271
* Palm Springs	Mr. G. Kiehl, Finance Director	F, S	5	760-323-8229
* Palos Verdes Estates	Mr. R. Morreale, Finance Director	F	4	310-378-0883
* Pasadena	Mr. R. Ridley, Controller	F, S	New	626-744-7497
Placentia	Mr. M. Reynold, Management Analyst	F, S	New	714-993-8130

Service Codes:

- F - Financial Audit
 S - Single Audit of Federal Grants in accordance with OMB Circular A-133
 I - Internal Audit Services

* - Participates in Award Programs and has received or anticipates receiving outstanding award

LISTING OF CURRENT GOVERNMENT AUDIT CLIENTS

Client	Contact Person	Service Code	Years	Telephone
* Pomona	Ms. P. Chamberlain, Finance Director	F, S	4	909-620-2355
* Rancho Cucamonga	Ms. T. Layne, Finance Officer	F, S	37	909-989-1851
* Redlands	Ms. T. Kundig, Finance Director	F, S	5	909-798-7543
* Rolling Hills	Mr. T. Shea, Finance Director	F	3	310-377-1521
* San Carlos	Ms. R. Mendenhall, Acting Admin Svcs Dir	F, S	5	650-802-4221
* San Dimas	Ms. B. Bishop, Finance Director	F, S	53	909-394-6200
San Juan Water District	Ms. K. Motonaga, Finance Manager	F	1	916-791-6946
* San Marino	Ms. L. Bailey, Finance Director	F	21	626-300-0700
* Santa Barbara	Mr. B. Samario, Finance Director	F, S	4	805-897-1978
* Santa Cruz	Mr. M. Pimentel, Director of Finance	F, S	7	831-420-5050
* Santa Fe Springs	Mr. J. Gomez, Assistant City Mgr/Director of Finance	F, S	1	562-868-0511
* Seal Beach	Ms. V. Beatey, Finance Director	F, S	4	562-431-2527
* Solana Beach	Ms. M. Berkuti, Finance Manager/Treasurer	F	3	858-720-2466
* South Gate	Ms. Jacquelyn Acosta, Director of Administrative Services	F, S	5	323-563-9524
* Thousand Oaks	Mr. J. Adams, Finance Director	F, S	6	805-449-2235
* Three Valleys Water District	Mr. R. Hansen, General Manager	F, S	8	909-626-4631
* Vista	Mr. D. Nielsen, Finance Manager	F	6	760-639-6170 x1023
* Walnut	Ms. Marie Santos, Finance Manager	F	42	909-595-7543
* Wildomar	Mr. G. Nordquist, Finance Director	F	6	951-677-7751

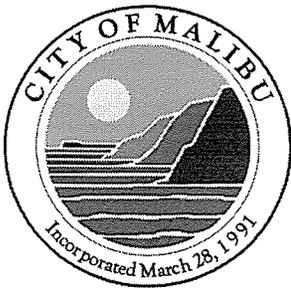
Service Codes:

F - Financial Audit

S - Single Audit of Federal Grants in accordance with OMB Circular A-133

I - Internal Audit Services

* - Participates in Award Programs and has received or anticipates receiving outstanding award



Administrative and Finance Subcommittee Agenda Report

To: Mayor Pro Tem La Monte and Councilmember and House

Prepared by: Reva Feldman, Assistant City Manager 

Approved by: Jim Thorsen, City Manager 

Date prepared: January 4, 2016

Meeting date: January 14, 2016

Subject: Amendment No. 2 to Agreement with David Taussig and Associates, Inc. (DTA)

RECOMMENDED ACTION: Provide a recommendation to the City Council to consider amending the Professional Services Agreement with DTA and consider the appropriation of \$14,500 from the General Fund Undesignated Reserve to provide additional consulting services for the formation of the Civic Center Wastewater Treatment Facility (CCWWTF) Assessment District.

FISCAL IMPACT: Funding for this amendment was not included in the Adopted Budget for Fiscal Year 2015-2016. An appropriation of \$14,500 from the General Fund Undesignated Reserve to Account No. 710-0000-2270.45 (CCWWTF) is needed to fund the additional work for the project. This amount will be reimbursed to the City when an Assessment District for Phase One is formed. The projected General Fund Undesignated Reserve at June 30, 2016 is \$20.5 million.

DISCUSSION: Council Policy #44 requires that all proposed appropriations over \$10,000 be reviewed and discussed by the Administration and Finance Subcommittee prior to being presented to the City Council. The proposed appropriation item will be discussed by the Council on January 25, 2016.

On September 23, 2013, the City entered into a Professional Services Agreement with DTA for to provide consulting services for the formation of the Civic Center Wastewater Treatment Facility Assessment District. On June 8, 2015, the City entered into Amendment No. 1 to the Agreement to perform additional assessment lien and financing analysis work for the project. The requested \$14,500 in Amendment No. 2 is needed for DTA to provide additional financing and assessment lien sensitivity analysis due to revisions to the organic loadings of each parcel, the finalized cost of the treatment plant site, revised construction costs, revised parcel

flow allocation, changes in parcel character, and additional work to assist design consultant with preparation of the State Revolving Fund (SRF) loan application. DTA has submitted the scope of work for this additional work and is included in Amendment No. 2 as Exhibit A. DTA has also submitted a cost proposal in the amount of \$14,500 to perform this additional work, which is included in Amendment No. 2 as Exhibit B. Staff has reviewed the proposal and requests the approval of Amendment No. 2 to Agreement with DTA in the amount of \$14,500.

ATTACHMENTS: Amendment No. 2 to Agreement with DTA

AMENDMENT NO. 2 TO AGREEMENT

THIS AMENDMENT NO. 2 TO AGREEMENT is made and entered in the City of Malibu on January 25, 2016, by and between the CITY OF MALIBU, hereinafter referred to as City, and David Taussig and Associates, Inc., hereinafter referred to as Consultant.

The City and the Consultant agree as follows:

RECITALS

- A. On September 23, 2013, the City entered into an Agreement with Consultant for consulting services for the formation of the Civic Center Wastewater Treatment Facility Assessment District (the "Agreement").
- B. On June 8, 2015, the City entered into Amendment No. 1 to Agreement with Consultant for additional consulting services for the formation of the Civic Center Wastewater Treatment Facility Assessment District.
- C. The City desires to amend the Agreement Scope of Services and Compensation to include additional consulting services for the formation of the Civic Center Wastewater Treatment Facility Assessment District as indicated in the Consultant's Scope of Work, Exhibit A, and the Consultant has submitted a proposal for this purpose that is acceptable to the City.

NOW THEREFORE, in consideration of their mutual promises, obligations and covenants hereinafter contained, the parties hereto agree as follows:

1. Section 1.0 – Scope of the Consultant's Services, of the Agreement, is hereby amended as set forth in Exhibit A attached hereto.
2. Section 4.0 – Compensation for Services, of the Agreement, is hereby amended to increase the contract amount by \$14,500, as set forth in Exhibit B attached hereto.
3. All terms and conditions of the Agreement, and Amendment No. 1 to the Agreement, not amended by this Amendment No. 2 remain in full force and effect.

This Agreement is executed on January 25, 2016, at Malibu, California, and effective as of _____

CITY OF MALIBU:

JIM THORSEN, City Manager

ATTEST:

LISA POPE, City Clerk
(seal)

APPROVED AS TO FORM:

CHRISTI HOGIN, City Attorney

CONSULTANT:

By: *David Taussig*
Title: *President*